



EFRAG's Simplified European Sustainability Reporting Standards

Thursday 29 January 2026
11:00-12:15

Technical
Workshop



In partnership with
 EFRAG

Draft Simplified ESRS

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Jan 2026

AGENDA



LEVERS OF SIMPLIFICATION

PART I: CROSS CUTTING STANDARDS

PART II: ENVIRONMENTAL STANDARDS

Improved understandability, clarity and accessibility of the amended Standards

1. Voluntary datapoints removed
2. Application Requirements included under related DR
3. Language has been streamlined
4. Editorial and consistency across ESRS
5. Objectives of DRs updated for consistency



PART I: CROSS CUTTING STANDARDS

ESRS 1 – General Requirements

1. Fair Presentation

2. Fair presentation and qualitative characteristics of information

19. (new) Fair presentation requires disclosure of relevant information about the undertaking's material **impacts, risks** and **opportunities** in accordance with Chapter 3 and their faithful representation in accordance with the requirements set out in this Standard (for relevance and faithful representation see Appendix B). To achieve faithful representation, the undertaking shall provide a **complete, neutral** and **accurate** depiction of its material impacts, risks and opportunities.
20. (new) Fair presentation also requires that the undertaking discloses:
- (a) information that is **comparable, verifiable** and **understandable** (see Appendix B); and
 - (b) **entity-specific** information when applying ESRS is not sufficient to enable **users** to understand the undertaking's material **impacts, risks** and **opportunities** and how the undertaking manages them (see paragraph 1).
21. (new) Applying ESRS, including the **materiality** filter as set out in paragraph 24, and with entity-specific disclosures, when necessary (see paragraph 11), is presumed to result in a **sustainability statement** that achieves fair presentation.



ESRS 1 – General Requirements

2. Double Materiality

27. Without prejudice to the criteria in 3.2.1 and 3.2.2, the undertaking may derive a conclusion, without further assessment, on the **materiality** or non-materiality of its **impacts, risks** or **opportunities** for a topic or sub-topic, on the basis of an **analysis of its strategy and business model** including its sector(s) of operations, its **geographies**, and the features of its upstream and downstream value chain ('top-down' approach to materiality assessment). In this approach, if the materiality or non-materiality of one or more impacts, risks or opportunities is not evident on the basis of the above analysis, the undertaking shall perform a specific assessment of them.

AR 10 for para. 27
(Geographies)

Geographies or geographic contexts can be analysed at different levels (**country, region, county, water basin, ecosystem** or **site**) according to their relevance for the assessment.

ESRS 1 – General Requirements

3. Reliefs

92. (new) Except when reporting ESRS E1-8 metrics, if the undertaking can provide without incurring **undue cost or effort** reliable direct or estimated data only for an objectively defined part of its own operations or its upstream or downstream value chain, it shall disclose that it has identified material **impacts, risks or opportunities** but that the corresponding **metric** can currently only be reported on a **partial reporting scope** or for a subset of the **value chain**. In this circumstance, the undertaking shall disclose the actions it has taken to increase the coverage and quality of reported information in future periods and the progress made compared to the previous period. The coverage of reported information is expected to increase over time, particularly for metrics in own operations. This paragraph applies without prejudice to the applicability of the provisions in Sub-Chapter 7.4.

93. (new) The undertaking **may exclude joint operations over which it does not have operational control from the scope of the calculation for environmental metrics** reported in accordance with ESRS E2 *Pollution*, ESRS E3 *Water*, ESRS E4 *Biodiversity and Ecosystems* and ESRS E5 *Resource Use and Circular Economy*. The undertaking shall disclose if this relief is being used and include any relevant information to allow an understanding of the scope limitations resulting from it. In this circumstance, the undertaking shall disclose the **actions** it has taken to increase the coverage and quality of reported information in future periods and the progress made compared to the previous period.

APPLICATION REQUIREMENTS – ARs

<p>AR 42 for para. 92</p> <p>(Relief and scope 3 GHG emissions)</p>	<p>(new) Within the boundaries of GHG emissions as set in this standard, the provisions for the calculation of scope 3 in the GHG Protocol can be considered in accordance with ESRS E1 <i>Climate Change</i>.</p>
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ESRS 2 – General Disclosures

1. Anticipated Financial Effects

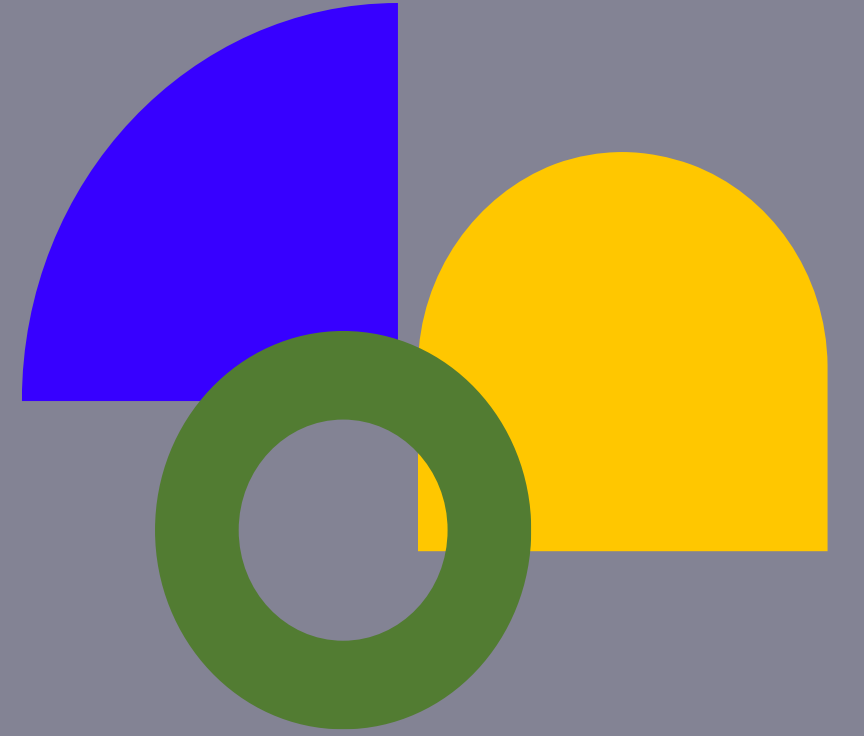
25. The undertaking shall disclose qualitative and quantitative information about how material **risks** and **opportunities** have affected its financial position, financial performance and cash flows for the reporting period (**current financial effects**).
26. The undertaking shall disclose qualitative information about the material **risks** and **opportunities** identified in paragraph 25 for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.
27. The undertaking shall disclose qualitative and quantitative information on how it expects its financial position, financial performance, and cash flows to change over the short, medium and long term, given its strategy to manage material **risks** and **opportunities** (**anticipated financial effects**).
28. (new) The undertaking need not provide quantitative information about the **current financial effects** or **anticipated financial effects** if it determines that:
- (a) the effects are not separately identifiable; or
 - (b) the level of measurement uncertainty involved in estimating those effects is so high that the resulting quantitative information would not be useful (see ESRS 1 *General Requirements*, paragraphs 89 and 90).

AR 20 for paras. 25 and 27

The DR related to **current financial effects** and **anticipated financial effects** are designed to produce information **that complements** information provided in the financial statements. See Chapter 9 of ESRS 1 *General Requirements* for the requirements on how to support the understandability of connections between **risks** and **opportunities** and the information reported in the financial statements.

ESRS 2 – General Disclosures

2. Key Stakeholders

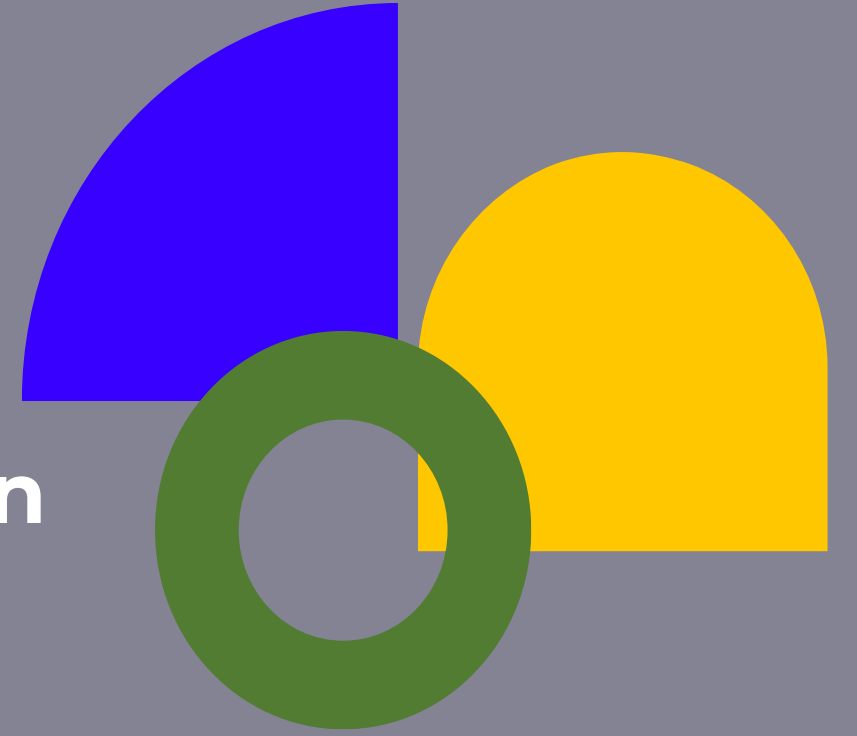


Disclosure Requirement SBM-2 – *Interests and views of stakeholders*

21. (44 amended) The objective of this DR is to enable an understanding of the undertaking's **stakeholder engagement** and how **key stakeholders'** interests and views are brought to the attention of its **administrative, management and supervisory bodies** and inform its strategy and **business model**.

ESRS 2 – General Disclosures

3. Reducing reporting burden



AR 29 for para. 37(a)

The undertaking may present the description of its material **impacts, risks** or **opportunities in the same location** as its disclosures on the related **policies, actions, metrics** and **targets** through which it manages them, in order to avoid duplication and support a coherent narrative. If the undertaking exercises this option, it shall still present a concise description of its material impacts, risks and opportunities alongside its disclosures prepared in accordance with IRO-2.

AR 31 for para. 38

(new) If the undertaking applies the same **policies, actions, metrics** or **targets** across more than one material **impact, risk** or **opportunity** (or **topic**), **it may disclose the information only once**, in aggregate, reflecting the level at which they are managed, while making clear the scope of its application. It may cross-refer to that information from other locations in the report where it is relevant.

The undertaking may structure and present its disclosures in a way that reflects the managerial approach based on its management priorities that reflect and align with its strategy and **business model**.

PART II: ENVIRONMENTAL STANDARDS



E1

Climate change



E2

Pollution



E3

Water



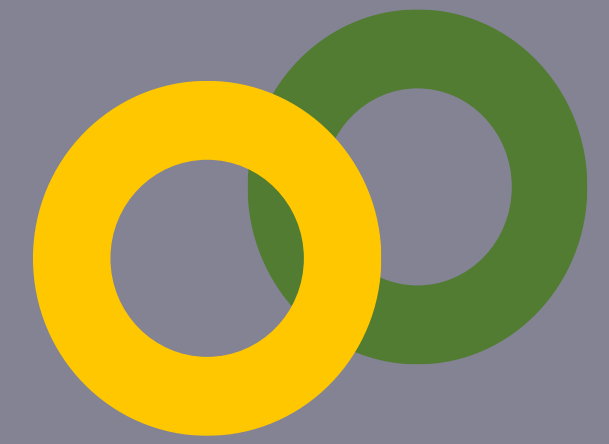
E4

**Biodiversity
and
ecosystems**



E5

**Resource use
and circular
economy**



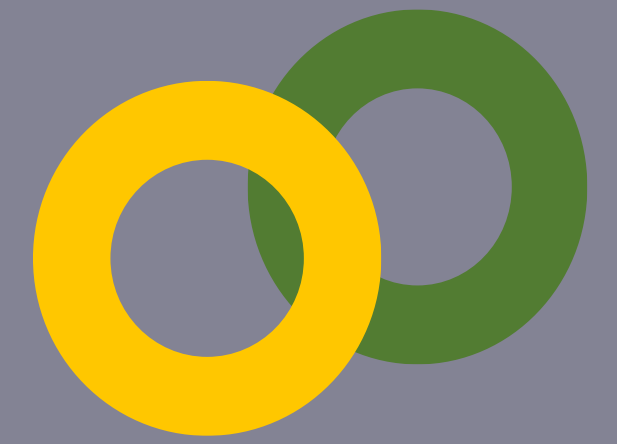
ESRS E1 – Climate Change

I. Transition Plan & net zero (E1-1)

11. (16 amended) The information about the **transition plan for climate change mitigation** shall include:
- (a) a description of its key features. This includes **GHG emission reduction targets**, the **decarbonisation levers**, key **actions**, investments and funding needed to support the implementation of the plan, the approval of the plan by the **administrative, management and supervisory bodies**, and how the plan is embedded in and aligned with the undertaking's overall business strategy. It shall also include information on how the undertaking's strategy and **business model** are or will be compatible, pursuant to the implementation of the plan, with the limiting of global warming to 1.5°C in line with the Paris Agreement and with the EU's objective of achieving climate neutrality by 2050;
 - (b) CapEx amounts invested during the reporting period related to coal, oil and gas economic activities¹ if the undertaking has them;
 - (c) information about key assumptions used and dependencies on which the plan relies;
 - (d) a qualitative assessment and explanation of how potential **locked-in GHG emissions** from key physical assets and products may jeopardise the achievement of the plan and drive **transition risk**; and
 - (e) an explanation of the undertaking's progress in implementing the transition plan.

AR 11 for
para. 22
(Climate
change
targets)

(60 amended) If the undertaking discloses a **net-zero target** separately to any **GHG emission reduction targets** it has set, as per ESRS 2 GDR-T, it shall explain how it intends to permanently neutralise any residual GHG emissions.

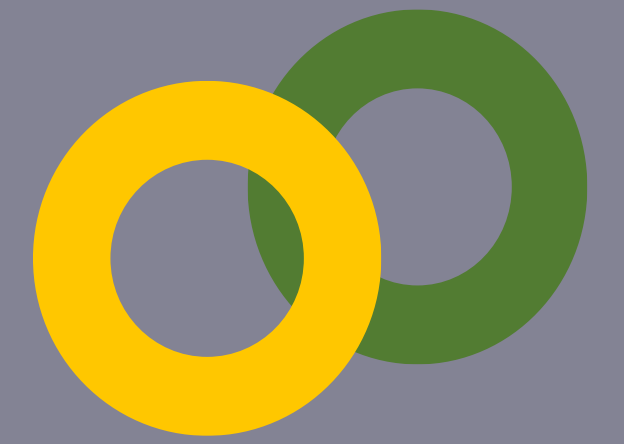


ESRS E1 – Climate Change

2. Boundaries

<p>AR 19 for para. 29 (Emissions reporting boundary)</p>	<p>Chapter 5 of ESRS 1 <i>General Requirements</i> defines the reporting boundary to be applied. The starting point of that boundary corresponds to financial control as per the GHG Protocol Corporate Accounting and Reporting Standard (2004). In addition, the undertaking applies the provisions in paragraphs 72 (leased assets), 73 (benefit schemes) and AR 35 for paragraph 62 (joint operations) of ESRS 1 <i>General Requirements</i>.</p> <p>When, due to specific facts and circumstances, the information reported in paragraph 29(a)(b) is insufficient to portray the emissions resulting from operated assets that are outside the reporting boundary, the undertaking shall report GHG scope 1 and 2 emissions calculated on the basis of its operational control boundary as defined by the GHG Protocol Corporate Accounting and Reporting Standard (2004).</p>
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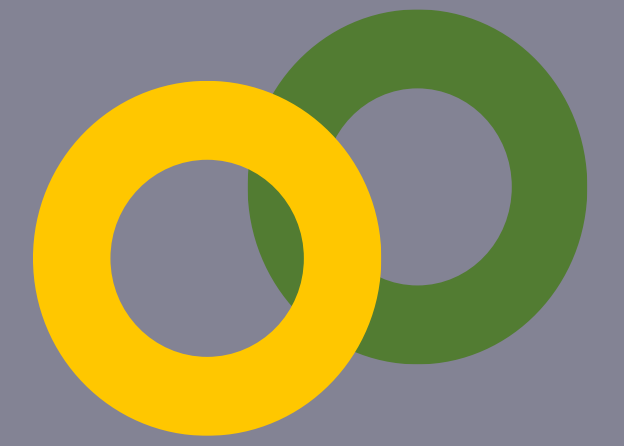
<p>AR 20 for paras. 28 and 29 (Emissions reporting)</p>	<p>(AR 39 amended) When preparing the information for reporting GHG emissions, the undertaking shall:</p> <ul style="list-style-type: none"> (a) (AR 39(a) amended) consider the GHG Protocol Corporate Accounting and Reporting Standard (2004). The undertaking may also consider Commission Recommendation (EU) 2021/2279⁵ or EN ISO 14064-1:2018. In all cases, the requirements of ESRS take precedence over the above-mentioned GHG accounting standards (e.g. regarding reporting boundaries);
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ESRS E1 – Climate Change

3. Anticipated Financial Effects

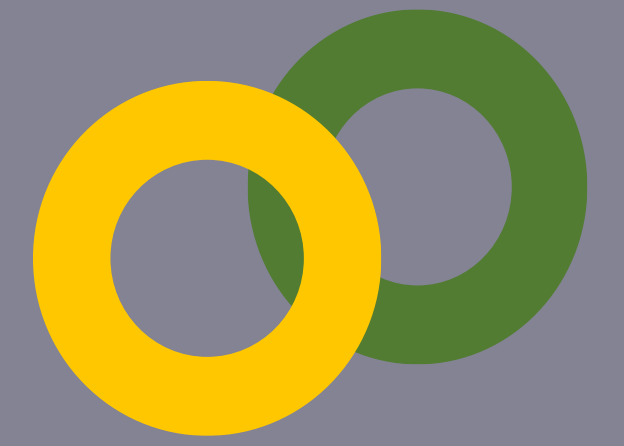
38. (66 amended) The undertaking shall disclose the **anticipated financial effects** from **material physical risks**, including:
- (a) the carrying amount of assets at material physical risk before considering **climate change adaptation actions**, including the relevant time horizons;
 - (b) the percentage of the (carrying amount of) assets at material physical risk addressed by adaptation **actions** at the reporting date; and
 - (c) the monetary amount of net revenue from its business activities at material physical risk, including the relevant time horizons.
39. (67 amended) The undertaking shall disclose the **anticipated financial effects** from material **transition risks**, including:
- (a) the carrying amount of assets at material transition risk, including the relevant time horizons, and a range of estimated potential **stranded assets** from the reporting year until the mid-term and long-term time horizons based on a scenario aligned with limiting climate change to 1.5°C;
 - (b) the percentage of the (carrying amount of) assets at material transition risk addressed by mitigation **actions**;
 - (c) a breakdown of the carrying amount of its real estate assets that have been used as loan collaterals by energy-efficiency classes;
 - (d) the estimated potential liabilities related to climate transition that do not meet the accounting recognition criteria at the reporting date but that may have to be recognised in financial statements in future periods; and
 - (e) the monetary amount of net revenue from its business activities at material transition risk and, if applicable, the net revenue from its customers operating in coal-, oil- and gas-related activities, including the relevant time horizons.



ESRS 1 – Phased in provisions

125. (new) ‘Wave-one’ undertakings may omit in their *sustainability statement*:

- (a) all the DRs of ESRS E4 *Biodiversity and Ecosystems*, ESRS S2 *Workers in the Value Chain*, ESRS S3 *Affected Communities*, and ESRS S4 *Consumers and End-users* for their financial years prior to financial year 2027;
- (b) all information about **anticipated financial effects**, required in paragraph 27 of ESRS 2 *General Disclosures* and in ESRS E1-11 for their financial years prior to financial year 2027, with the exception of ESRS E1-11 paragraph 38(a)(b) and 39 (a)(b).
- (c) quantitative information about **anticipated financial effects**, required in paragraph 27 of ESRS 2 *General Disclosures* and in ESRS E1-11 for their financial years prior to financial year 2030, with the exception of ESRS E1-11 paragraph 38(a)(b) and 39 (a)(b);
- (d) quantitative information related to **substances of concern (SoC)** prescribed by ESRS E2-5, for their financial years prior to financial year 2030; and
- (e) ESRS S1-6, S1-7 for non-EEA countries, S1-10, S1-11, S1-12, S1-13 datapoints paragraph 40(d)(e) and non-employees datapoints, and S1-14 for their financial years prior to financial year 2027.



ESRS E2 – Pollution

Substances of Concern and Microplastics

15. (28(b) amended) On **microplastics**, the undertaking shall disclose:

- (a) the amounts of primary microplastics manufactured or used in its **products**, and separately, those directly released into the environment; and
- (b) information on secondary microplastics.

17. (34 and 35 amended) **Manufacturers of substances, formulators of substances or importers** of substances, whether on their own or in mixtures, shall disclose the total weight of **SoCs**, and separately, the total weight of **SVHC** that are:

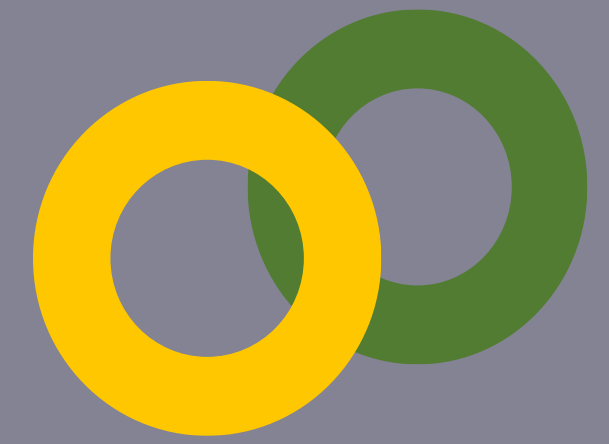
- (a) procured as substances on their own or in mixtures;
- (b) manufactured as substances on their own or in mixtures;
- (c) **placed on the market** as substances on their own or in mixtures; and
- (d) directly released into the environment (air, water, and **soil**), including unintentional releases from leaks or spills.

18. (35 amended) **Users of substances**, whether on their own or in mixtures, shall disclose:

- (a) the total weight of **SVHC** that they use during production and during the delivery of services; and
- (b) the total weight of SVHC that they directly release into the environment.

19. (35 amended) **Manufacturers of articles, importers of articles or users of articles** that contain **SVHC** shall disclose the names of the **substances** that are present in a concentration above 0.1% weight by weight (w/w), as per Article 33 of Regulation (EC) No 1907/2006 (REACH), in:

- (a) procured components or articles; and
- (b) components or articles **placed on the market.**



ESRS E3 – Water

New definitions

Water scarcity	Refers to the volumetric abundance, or lack thereof, of freshwater resources. Scarcity is human driven; it is a function of the volume of human water consumption relative to the volume of water resources in a given area. As such, an arid region with very little water but no human water consumption would not be considered scarce, but rather arid. Water scarcity is a physical, objective reality that can be measured consistently across regions and over time. Water scarcity reflects the physical abundance of freshwater rather than whether that water is suitable for use. For instance, a region may have abundant water resources (and thus not be considered water scarce) but have such severe pollution that those supplies are unfit for human or ecological uses.
Water stored	Water held in water storage facilities or reservoirs.
Water stress	The ability, or lack thereof, to meet the human and ecological demand for water. Water stress is an inclusive concept that considers several physical aspects related to water resources, including water availability, water quality, and the accessibility of water (i.e. whether people are able to make use of physically available water supplies), which is often a function of the sufficiency of infrastructure and the affordability of water, among other things.
Water withdrawal	The sum of all water drawn into the boundaries of the undertaking from all sources for any use over the course of the reporting period.

Disclosure Requirement E3-1 – Policies related to water

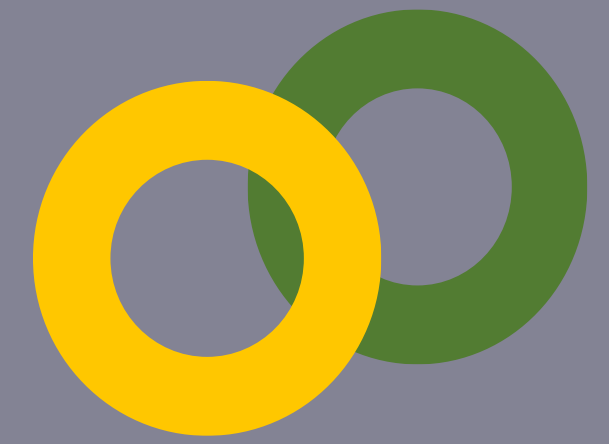
9. (11 amended) The undertaking shall disclose its water-related **policies** in accordance with the provisions of ESRS 2 GDR-P.
10. (13 amended) If the undertaking has **sites** located in areas with **water stress** that are not covered by its water-related **policies**, it shall disclose this fact.

Disclosure Requirement E3-2 – Actions and resources related to water

11. (17 amended) The undertaking shall disclose its key water-related **actions** and resources allocated to their implementation in accordance with the provisions of ESRS 2 GDR-A.
12. (19 amended) The undertaking shall specify key **actions** and resources related to areas with **water stress**.

AR 3 for para. 13 (Targets on areas with water stress)

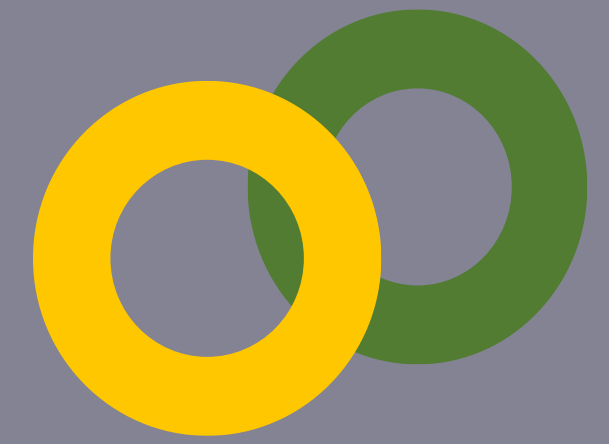
(23 amended) In line with the scope considerations set out in ESRS 2 GDR-T, paragraph 51(c), the undertaking shall, where relevant, express water-related **targets** with reference to specific geographic areas, such as areas with **water stress**.



ESRS E4 – Biodiversity and Ecosystem

Location-based disclosures

18. (16(a) and 19(a) amended) The undertaking shall disclose the following information for material ***biodiversity*** and ***ecosystem*** change-related ***impacts, risks*** or ***opportunities***:
- (a) (16(a)(ii) amended) the **locations** in its own operations to which the material impacts, risks or opportunities relate;
 - (b) (16(a)(iii) amended) for those locations, a list of ***biodiversity-sensitive area(s)*** (name and type) related to the undertaking's material negative impacts, if any; and
 - (c) (16(a)(i) amended) the undertaking's activities that are related to material negative impacts on the **biodiversity-sensitive areas** described in (b) above.



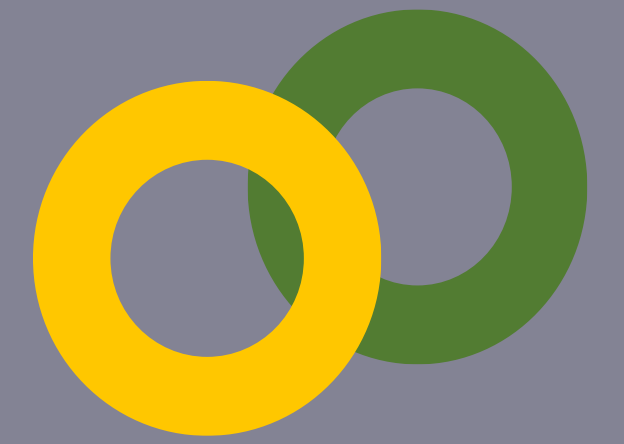
ESRS E5 – Resource Use and Circular Economy

Concept of ‘key materials’

13. (30 and 31 amended) The undertaking shall disclose the following information:

- (a) the **key materials** used, providing for each a concise description and specifying any **critical raw materials** and **strategic raw materials** it contains;
- (b) the total weight of all key materials;
- (c) a breakdown of each key material, expressed in weight or as a percentage of the total weight of all key materials; and
- (d) the **secondary resources** used, expressed in weight or as a percentage of the total weight of key materials.

Key material	<p>Materials, substances, components or products which are essential for the undertaking’s ability to manufacture or deliver its products or services, identified through a structured managerial assessment which considers:</p> <ul style="list-style-type: none"> (a) internal factors, such as volume, cost, operational criticality, or strategic importance; and (b) external factors, including environmental and social impacts such as stakeholder expectations, regulatory demands or reputational relevance. <p>Examples include, but are not limited to, silicon (materials), electrolytes (substances), micro-capacitors (components) and smartphones (products).</p>
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Annex II – Definitions!

 ANNEX II

AGGREGATED
ACRONYMS AND
GLOSSARY OF TERMS

DRAFT SIMPLIFIED ESRS

 NOVEMBER 2025

Glossary - ESRS E5 Expanded & Updated Definitions



Biological materials (amended)	Eco-design requirements (new)	Packaging (amended)	Resource inflows (amended)	Technical materials (new)
Circularity (new)	Circular economy services (new)	Products (new)	Resource outflows (amended)	Virgin material (new)
Circular economy (amended)	Hazardous waste (maintained)	Recovery (amended)	Resource use (new)	Waste stream (maintained)
Circular economy principles (amended)	Key products (amended)	Recycling (amended)	Reuse (amended)	
Critical raw materials (amended)	Key materials (amended)	Renewable (material) (new)	Secondary resources (new)	
Designed recyclability rate (new)	Landfill (amended)	Repairable (new)	Strategic raw materials (amended)	
Durability (amended)	Marine resources (amended)			

11 New
2 Maintained
 16 Amended
29 in total

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.

Join us!

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