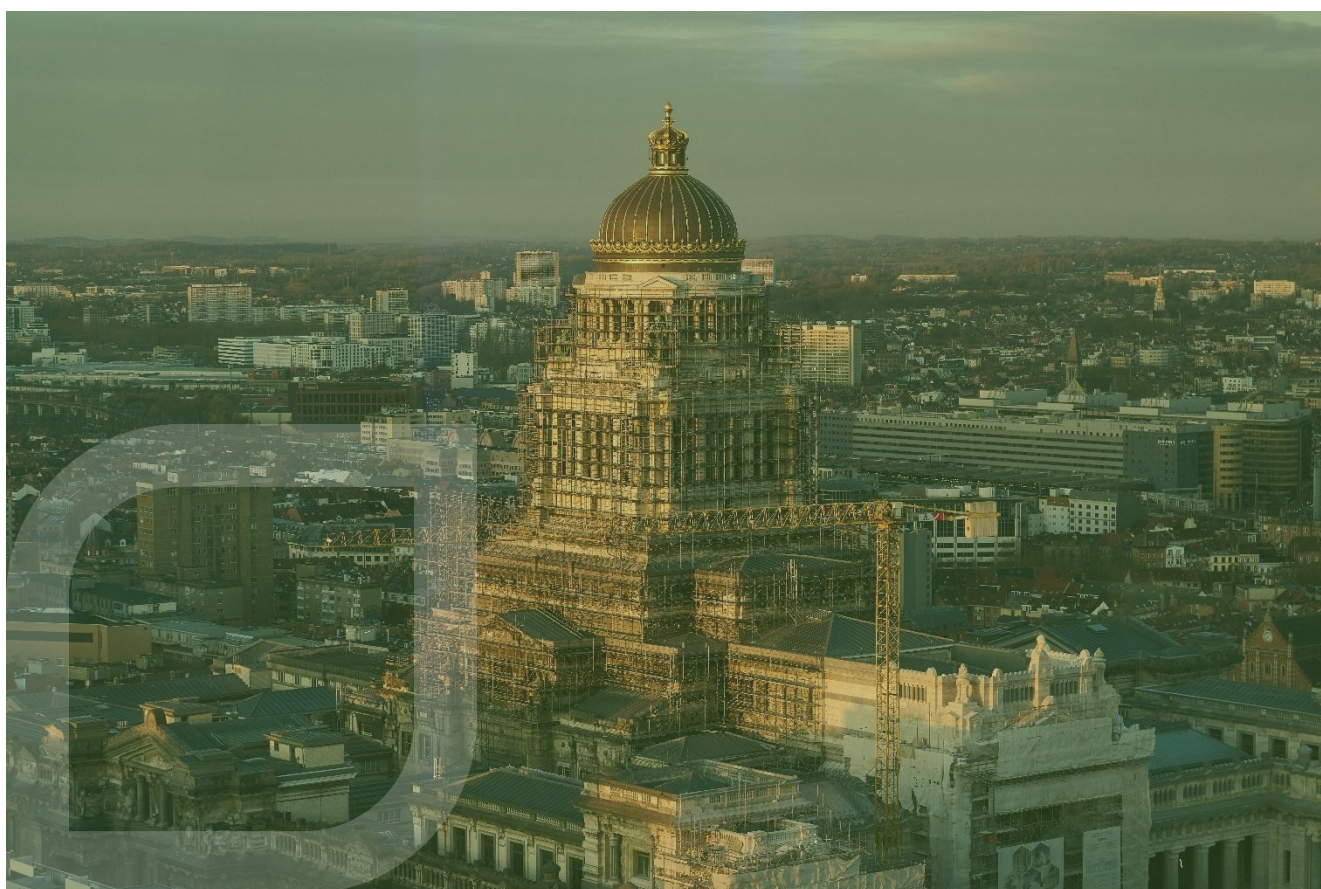


EFRAG UNVEILS DRAFT SIMPLIFIED ESRS

A European milestone for sustainability
reporting

SUMMARY REPORT

BRUSSELS – 4 DECEMBER 2025



This report has been prepared for the convenience of European constituents by the EFRAG Secretariat and has not been subject to review or discussion by neither the EFRAG SRB nor EFRAG SR TEG. It has been reviewed by the speakers at the event.

Background/Introduction

EFRAG held its annual conference ‘EFRAG unveils draft simplified ESRS: A European milestone for sustainability reporting’ in Brussels on 4 December 2025. This report has been prepared for the convenience of European constituents to summarise the event. All of the speakers’ biographies can be found [here](#).



Participants and panellists were welcomed by **Benoît Jaspard**, the EFRAG Administrative Board President.

The morning consisted of two panels that discussed amended ESRS, followed by the launch of the ESRS Knowledge Hub and two keynote speeches by Patrick de Cambourg, EFRAG Sustainability Reporting Board (SRB) Chair, and Maria Luis Albuquerque, EU Commissioner for Financial Services and the Savings and Investments Union (FISMA).

Benoît introduced **Tim Mohin**, who acted as moderator of the two panels. Tim introduced the day, emphasising the importance of simplification for usability and decision usefulness.

Tim indicated that through his employer he has been supporting EFRAG’s activities for some time, and this means that he has seen all the hard work behind the results of the simplification of ESRS. Therefore, he kicked off the event by recognising the EFRAG staff who worked tireless hours as well as the volunteers in the SRB and the Technical Expert Group who, despite having full-time jobs, also dedicated their time, expertise and effort for the good of all. He also gave a special thank you to Patrick de Cambourg, who first led the Sustainability Reporting Project Task Force and for more than three years now has led the SRB with great leadership and skill.

Tim commented that standards are a social construct and represent something preparers choose to do the same way around the world for efficiency and effectiveness. The reason for this is that the standards development process is trusted: all the voices are represented, and the process is transparent and fair,

which means that standard development is

an exercise in consensus and compromise. This means that standard setting is hard and is even harder if you have to simplify the entire set of standards within a period of about eight months, as with the ESRS simplification.

Having been in this profession for more than 40 years, Tim indicated that he had never seen the pendulum swing so far and so fast. Two years ago, sustainability was ascendant, and now many would say it is in full retreat. However, this masks a larger trend, where many different multinationals around the world are continuing – and even growing – their sustainability programs.



‘Today is so much more than about standards. It is about our future. If you have children or like me, grandchildren, you know the stakes are very, very high. These standards are not only about compliance. It’s not this boring paperwork job: it’s about lighting the way to a better future.’

Tim Mohin, *Boston Global*

Technical advice presentation: Cross-cutting

Tim asked **Chiara Del Prete**, EFRAG Sustainability Reporting Technical Expert Group (SR TEG) Chair, to provide an overview of the outcome of the simplification work over these last few months.

Overview

Chiara highlighted the key outcomes of the simplification process led by the EFRAG SRB with support from EFRAG SR TEG. The most notable achievement was a 61% reduction in mandatory datapoints (subject to materiality) and the complete removal of all voluntary datapoints. This streamlining ensures that reporting focuses on what truly matters for stakeholders, eliminating unnecessary details that could obscure material information, and enhancing decision usefulness.



Flexibility and reliefs were another major advancement. Proportionality mechanisms, phasing-in options and targeted burden relief measures were embedded to ease implementation, giving companies greater flexibility in reporting on impacts, risks, and opportunities (IROs). The approach also shifted away from rigid anti-abuse rules toward a principle-based framework, encouraging integration of sustainability into corporate communication beyond mere compliance.

Finally, Chiara emphasised that these simplifications were achieved without compromising the objectives of the European Green Deal, maintaining alignment with its overarching goals while reducing complexity for preparers.

Levers of simplification

With 12 standards to revise, EFRAG applied six levers of simplification, primarily impacting the cross-cutting standards but also affecting the topical standards.

The first lever used was the introduction of a substantially clarified and more proportionate approach to the double materiality assessment, which was widely considered to be the most challenging aspect of ESRS. Practical considerations are now embedded in the assessment, including a top-down approach, where no detailed

PROCESS FOR SIMPLIFICATION

- Critical to maintain a robust and transparent due process with an extremely challenging timeline

Pre-ED input gathering

- April 2025 call for input resulted in more than 800 responses with more than 16 000 comments.
- 41 one-on-one interviews with preparers (diverse size, sector and location).
- More than 600 companies reached with interviews and/or workshops.
- [Benchmarking](#) of about 650 ESRS sustainability statements for 2024 with BCG.
- ESRS Q&A Platform: Analysis of 887 questions to identify the most critical provisions for simplification or clarification.

Post-ED input gathered

- Exposure Drafts with a 60-day public consultation (an additional 30 days received from the European Commission added in full to consultation period).
- More than 6 000 participants to 21 events.
- More than 800 responses with 26 129 comments.
- More than 40 participants in 2 targeted field tests.

Burden reliefs

1. Introduction of the proportionality mechanism ‘reasonable and supportable information that is available at the reporting date without undue cost or effort’ (ESRS 1 *General Requirements*, Chapter 7.4).
2. Deferral of acquisitions and anticipation of disposals (ESRS 1, Chapter 5.4).
3. Relief for metrics due to lack of data allowing partial coverage of the scope in calculating metrics in the value chain and own operations (ESRS 1, paragraph 92).
4. Relief for metrics when activities are not drivers of material IROs (ESRS 1, paragraphs 56, 62 and 91).
5. Elimination of the preference for direct data over the use of estimates in value chain reporting (ESRS 1, paragraph 66).
6. Exclusion of joint operations where another party has operational control for environmental metrics calculations (ESRS 1, paragraph 93).
7. Confidential and commercially sensitive information excluded (ESRS 1, paragraphs 101 and 102).
8. Phasing-in of transitional provisions (ESRS 1, paragraph 125).
9. Reliefs on financial effects (ESRS 2 *General Disclosures*, paragraphs 28–32).

assessment at IRO level is needed. A stronger emphasis is put on fair presentation and on the decision-usefulness filter. The list of datapoints remains a reference, not a checklist, to avoid unnecessary documentation where information is not material. Linked to this topic is flexibility in the granularity of disclosures provided. Stakeholder feedback revealed that the original drafting encouraged excessive detail. To counter this, companies can now choose the appropriate level of disclosure – topic, subtopic or IRO – based on relevance and fair presentation, with topical-level reporting expected to suffice in many cases.

The second lever focused on readability of reports and integration into corporate reporting as a whole. Long, detailed reports risked alienating CEOs and other users from sustainability communication. To resolve this, the SRB introduced the possibility of including an executive summary and emphasised the flexibility to organise content so that detailed disclosures may be presented in an appendix, ensuring alignment with corporate reporting practices.

The third lever on the overlap of minimum disclosure requirements and the topical specifications was covered later in this session.

The fourth lever improved the clarity of and accessibility to ESRS. Despite time constraints, EFRAG conducted

repeated reviews to streamline language and structure, culminating in a slimmer architecture and clearer interaction between cross-cutting and topical standards while reducing the standards by half.

The fifth lever involved burden reliefs. Key changes included removing the preference for direct data in value chain reporting, allowing to choose between estimates and direct data depending on feasibility and reliability, and permitting partial scope reporting under proportionality principles, among other reliefs. These reliefs are paired with transparency requirements: companies must disclose missing data, explain limitations and outline plans for improvement over time.

Finally, the sixth lever focused on enhanced interoperability, which remained at the core of the simplification objectives, aiming to reduce complexity and avoid double reporting by European preparers. Despite the significant reduction in datapoints, alignment with IFRS Sustainability standards, the GHG Protocol, SASB, and GRI was preserved and strengthened. Language was harmonised to avoid divergent interpretations, and references to external frameworks were clarified for entity-specific disclosures.

Chiara concluded that these measures allowed EFRAG to balance burden reduction with the objectives of the CSRD, demonstrating the SRB's commitment to quality and to stakeholder trust under tight deadlines.

'I would like to take this opportunity to express my gratitude to all the stakeholders involved, SR TEG and the SRB members as well as the observers. And lastly, of course, to all my colleagues in the EFRAG Secretariat that helped with this enormous task.'

Chiara Del Prete, EFRAG SR TEG Chair

Introduction of panel

Tim introduced the panel speakers (all members of the EFRAG SRB):

- **Wim Bartels**, European Sustainability Senior Partner at Deloitte Netherlands
- **Simon Braaksma**, Head of Non-Financial Reporting at Royal Philips
- **Kristian Koltvedgaard**, Chair of BusinessEurope Accounting Sounding Board and head of VAT, Accounting, Sustainability Reporting and Auditing at Confederation of Danish Industry
- **Laurence Rivat**, Board member of the Autorité des Normes Comptables (ANC), ex-Deloitte EU Corporate Reporting Policy Leader and France Sustainability Reporting Centre of Excellence Leader.



Focus on double materiality and reporting of actions

Wim Bartels introduced the changes made to simplify the double materiality assessment, which was previously considered overly complex. The process followed by the so-called wave-1 companies contained very complex analysis to assess scale, scope and irremediability for every IRO, a level of detail companies found unnecessary. The new approach places materiality at the centre: companies report only on material issues and should focus on reporting material information exclusively for the material issues identified.

Flexibility was introduced through a top-down approach, allowing businesses to use their strategy, business model and industry knowledge to identify material issues, while still permitting a bottom-up analysis for those

who prefer detailed assessments. Materiality can now be assessed at the topic level rather than at the individual IRO level.

The process was restructured for clarity, starting with a topic-level assessment of IROs before reporting, and separating steps more distinctly. Key concepts were clarified, reinforcing materiality as the guiding principle and explaining the relationship between IROs and topics, as well as how actions and policies fit into reporting.

Wim also addressed the consideration of actions taken in the assessment – generally referred to as the ‘gross versus net’ debate. Previously, impacts had to be assessed as if no preventative or mitigation measures existed. Under amended ESRS, companies have to report actual impacts even if remediated, but for potential impacts, effective prevention or mitigation measures are taken into account. Decision-usefulness remains a priority, ensuring inclusion of issues stakeholders care about regardless of measures implemented, such as health and safety in the oil and gas sector.

Ultimately, the actions framework was streamlined into three categories (prevention, mitigation and remediation), with the reporting reflecting these actions and their effectiveness.



Focus on fair presentation and conciseness of reports



Kristian Koktvedgaard introduced the concept of fair presentation and why it is critical for sustainability reporting under ESRS. Fair presentation acts as a quality filter, ensuring reports focus on what truly matters and avoiding unnecessary granular details that obscure relevant information. Its purpose is to prevent ‘compliance-only’ reporting and promote meaningful communication with stakeholders.

A key challenge today is the lack of a common understanding of the term ‘fair presentation’ across EU Member States. Kristian clarified a common misconception: fair presentation does not apply at the metric level but only when considering the report as a whole. The principle is anchored in the standards and builds on the qualitative characteristics of relevance, including materiality, faithful representation, comparability, verifiability and understandability. It originates from financial reporting principles, and sustainability reporting is now fully aligned.

Several simplifications were introduced to strengthen fair presentation. Companies may include an executive summary to highlight key points and improve clarity. Detailed tables have been moved to appendices to enhance readability and avoid clutter in the main text. Flexibility was also added for reporting on policies, actions and targets (PATs), allowing companies to group related topics and describe integrated management approaches, such as carbon reduction measures that impact multiple ESRS topics. Finally, the standards encourage a better communication flow, creating a link between business models, sustainability statements and financial statements, transforming the annual report into a communication tool rather than a compliance document.

Focus on ESRS 1 and ESRS 2 structure as well as non-mandatory guidance

Laurence Rivat explained that ESRS Set 1 was often criticised for being difficult to grasp, asking redundant information and lacking flexibility for the presentation of information, thereby not being conducive for undertakings to report on what is important in a concise manner. EFRAG introduced three key changes that simplified the structure of ESRS 1 *General Requirements* and ESRS 2 *General Disclosures*, enabling more concise reporting.

Firstly, EFRAG clarified the relationship between ESRS 2 and the topical specifications on policies, actions, metrics and targets (PAMTs) by removing the large majority of topical specifications of the General Disclosure Requirements (GDRs) from the topical standards. In a limited number of cases, PAMTs remain in the topical standards, where this is considered critical to clarify the expected disclosures.



Secondly, EFRAG reduced the requirements for PAT disclosures. Although undertakings must disclose whether (or not) they have adopted a PAT (with reference to a topic related to material IROs), they no longer need to explain why such PATs have not been adopted or the time horizons within which they will be adopted. Regarding financial resources allocated to the implementation of key actions, companies were concerned about the risk of disclosing commercially sensitive information. In response, EFRAG limited the disclosures to financial resources that are adopted, announced or planned for the implementation of key actions / action plans.

Thirdly, EFRAG streamlined ESRS and clarified the structure of the standards. In particular, application requirements are now in the main body of the standards, which has greatly improved readability and was welcomed by many stakeholders. In addition, mandatory reporting requirements are placed in the main body of the disclosure requirements, whilst methodological requirements are all placed in the application requirements.

On Non-Mandatory Implementation Guidance (NMIG), Laurence indicated that all voluntary datapoints have been removed to avoid confusion, particularly with regard to the principle of fair presentation. Some of these voluntary datapoints and methodologies will be retained in the NMIG or other guidance documents that EFRAG may publish in the future. Constituents agreed with the SRB that the NMIG should not be part of the ESRS Delegated Act and also suggested combining the NMIG with the Q&As. In 2026, the review of the draft NMIG and other guidance documents is likely to be one of EFRAG's major workstreams.

Anticipated financial effects

Simon Braaksma discussed the concerns around anticipated financial effects (AFE), which relate to the quality of the available data, the sensitivity of information, and the difficulties in preparing and auditing such information due to the lack of standardised methodologies and its role in financial statements. He highlighted that various stakeholders, not least investors, need access to information on AFE, and noted that certain businesses outside of the EU already disclose such information (e.g. under the TCFD requirements) and benefit from increased resilience. The SRB examined how these concerns could be addressed through additional reliefs, including phase-ins, and assessed whether such reliefs, together with future educational material on quantifications, would be sufficient to resolve the issues raised. Amended ESRS include measures that specify when quantifications of AFEs can be omitted. These measures not only alleviate the difficulties in preparing this information but also enhance interoperability with ISSB Standards and increase flexibility, while also addressing concerns related to data quality to support preparers in disclosing AFE by 2030.



Audience questions

During the Q&A sessions, more than 260 questions were posed by audience members. The following were the questions answered by the panel

- 1) When will EFRAG publish the updated datapoints list (IG 3)?**
The SRB decided in January 2026 to have a one-month feedback period on the revised IG3 after adoption of delegated act by the European Commission.
- 2) Will EFRAG provide an updated version of the XBRL taxonomy?**
It is uncertain when work on this will begin, as this depends on the European Commission, but it is expected to be part of EFRAG's 2026 workplan.
- 3) Will EFRAG release new implementation guidelines on materiality assessment (IG 1) and value chain (IG 2)?**
The EFRAG SRB will need to determine how to move forward with past and future guidance documents in 2026, including the NMIG and Q&As. Chiara Del Prete also noted that AFEs and transition plans may need to be part of this agenda.
- 4) Does EFRAG know when the European Commission expects the new ESRS 'Set 2' to come into effect, in financial years 2026 or 2027?**
Whilst the answer to this question is not yet clear, Simon Braaksma noted that companies require clarity by the summer of 2026 in order to be able to report for financial year 2026 under revised ESRS.
- 5) Gross vs. net: Who decides on the relevant user groups that would trigger the need to report if measures are implemented? The oil and gas example is very straightforward, but in practice there are going to be a lot of less clear cases, especially without sector-specific requirements.**

Companies should engage with their financial and non-financial stakeholders to understand what types of information they will need on an ongoing basis and carefully consider (from a fair presentation and materiality perspective) the decision-usefulness of reported information. To support this, undertakings should look at the reporting practices within their industry or sector.

6) Will the VSME also be changed in the near future?

During the first half of 2026, the European Commission will work on a Delegated Act that will serve to establish a voluntary standard for use by companies between 250 and 1 000 employees. No information is available at the moment on the exact content of this voluntary standard, other than it being based on the VSME.

7) Will there be any revised guidance on how to apply the top-down approach to materiality assessments?

IG 1 and IG 2 may be reviewed and updated, but in the meantime, preparers should look to their business model and strategy (and those of their peers) to rapidly identify material topics in a top-down approach. In many cases, the material topics to be reported can be identified using common sense. The proper implementation of the top-down approach can be supported by further stakeholder engagement and will improve with additional benchmarking studies and developments in industry knowledge.

Technical advice presentation: Topical standards

Introduction of panel

Tim introduced the panel speakers (all members of the EFRAG Secretariat):

- **Chiara Del Prete**, Chair of SR TEG
- **Pedro Faria**, Director – Environment
- **Gemma Sanchez Danes**, Director – Social
- **Professor Abigail Levrau**, Senior Technical Manager – Governance



Overview of the changes

Chiara Del Prete explained the horizontal issues across the standards and the measures taken to simplify them. The previous structure of the topical standards — covering strategy, business model, governance, risk and opportunity management, metrics, and targets — has been significantly streamlined. Governance, strategy, business model, and IRO management sections were removed from the topical standards, as these elements are now covered only by the general requirements in ESRS 2. What remains in the topical standards are mainly the detailed metrics, with only a few exceptions where separate disclosure requirements were considered too important to remove.



On the reduction of datapoints, Chiara clarified that cuts in quantitative datapoints were proportionally smaller than cuts in qualitative ones. Indeed, the number of metrics had already been limited in anticipation of future sector standards, leaving less room for further reduction. Additionally, EFRAG worked to clarify explicitly what companies are required to report, distinguishing mandatory disclosures from explanations or methodologies.

Chiara added that although reporting remains at the entity or group level, some nature-related issues require consideration at the site level. To address this, the SRB adopted a principle-based approach: considerations related to geographies have been streamlined and consolidated in a limited number of dedicated sections. ESRS 1 now clarifies that materiality must consider local context. The same principle applies to disaggregation: companies should disaggregate only when necessary.

Focus on Environment



Pedro Faria introduced the environmental standards – ESRS E1 to E5. In response to the question on whether it was really possible to reduce the reporting burden while keeping policy alignment, Pedro answered that, although challenging, it was indeed possible. The five revised environmental standards were simplified through fewer datapoints and greater flexibility, while remaining ‘smart’ by preserving core environmental principles.

Pedro explained that improving alignment with ISSB Standards/IFRS Accounting Standards and the GHG Protocol was a major but difficult part of the mandate. Alignment on transition plans was strengthened, and overall interoperability improved significantly, though some complexities remain.

On simplification challenges, he noted that secondary microplastics reporting was contentious; therefore the datapoint was retained but made qualitative. In ESRS E3 *Water*, water withdrawal and discharge were made mandatory as core metrics. In ESRS E5 *Resource use and circular economy*, a new datapoint — destination of waste unknown — was added to reflect the practical difficulties many companies face in tracking their waste’s final destination.

Chiara illustrated the most controversial points in SR TEG discussions, such as ESRS E1-11 on anticipated financial affects. There were disagreements about the extent to which the required disclosures should be reduced and whether companies should report exposures at risk in both gross and net terms. Scenario analysis was another contentious issue: it is not mandatory, but if conducted, it enables a more robust resilience assessment. Chiara also highlighted that ‘substances of concern’ was challenging, which is why an extended phase-in until 2030 was granted.

Focus on Social

Gemma Sanchez Danes introduced the social standards. All four were given a common narrative structure, ensuring transparency on how companies manage material IROs across their operations and value chains. Gemma noted that the European Commission’s Quick Fix Directive, which extended phased-ins for ESRS S2–S4 to all reporters, also contributed to simplification.



Under the Omnibus approach, narrative disclosures and datapoints were reduced by about 70%. Many common disclosures, such as overarching human rights policies, were consolidated into ESRS 2, and overlapping requirements (e.g. engagement and grievance channels) were merged. PAT datapoints were significantly streamlined by retaining only what was essential. Further guidance or sector-specific work may be needed in the future. ESRS S1 *Own workforce* remained a large standard because it covered many mature social topics and clearly reflected double materiality. The revised version clarified how to apply materiality filters — e.g. when self-employed or agency workers are material — and limited human rights incident reporting to material sub-topics, though some necessary granularity was retained. The Omnibus mandate also required clearer definitions, such as narrowing what counts as a ‘severe’ human rights incident through specific criteria.

On alignment with the Corporate Social Due Diligence Directive (CSDDD), Gemma noted that ESRS 1 links impact materiality to due diligence, consistent with GRI, while avoiding automatic equivalence. Because ESRS and the CSDDD share the same principles, companies already applying due diligence laws can build on existing processes.

Chiara highlighted the most contentious issues: adequate wages and the gender pay gap. For wages, the absence of a recognised methodology in ESRS Set 1 changed once the International Labour Organisation issued living-wage principles in 2024. The SRB adopted these principles while ensuring feasibility, removing the benchmark hierarchy, requiring transparency on the benchmark used, and adding extensive reliefs. For the gender pay gap, the debates weighed adjusted or unadjusted metrics and the compromise requires all companies to disclose an unadjusted figure, with the option to add an adjusted one.

Focus on Governance



Abigail Levrau introduced the main changes to ESRS G1 *Business Conduct*, noting that it was perceived as less controversial and less burdensome than other standards. When the simplification exercise began, ESRS G1 was already concise, but further simplifications were achieved. The PAT structure was made clearer, reducing granularity within PAT-related datapoints and making the standard more user-friendly.

Regarding corruption and bribery metrics, Abigail explained that the datapoints on confirmed incidents were removed to address preparers' concerns about self-incrimination. In parallel, ESRS G1-4 was reformulated to expand the scope of the metrics on convictions and fines to include sanctions. As a result, the disclosure requirement now covers all final decisions by courts, administrative, or regulatory authorities for violations of anti-corruption and anti-bribery laws. Payment practices were a challenging topic, particularly late payments to SMEs. This area was mandated by the CSRD and required balancing preparers' concerns with the EU's policy objective of protecting SMEs.

Questions from the audience

- 1. Can undertakings work with the ESRS Draft now to prepare for reporting, or are material changes expected?**
EFRAG expects that amended ESRS will be effective from 2027, with early adoption possible for 2026. The draft standards are now in the hands of the European Commission, who can still amend them before the adoption. However, companies could start familiarising themselves with the simplified standards as issued by EFRAG.
- 2. If climate change is material, is a transition plan mandatory?**
Pedro explained that a transition plan is not mandatory, and companies shall report one only if they have it. Transition plans consist of five key components, and if some elements are missing, companies should explain their current situation and whether they intend to adopt a specific strategy in the future.
- 3. On ESRS E1, why did EFRAG retain the financial-control boundary despite concerns and despite the GHG Protocol and ISSB allowing more flexibility?**
Pedro responded that, although the GHG Protocol provided three boundary options and ISSB also offered flexibility, ESRS defined the reporting entity on the basis of financial control. This choice ensured better connectivity between sustainability information and financial reporting and allow increased comparability.
- 4. When can we expect an updated ESRS–ISSB interoperability mapping?**
Chiara indicated that the update would probably appear in the work programme of the next months, which will be discussed by the Board during the upcoming weeks.
- 5. How can duplication be avoided when PATs appear both in topical standards and in the cross-cutting standards after simplification?**
Gemma answered that PAT disclosures are rooted in the topical standards except for entity-specific cases and that companies will disclose PATs only once. Pedro added that in Set 1 many companies had repeated identical policies across topics, while the new approach will allow companies to report once and then link across topics, in line with an approach of true integrated reporting. The prefix GDR serves to indicate general guidance.
- 6. Do we need to report on every sub-subtopic if one of them is material, given that ESRS S1 and ESRS S2 now only have the subtopic level?**

Gemma explained that Set 1 had far greater granularity because the CSRD trilogue had been very specific about required social factors. Set 2 simplified this by grouping roughly 15 sub-subtopics into five broader categories. As a last point and responding to several questions on the topic, Chiara added that a log of amendments would be published to clarify these changes.

Launch of the ESRS Knowledge Hub

In collaboration with netTrek and Ruhr University Bochum, EFRAG launched the ESRS Knowledge Hub, an interactive online platform designed to support companies, practitioners and stakeholders in navigating ESRS and broader sustainability reporting materials developed by EFRAG.

Based on ESRS set by the 2023 Delegated Act, the Hub combines internal and external resources in a single platform developed to be user-friendly and inclusive. It also includes the simplified ESRS as approved on 28 November 2025 by the EFRAG SRB (since then, it has been updated to the technical advice version sent to the European Commission). The platform also provides access to the Voluntary Sustainability Reporting Standard for SMEs (VSME). For listed companies, the platform will integrate the simplified ESRS once adopted by the European Commission. More languages will be made accessible in the upcoming months.

With this platform being released, EFRAG provides a central, reliable, innovative and interactive entry point to sustainability reporting resources, supporting consistent implementation and contributing to the transparency and usability of ESRS.



‘The launch of the ESRS Knowledge Hub represents a significant milestone in the accessibility and coherence of the sustainability reporting landscape. EFRAG is proud to contribute to the strengthening of this ecosystem by providing a comprehensive, reliable and user-oriented platform that supports consistent implementation of ESRS and enhances transparency for all stakeholders.’

Patrick de Cambourg, Chair of EFRAG SRB

Keynote speech: Patrick de Cambourg

Saskia Slomp, EFRAG CEO, introduced **Patrick de Cambourg**, Chair of the SRB.

Patrick drew four observations from the simplification project held during the last nine months.

In his speech, Patrick discussed the importance of quality sustainability-related information as essential for undertakings’ decision-making and communication with investors and lenders, as well as for the users’ and other stakeholders’ decisions. Investors have to evaluate the substantial disparity between book values and market capitalisation, a gap that largely reflects the weight of intangible assets. Regarding market capitalisation of companies, Patrick mentioned assumptions of exponential long-term growth and drew attention on the fine line between informed assessment and speculation, the former being the basis of market functioning and the latter being the biggest threat to financial stability.



In this context, Patrick considers standardised quality sustainability-related information to be a game changer. He noted that prior to the CSRD the quality of sustainability reporting was nowhere close to that of financial reporting. Establishing a rigorous reliable system creates a virtuous circle, starting with a comparatively lower

cost attached to a standardised data environment. Patrick referred to the Accounting Directive which was supposed to harmonise financial reporting, but the establishment of a common global language, while difficult and requiring investments and time, means that no stakeholder would wish a return to the previous fragmented environment.

From now on, standardised corporate-information should walk on two legs, the first one being the very mature financial reporting and the second one being the fast-emerging sustainability reporting. Both legs should be powered by the brain, i.e. the governance of the company.'

Patrick de Cambourg, EFRAG SRB Chair

Patrick emphasised that subscribing to the policy objectives to foster a relevant and reliable sustainability data environment requires taking stock of what works, improving it further and fixing what does not work well. He highlighted a few critical points.

He started by referencing the scope of the new reporting regime, which was outside EFRAG's remit, but aligning with the metaphor of a 'virtuous circle', Patrick explained that companies

outside the scope of the Directive may continue to report if they wish to and if the applicable reporting regime is appropriately calibrated. EFRAG developed a voluntary standard (VSME) for businesses below 250 employees including micro-enterprises, to strike a better balance between ambition and audience, putting relevance and proportionality at the heart of the collaboration with these smaller yet crucial actors.

For companies falling in the scope of the CSRD, Patrick welcomed the re-emphasis on principles in the amended ESRS after Set 1 unintentionally created the impression of a rules-based system. He emphasised 'fair presentation' – the foundations of which (the qualitative characteristics of information) were found in Set 1, but which was not explicitly mentioned. This was clarified in the Amended ESRS which also clarify that ESRS and the ISSB Standards belong to the same family.

'Substance means that companies need to report on what really matters, and only on what really matters. The general inspiration is that we should avoid at all costs falling into a compliance approach.'

Patrick de Cambourg, EFRAG SRB Chair.

Patrick commented that EFRAG through an early 'post-implementation review' pursued a balance with the simplification objective and the necessity for relevant information. Noting that some think too little has been cut and others too much, Patrick opined that a good compromise has been reached to manage the pace of change while focussing on essence, providing access to time and reliefs to reflect the time and practical considerations required to implement a significant change.

Finally, Patrick concluded that the EU can be proud of the adjustments to its strategy with respect to sustainability and sustainability reporting. He noted that competitiveness requires addressing the transition challenges of the economy and allocating appropriate capital. Although the future will raise complexities, Patrick reaffirmed that sustainability is tied to the long-term future of companies and society at large and called for timely action.

Keynote speech: Maria Luís Albuquerque

Benoit Jaspard introduced **Commissioner Albuquerque**, former Finance Minister of Portugal and now Commissioner for FISMA.

Commissioner Albuquerque thanked EFRAG and Patrick de Cambourg as Chair of the SRB for the quality of the work delivered under such time constraints. The Commissioner said that the new standards provide a clearer, more proportionate and less burdensome environment for companies, which is key to Europe's competitiveness, whilst preserving the key objectives of the European Green Deal. The Commissioner observed that prior to the amendments and the simplification mandate, the policy objectives of the CSRD were at risk. The CSRD's objectives are to enhance corporate transparency, increase corporate accountability and integrate sustainability in corporate strategy. Focusing on decision-useful information rather than diluting the EU's ambition, the new ESRS offer a more strategic framework for companies in their approach to sustainability.



The Commissioner welcomed EFRAG's work on the VSME and the award it won at the [ISAR Honours 2025](#). She expressed confidence in the voluntary adoption by companies falling outside the new CSRD scope. Lastly, the

Commissioner complimented the launch of the ESRS Knowledge Hub and expressed her conviction in technology's capacity to solve major challenges and oppositions attached to sustainability.

The Commission will prepare for the adoption of the amended ESRS, which will follow a consultation of EU Member States, along the consultation of eight EU bodies mentioned by the Accounting Directive. The EU Commission aims to adopt the amended ESRS by mid-2026.

Closing

Benoit Jaspas thanked the Commissioner, the attendees and the panellists and closed the meeting.



Post-event materials available on EFRAG's website:

- recordings: [part 1](#) and [part 2](#)
- all photos in this report by David Plas (see [here](#) other photos of the event)
- Patrick de Cambourg's [speech](#) in full
- presentation [slides](#).