

ESRS V1 DRAFTS FOR APPROVAL

Key changes compared to EDs

SR TEG Meeting - 24 November 2025



DISCLAIMER

This paper has been prepared by the EFRAG Secretariat for discussion at a meeting of the EFRAG SR TEG. The paper does not represent the official views of EFRAG or any individual member of the EFRAG SRB or EFRAG SR TEG.

The paper is made available to enable the public to follow the discussions in the meeting. Tentative decisions are made in public and reported in the EFRAG Update. EFRAG positions, as approved by the EFRAG SRB, are published as comment letters, discussion or position papers, or in any other form considered appropriate in the circumstances.

1 Executive summary of main changes

2 ESRS 1 General Requirements

3 ESRS 2 General Requirements

4 ESRS G1

5 ESRS Social standards

6 ESRS Environmental standards

7 Glossary of terms and acronyms

8 Datapoint reduction count



1

EXECUTIVE SUMMARY OF MAIN CHANGES

- Levers of simplification in the ED have been confirmed and improved to reflect suggestions received in the consultation (details in the following slides)
- Non-mandatory implication guidance (NMIG) to be issued in the future, as it requires further work to align with the new standards
- Reduction in number of datapoints:
 - 60% shall
 - 100% may
 - 70% overall



2

ESRS 1 *GENERAL
REQUIREMENTS*

Objective

ED DR/ para	Changes made	Rationale for changes
<p>Paras. 1- 15</p> <p>(1-18, ARs 1 - 5)</p>	<ul style="list-style-type: none"> • Fair presentation in para. 3 • Definition of users moved here • Definition of users: governments, analysts and academics deleted, as they are not “primary groups of users” in CSRD (par. 4) • Clear list of reporting areas on para. 5 • Definition of general purpose sustainability statements (group of users not individual perspectives) and knowledgeable users (AR 1) • Entity-specific linked to fair presentation (par. 11), incorporation of GRI Topic as source in AR 5 	<ul style="list-style-type: none"> • Reinforce role of fair presentation • Clarify who users are, support feasibility of fair presentation for impact materiality • To streamline the objective of the topical standards, making reference to the general principle in para. 5 to report all the areas when an IRO is material • Qualify who the users are and how they take decisions

Fair presentation and qualitative characteristics of information

ED DR/ para	Changes made	Rationale for changes
<p>Paras. 16-19</p> <p>(19-21, ARs 6 - 7)</p>	<ul style="list-style-type: none"> • Clarify the meaning of fair presentation “taken as a whole” and “involves the undertaking ‘to step-back’” (new AR 5) - this may result in adding entity specific and deleting what is not material • Embedding fair presentation better in ESRS through link to entity—specific (“when ESRS is insufficient to enable users ...”) and making use of “reliefs” is not detrimental to achieving fair presentation + transparency requirement • Reinforced emphasis on materiality filter: para. 24 the undertaking is not required to disclose information prescribed by ESRS if that info is not material • Linking it to IFRS language through new AR 6 “other frameworks refer to ‘additional information’” 	<ul style="list-style-type: none"> • To address concerns on the interpretation of the fair presentation principle • Provide guidance and clarifications on definition, interaction with reliefs and with the information materiality filter • No explicit override, replaced by para. 24

ESRS 1 – CHAPTER 3

Double materiality as basis for SR (1/4)

ED DR/ para	Changes made	Rationale for change
<p>Chapter 3 as a whole (3.1 – 3.7)</p> <p>(3.1 – 3.3.2)</p>	<p>Chapter restructured for better readability & understandability of the process</p> <p>New table of contents:</p> <p>3.1. Assessing topic and information materiality</p> <ul style="list-style-type: none"> • 3.1.1. Steps in determining the information to be reported • 3.1.2. Bases for assessing materiality • 3.1.3. Periodicity of the double materiality assessment <p>3.2. Double materiality assessment: Impact materiality and financial materiality</p> <ul style="list-style-type: none"> • 3.2.1. Impact materiality assessment • 3.2.2. Financial materiality assessment <p>3.3 Specific circumstances</p> <ul style="list-style-type: none"> • 3.3.1 Material impacts or risks arising from actions to address impacts or risks related to other topics • 3.3.2 Level of aggregation, disaggregation 	<ul style="list-style-type: none"> • Request from public consultation and outreach events for additional clarity and better linkages within the different sections to make process easier to understand. • An effort to streamline language, significant redrafting

Double materiality as basis (2/4)

ED DR/ para	Changes made	Rationale for change
Para 21, AR 3-4 (23 – 24)	<ul style="list-style-type: none"> 23 (b): from <i>understanding</i> to decisions, <i>including informed assessment</i> – still diverging views exist on maintaining informed assessment New paragraph on materiality filter override 	<ul style="list-style-type: none"> Clear call from preparers to narrow the scope of possible interpretation of other users’ needs (understandability was undefined) and link it to decision usefulness Interaction with acceptability of fair presentation
3.3.1 & 3.5 (3.1.1: 27-28 & AR 8-10)	<ul style="list-style-type: none"> Top down & practical considerations - provisions integrated within the same section (3.1. Assessing topic and information materiality) Clarification on top-down/bottom up approach and flexibilities for undertakings to use one or another or having a mixed approach (para. 27/28). Confirmed that top down is at topical level Par. 30 Flexibility on how to report on sub topics to avoid unnecessarily detailed reporting 	<ul style="list-style-type: none"> Better outline of steps to determine information to be reported and basis for assessing materiality Emphasise materiality concept and clarify the thresholds for materiality (strategic/relevant based on business model)

Double materiality as basis (3/4)

ED DR/ para	Changes made	Rationale for change
<p>New – Para 33 & AR 10/ AR 15</p>	<ul style="list-style-type: none"> • Consideration of geographies to assess the materiality of an undertaking’s impacts, risks, and opportunities for both environmental and social topics • Par. 35 no annual full update of DMA 	<ul style="list-style-type: none"> • Clarify level at which the materiality assessment takes place • Maintain reference to LEAP (TNFD will be in Basis for conclusions) • Include examples for social
<p>Para. 51 & AR 22 (54 & AR 30)</p>	<ul style="list-style-type: none"> • Additional guidance on material geographies • Link with faithful representation added 	<ul style="list-style-type: none"> • To support determination of the level of aggregation, disaggregation adopted for reporting purposes

Double materiality as basis (4/4) – Gross vs net => inherent gross + net in other cases

ED DR/ para	Changes made	Rationale for change
New – 44	<ul style="list-style-type: none"> • Concept of ‘inherent’ impacts to a sector or geography: material irrespective of effectiveness of actions and policies and emphasis on users’ needs 	<ul style="list-style-type: none"> • Impact of comparisons to peers as well as expectations of internal and external stakeholders (management overlay), as shown by the gross vs net field test • Expectation to see big sector issues always covered on a gross basis, as a counterbalancing for net approach to potential impacts
Paras. 34-35 & Appendix C (45-46)	<ul style="list-style-type: none"> • Clarify key concepts (actual/potential and positive/negative impacts) in the glossary. • Emphasise a principles-based approach to fairly presents both impacts and mitigation actions • Removal of Appendix C • Deletion of terms such as “supportable evidence”, “significant mitigating actions” 	<ul style="list-style-type: none"> • Deletion of terms due to the potential additional burden from interpretation and application as well as auditing process • Appendix C considered too complex (outreach, field test, public consultation)

ESRS 1 – CHAPTER 5

Reporting undertaking and value chain information

ED DR/ para	Changes made	Rationale for change
5.1. Reporting undertaking and own operations		
Para. 59 (62)	<ul style="list-style-type: none"> Term ‘usually’ kept and link with the exceptions (for leasing and pension funds) made more explicit Specification of <i>‘that meet the materiality thresholds set for the group’</i> 	<ul style="list-style-type: none"> To avoid over-interpretation that material IROs of a subsidiary are systematically material for the group To avoid impression that DMA done at subsidiary level.
5.3. Provisions and exceptions for determining the respective reporting boundaries of own operations and value chain		
Para. 70 (72- 74 & AR 36)	<ul style="list-style-type: none"> Leasing: Reflect the contractual terms between lessor and lessee and override of GHG boundary Terms „causing” and „contribution“ replaced by ‘connected with the use’ Clarified terminology for joint operations Clarified that provisions in Chapter 5 prevail over E1-8 for GHG emissions 	<ul style="list-style-type: none"> Feedback indicated further clarification needed Language streamlined

ESRS 1 – CHAPTER 7

Preparation of sustainability information

ED DR/ para	Changes made	Rationale for change
Updated sequence of Sub-chapters 7.3 & 7.4		<ul style="list-style-type: none"> Alignment with IFRS structure and language
7.3. Reliefs for preparing the ESRS sustainability statement		
Para. 91 (92)	<ul style="list-style-type: none"> Clarify reporting boundary for lack of data quality relief (on metrics) – objectively defined Reinforced transparency when relief is used Explicit expectation on increased coverage of the reported information over time in own operations 	<ul style="list-style-type: none"> Clarification on reporting boundaries that partial reporting is permitted To address concerns on lack of time limit for the relief without specific phase-in (3-5 years), and anti abuse concerns
7.4. Reasonable and supportable information that is available without undue cost or effort		
87 - 89 (94 - 96 + New AR 42)	<ul style="list-style-type: none"> Link with reporting on anticipated financial effects 'Reassessment' linked to improvement over time New AR 42 clarifies "undue cost or effort" and: <ol style="list-style-type: none"> criteria when assessing whether a disclosure would involve undue cost or effort (size, resources, etc.), internal/external information/resources to identify information reasonably available 	<ul style="list-style-type: none"> Address concerns that reliefs would be too extensive detrimental to quality reporting Interpretation of "undue cost or effort" requiring additional guidance to illustrate what constitutes undue cost or effort Alignment with IFRS S1 and IFRS education material
New 101	Information omitted as prohibited or permitted by Union laws or regulation	<ul style="list-style-type: none"> New relief

ESRS 1 – CHAPTER 8

Presentation requirements and structure of sustainability statement

ED para	Changes made	Rationale for change
8.1 General presentation requirement, structure and content of the sustainability statement		
106 (107)	Clarify that Article 8 disclosures may be included in Appendix. Such appendix is to the management report (rather than to the financial statements)	Certain MS does not allow appendices to financial statements
8.2 Presentation of supplementary information included in the sustainability statement		
108 (109)	Clear identification of disclosures not under materiality assessment -to avoid obscuring material information	To allow additional information even if not required by DMA
	To disclose a list of supplementary/non-material information	Feedback to clearly identify
	Change in terminology: from additional to supplementary to avoid confusion with fair presentation	
	Clarified that supplementary information is not material information	
8.3 Options for presenting information across parts of the sustainability statement		
109 (111)	Clarification that executive summary is an integral part of the sustainability statement and subject to same requirements as other parts.	Recurring comments to clarify

New reference numbers in blue

Connected information and linkages with other parts of corporate reporting

ED para	Changes made	Rationale for change
9.1. Connected information and linkages with other parts of corporate reporting		
113	Deleted and reflected in ESRS 2 PAT with AR 39	<ul style="list-style-type: none"> Redundant
9.2. Direct/indirect connectivity with financial statements and consistency of assumptions		
114-115 (115-116)	Mandatory cross-referencing to financial statements reinstated compared to ED	<ul style="list-style-type: none"> Considered essential from stakeholders Interoperability
116 (117)	Updated disclosure requires explanation of differences in assumptions between those for sustainability statements and in financial statements	<ul style="list-style-type: none"> Concerns re 'significant' and 'level of consistency'
118 d) and e) (119)	Clarified coverage of assurance/digitalisation requirements	<ul style="list-style-type: none"> Concerns re drafting

ESRS 1 – CHAPTER 10

Transitional provisions

ED DR/ para	Changes made	Rationale for change
10. Transitional provisions		
121 (122)	<ul style="list-style-type: none"> • Clarifications added on voluntary early application and “financial year” 	
128 (new)	<ul style="list-style-type: none"> • Specification of time limit for wave 1 undertakings from continuing the 3-year VC reliefs past 2026. 	<ul style="list-style-type: none"> • Need to clarify application and time limits
10.3. Transitional provision: List of DRs that are phased in		
Appendix D Paras. 129-132	<ul style="list-style-type: none"> • Presentation change: replaces reliance on Appendix D with phase-in provisions • Differentiation between ‘wave 1’ and other undertakings • Introduces multi-year, cohort-based phase-in reliefs for wave 1 (vs size-based one-year exemptions) • Anticipated financial effects and substances of concern added • New cohort model for wave 2: 3-year relief window. 	<ul style="list-style-type: none"> • Updates linked to the ‘quick- fix’ (3 full years of phasing-in) • Overall logic has been to give level playing field to wave 2 companies compared to wave 1, with the exception of AFE where wave 2 have phase for 3 years instead of 6 years of wave 1 – to avoid too long period before AFE are effective • Impact of transposition of CSRD by MS: specifications needed to clarify conditions for wave 1 and 2 preparers



3

ESRS 2 *GENERAL
DISCLOSURES*

NOTE TO MEMBERS OF SR TEG

Relevance of relief for prejudicial information is expected in Level 1 for AFE

To address concerns about confidentiality and commercially sensitive nature of the information, the Standard assumes that in Level 1 (CSRD) there will be a provision similar in substance with the one in the Council proposal for the trilogue – see Annex at the end of this document. As a consequence, the ESRS 1 (para. 101) includes a generic relief allowing to omit information if the Law of the Union prohibits or allows not to disclose a certain piece of information. The cover letter that will accompany the EFRAG Advice to the EC will highlight the importance of this assumption adopted by EFRAG in approving the Standards.

ED DR/ para	Changes made	Rationale for change
Para. 2	Replaced other references in DRs with ESRS 1 paragraph 56 for required level of aggregation and disaggregation of disclosed information	To prevent duplication and ensure consistency
BP-1 para. 5 5 and 6	Content in former para. 5 has been split : <ul style="list-style-type: none"> • § 5, compliance statement with ESRS and fair presentation principle • § 6, disclosure on applied reliefs, options, and other per ESRS 1 (list provided in AR) 	Improve clarity and disclosures to be made
BP-2 para. 17 7-10	<ul style="list-style-type: none"> • Updated based on ESRS 1 and “quick fix” as well as trilogue • Presentation of use of phase-ins (except for entire standard) can be either in IRO-2 descriptions content index or the general part of the sustainability statement 	To ensure transparency of the reliefs used
GOV-1 para. 8(e) 12 (e)	AR that the management of material IROs includes the due diligence process	Clarification

New reference numbers in blue

ED DR/ para	Changes made	Rationale for change
SBM-1 para. 40 20	<ul style="list-style-type: none"> Replaced 'list of sectors' with significant sectors Sector classification system used requirement deleted Changed wording: use of 'overall objectives' instead of 'sustainability related goals' 	<ul style="list-style-type: none"> Streamlining significant sector disclosures Confusion of the use of 'goals' vs target setting at IRO or topic level
SBM-3		
para 22 24	Focus on interaction of material impacts, risks and opportunities with the strategy and business model	<ul style="list-style-type: none"> Reduce duplication; improve understanding of the information under SBM-3 and IRO-2
para 23 25-27	Content split: <ul style="list-style-type: none"> § 25, current financial effects § 26, information on risks and opportunities with significant risk of a material adjustment § 27, anticipated financial effects 	<ul style="list-style-type: none"> Clarification of requirement Enhance interoperability with ISSB
AR 15, 17, 18 30, 28, 32	Moved ARs to standard including undue cost and effort as well as single amount vs range(s)	<ul style="list-style-type: none"> To enhance understandability/ interoperability
para. 29	Lack of skills, capabilities or resources to provide quantitative information on AFE	<ul style="list-style-type: none"> New relief To enhance interoperability

ED DR/ para	Changes made	Rationale for change
IRO-1 para. 53 35	<ul style="list-style-type: none"> Streamlined and merged paragraphs Introduced the link with 'location context' Deleted requirement on how sustainability risks are prioritized relative to other types of business risks Now focusses on significant changes compared to the previous reporting period AR to clarify inputs 	<ul style="list-style-type: none"> Feedback and Interoperability Dependencies coverage moved to AR (already in the material risk & opportunities process) ARs added to clarify potential overlaps with other DRs (stakeholder engagement embedded in IRO-1 compared to SBM-2 and ESRS S1-S4)
IRO-2 para. 56-59 37	<ul style="list-style-type: none"> List of 'supplementary' information provided per ESRS 1, Chapter 8.2 	<ul style="list-style-type: none"> Identification of supplementary information and improved flexibility

New reference numbers in blue

ED DR/ para	Changes made	Rationale for change
GDR-A para. 69 46	<ul style="list-style-type: none"> Clarification: can limit disclosure (same logic as SBM-3) Possible use of other non-monetary information specified, collaborative actions and the presentation options 	<ul style="list-style-type: none"> Feedback to simplify disclosures of financial resources Commercial sensitivity of actions not yet announced Concerns from preparers
GDR-M 41 (b) AR 44	Guidance when disclosing contextual information about environmental metrics	To avoid overlap and to support the disclosure of contextual information
AR 43	New AR to clarify the use of unit of measurement	To clarify the requirement granting flexibility
GDR-T 43 (g) AR 45	Deleted 'ecological thresholds' and included in AR as a reference when disclosing if a target related to environmental topics is based on conclusive scientific evidence	To reflect that this is not a DP

New reference numbers in blue



4

ESRS Governance

ED DR/ para	Changes made	Rationale for change
Para 14	<ul style="list-style-type: none"> • DPs on number and nature of confirmed incidents have been deleted, also in consideration that a metric is already required (convictions and fines) 	<ul style="list-style-type: none"> • Feedback highlighted concerns on data sensitivity (risk of self-incrimination and other legal risks)
Para 4, 20(a) 4, 20(a)(b)	<ul style="list-style-type: none"> • Added SMEs specification to the subtopic of payment practices • Standard payment terms for SMEs only required when different to terms generally applied • Clarification added in AR that if late payment to SMEs is a material topic, it should be addressed by entity-specific metrics 	<ul style="list-style-type: none"> • Aligned to CSRD wording • CSRD objectives on the protection of SMEs • Data on payment, disaggregated per supplier category, in particular SMEs, is not generally available. Collecting this information is quite burdensome.



5

ESRS Social Standards

ED DR/ para	Changes made	Rationale for change
Para 3 1	<ul style="list-style-type: none"> ESRS S1-16 only to be disclosed for material sub-topics ESRS S1-5 and S1-6 subject to materiality of information 	<ul style="list-style-type: none"> Consistency on the application of the materiality for these DRs
Para 23 (a), 27 (b), 28 (a) 18a , 22a , 23a	<ul style="list-style-type: none"> The significant employment threshold maintained (largest ten countries in terms of employee numbers with a de minimis of 50 employees per country) <p>Not a change - included for transparency on deliberations</p>	<ul style="list-style-type: none"> Feedback favoured this option. Remaining concerns were not on data collection but focus on breakdowns by headcount size.
Para 32, AR 22 b para27 , AR 20 b	<ul style="list-style-type: none"> Deletion of hierarchy New: disclose benchmarks for the adequate wage calculations Prioritisation of the 2024 ILO Principles for Estimating a Living Wage to ensure that the benchmarks used are adequate Deletion of reference to the ILO wage-setting principles 	<ul style="list-style-type: none"> Concerns re benchmark transparency Adequacy assessment based on ILO principles Flexibility by deleting hierarchy
New AR 33	<ul style="list-style-type: none"> The adjusted gender pay gap is maintained New AR to explain that the adjusted gender pay gap could provide additional contextual information to the unadjusted gender pay gap. Basis for entity-specific information. <p>Not a change - included for transparency on deliberations</p>	<ul style="list-style-type: none"> Compromise on a standardised metric (unadjusted) that can be complemented at an entity-specific level (adjusted by the factors considered by each undertaking).

Other changes

ED DR/ para	Changes made	Rationale for change
S1-16 Human rights incidents and incidents of discrimination (NEW sub-paragraph in para 41, AR 38)	<ul style="list-style-type: none"> New AR to clarify the filters used for disclosure of such incidents (information materiality and primary focus on severity of the impacts) New sentence in para 41 making explicit that incidents apply to sub-topics assessed as material by the undertaking Definitions: “incidents” removed from glossary; new definitions “human rights incidents” and “incident of discrimination” based on ED ARs with clarified scope and moved to glossary 	<ul style="list-style-type: none"> Concerns addressed on clarifying the “filters” for the assessment of the incidents to be disclosed. Also enhances the connection of such filters with the materiality assessment. Alignment of definitions between AR and Glossary
ESRS S1-S4 DR 1 to DR 4 and Interaction with other ESRS		
Interaction with other ESRS New section	<ul style="list-style-type: none"> New paragraph drafted to explain interaction with environmental standards: Just transition in ESRS S1-S2 and wider scope for ESRS S3. 	<ul style="list-style-type: none"> Consistency across topical standards
ESRS S1-1 Health and safety policy para 13	<ul style="list-style-type: none"> Deletion of the Health and safety policy from SFDR PAI 	<ul style="list-style-type: none"> Focus on outcome-based metrics resulted in deletion of this PAT as there’s a metric that covers the coverage of the H&S system.
S1-S4 DR 4 Targets (Deletion of para S1-S4; e.g. ESRS S1 para 21)	<ul style="list-style-type: none"> Removal of DPs on engagement for target setting and/or tracking performance AR edited to include engagement and better articulate reference to tracking effectiveness in both DR-4 and DR-3 	<ul style="list-style-type: none"> Addressing concerns of duplication on engagement and tracking effectiveness Better alignment with international standards on tracking effectiveness

Minor changes

ED DR/ para	Changes	Rationale for change
S1-S4 DR3 Actions and resources	<ul style="list-style-type: none"> Clarifying that it applies to both positive and negative impacts and para 15 only to negative impacts 	<ul style="list-style-type: none"> Feedback from public consultation for a more inclusive provision
S1-5, S1-7 Tabular Formats (AR 9-10, AR 15]	<ul style="list-style-type: none"> Adjustment of tables to allow for multi-year reporting. 	<ul style="list-style-type: none"> Addressing concerns from public consultation on these optional tables.
S1-12 Formalised performance and career reviews (Para 33a)	<ul style="list-style-type: none"> Editorial change from 'regular' to 'formalised' performance and career reviews. 	<ul style="list-style-type: none"> Clarification on the scope of this DR.
S1-13 Health and safety: non-employees and definitions (new sub-paragraph in para 35)	<ul style="list-style-type: none"> Clarification that non-employee breakdowns only when non-employees are material (i.e. ESRS S1-6) Clarified and updated definitions ('accidents', 'incidents', 'injuries', 'H&S management system') 	<ul style="list-style-type: none"> Clarification of the application of the materiality filter on non-employees as some required it to be deleted. Further alignment of definitions with EU regulation and terms.
S1-15 Comparative reporting requirement gender pay gap	<ul style="list-style-type: none"> Deletion of AR, which required the gender pay gap to be reported for the current reporting period and (if reported) for the previous two reporting periods. 	<ul style="list-style-type: none"> Simplification change from public consultation

New reference numbers in blue



6

ESRS Environmental Standards

DR E1-1 to E1-3: Strategy

ED DR/ para	Changes made	Rationale
Para 14 11(a)	<ul style="list-style-type: none"> Capex/Opex aligned to GDR-A Separating locked-in emissions and dependencies from locked-in emissions, covering key assumptions 	<ul style="list-style-type: none"> To address feedback and ensure higher level of alignment with IFRS S2
Para 15 12	<ul style="list-style-type: none"> Identify and clarify when no transition plan/not all key features 	<ul style="list-style-type: none"> Feedback
AR 2(a) AR 17	<ul style="list-style-type: none"> Streamlining with E1-6 Clarify third party validation 	<ul style="list-style-type: none"> Incorporate consultation suggestions
Para 19, AR 5, 6 16, AR 6	<ul style="list-style-type: none"> Clarify that climate scenario analysis is not mandated Deletion of spatial resolution and types of transition events 	<ul style="list-style-type: none"> To address feedback from public consultation
Para 21, AR 18, AR 7, 9	<ul style="list-style-type: none"> Clarify link between resilience and scenario analysis Clarify for Financial Institutions (FIs) to leverage applicable prudential regulatory framework if it includes references to resilience analysis 	<ul style="list-style-type: none"> Based on feedback

ESRS E1 CLIMATE CHANGE

DR E1-4 to E1-11: IRO, Targets and Metrics

ED DR/ para	Changes made	Rationale
Para 22 19	<ul style="list-style-type: none"> Clear differentiation between mitigation and adaptation 	<ul style="list-style-type: none"> Public consultation suggestions
E1-5	<ul style="list-style-type: none"> Deletion of provision related to Capex and Opex 	<ul style="list-style-type: none"> Avoid overlap with ESRS 1 and reduce granularity
AR 11	<ul style="list-style-type: none"> Reinstating net-zero targets and definition in glossary 	<ul style="list-style-type: none"> Stakeholder feedback
AR 13	<ul style="list-style-type: none"> Exemption for FIs on absolute values for scope 3, Cat 15 	<ul style="list-style-type: none"> Feedback and intense debate at TEG/Board
Para 29 25	<ul style="list-style-type: none"> Total energy consumption limited to high climate impact sectors 	<ul style="list-style-type: none"> Feedback that ED went beyond delegated act (ESRS set 1)
Para 33 30	<ul style="list-style-type: none"> Limiting to direct biogenic CO2 emissions disclosure Language on GHG boundary improved 	<ul style="list-style-type: none"> Feedback
Para 41 (a) 39 (a)	<ul style="list-style-type: none"> Asset at physical risk: Clarification whether amounts should be gross or net 	<ul style="list-style-type: none"> Concern raised in public consultation
Para 40 (b)	<ul style="list-style-type: none"> Location of assets deleted 	<ul style="list-style-type: none"> Regarded as too granular and sensitive
Para 41 (f) 39 (a) Glossary	<ul style="list-style-type: none"> Amended definition of stranded assets Related disclosure merged with the disclosure of asset at transition risk 	<ul style="list-style-type: none"> Clarification requested by the public consultation

ED DR/ para	Changes made	Rationale for change
Para 16, AR 2-3 14, AR 2 Glossary	<ul style="list-style-type: none"> Removed reference to permits and qualified E-PRTR New definition: 'environmental accident'. 	<ul style="list-style-type: none"> Concern that scope excessively extended
AR 4 AR 3	<ul style="list-style-type: none"> Maintained AR given Q&A on Transfers, but clarified its entity-specific nature to avoid exclusion from reporting 	<ul style="list-style-type: none"> Value chain coverage of pollutant transfers required
Para 16(b)ii, AR 5 15(b), AR 4	<ul style="list-style-type: none"> Qualitative information only 	<ul style="list-style-type: none"> Lack of mature methodologies to calculate microplastics emissions
Para 18 17	<ul style="list-style-type: none"> Added phase-ins in ESRS 1 on Transitional provisions 	<ul style="list-style-type: none"> Quantitative important, but more time required on SOC
Para 20 19	<ul style="list-style-type: none"> Now qualitative disclosures on substance names) 	<ul style="list-style-type: none"> Align with REACH on SVHC in Articles, limiting scope
Glossary	<ul style="list-style-type: none"> <u>New</u>: manufacturer, importer, user of substances (SoC/SVHC & SVHC), formulator, articles. <u>Amended</u>: 'substances' aligned with REACH and clarifying 'on their own' and 'in mixtures'. 	<ul style="list-style-type: none"> Clarify and add definitions and align with REACH

ED DR/ para	Changes made	Rationale for change
Para. 12, 14, 15(b) AR 3 10, 12, 17(b)	<ul style="list-style-type: none"> Changed focus from ‘areas at water risk, including areas of high-water stress’ to ‘areas at water stress’ New AR 3 for targets (at areas of water stress) 	<ul style="list-style-type: none"> Feedback that ‘area at water risk’ is methodologically challenging Internal consistency required in PATM
AR 1 and AR 2	<ul style="list-style-type: none"> AR 1 explains relationship between water stress, water risk and water scarcity AR 2 on assessment of areas at water stress 	<ul style="list-style-type: none"> Contextualised “water stress” as a component of “water risk” and water risk components identified in AR 1 Methodological guidance to assess areas at water stress included based on feedback
Glossary	<ul style="list-style-type: none"> Various changes to clarify concepts and improve coherence with other topical standards 	<ul style="list-style-type: none"> Based on feedback

ED DR/ para	Changes made	Rationale for change
AR 1 and Glossary	<ul style="list-style-type: none"> • Definition of Biodiversity Transition Plan in Glossary • Clarification in AR and definition that biodiversity can be part of broader transition plan that also includes climate 	<ul style="list-style-type: none"> • Enhanced clarity
Para 17 15, AR 8)	<ul style="list-style-type: none"> • Introduction of new AR to guide biodiversity target-setting and disclosure 	<ul style="list-style-type: none"> • Need for guidance identified
AR 7 AR 9	<ul style="list-style-type: none"> • Amendment to guide prioritisation of locations and level of aggregation for disclosure • Clarification that information not expected for each individual site, but can be aggregated for groups of sites per ESRS 1 	<ul style="list-style-type: none"> • Lack of clarity on the expected level of disclosure granularity and prioritisation approach

New reference numbers in blue

ESRS E5 RESOURCE USE AND CIRCULAR ECONOMY

ED DR/ para	Changes made	Rationale for change
Para 6 (g)	<ul style="list-style-type: none"> New paragraph to relate to G1 for sustainably sourcing 	<ul style="list-style-type: none"> Emphasis on value chain as E5 is 'own operations'
Para 8	<ul style="list-style-type: none"> Introduction of the technical terms 'circular economy principles' and 'eco-design requirements'. 	<ul style="list-style-type: none"> Alignment with EU regulation and VSME.
Para 12 (b)	<ul style="list-style-type: none"> Reintroduction of disclosure on "Total weight of key materials" 	<ul style="list-style-type: none"> Considered essential
E5-5	<ul style="list-style-type: none"> Deleted disclosure on "recycled content" of key products and packaging 	<ul style="list-style-type: none"> Public feedback
Para 15 (c)(iii)	<ul style="list-style-type: none"> Included reference to incineration with energy recovery 	<ul style="list-style-type: none"> Alignment with Waste Framework Directive and feedback
AR 4	<ul style="list-style-type: none"> Reintroduced reference to the European List of Waste for 'waste streams' 	<ul style="list-style-type: none"> Alignment with EU regulation
Glossary	<ul style="list-style-type: none"> Definitions extended to provide guidance on decision making 	<ul style="list-style-type: none"> Requests for clarity and guidance



7

Glossary of Terms and Acronyms

Additional terms

- Article
- Banned product
- Banned service
- Biodiversity and ecosystems transition plan
- Biodiversity offset
- Channel for raising concerns or needs
- Circularity
- Circular economy service
- Designed recyclability rate
- Eco-design requirement
- Environmental accident
- Formulator
- GHG neutrality
- Geographies
- Importer of substance
- Importer of an article that contain SVHC
- Impracticable
- Incident of discrimination
- Manufacturer of articles that contain SVHC
- Manufacturer of substances
- Non-guaranteed hours employee
- Occupational safety and health management system
- Placed on the market
- Process to provide or cooperate in remediation
- Product
- Renewable (material)
- Repairable
- Resource use
- Standard payment terms
- Threatened species or ecosystems
- Technical material
- User of substances
- Users of articles that contain SVHC
- Virgin material
- Water stress
- Water scarcity
- Worker in the value chain

Amended terms

- Actual Impact
- Administrative, management and supervisory body
- Biodiversity / biological diversity
- Biological materials
- Circular economy
- Circular economy principle
- Climate resilience
- Critical raw materials
- Dependency
- Double materiality
- Driver of biodiversity and ecosystem change
- Durability
- Extent of terrestrial, freshwater, and marine ecosystem / Ecosystem extent
- Freshwater
- Groundwater
- Human rights incident
- Internal carbon pricing scheme
- Key product
- Key material
- Landfill
- Marine resource
- Microplastics
- Opportunity
- Own workforce
- Packaging
- Policy
- Pollutant
- Pollution
- Potential Impact
- Recordable work-related accident
- Recordable work-related ill health
- Recovery
- Recycling
- Renewable energy
- Resource inflow
- Resource outflow
- Reuse
- Scenario analysis
- Secondary resource
- Site
- Soil
- Stranded asset
- Strategic raw materials
- Substance
- Supplier
- Supply chain
- Surface water
- Target
- Training
- Wastewater
- Water consumption

Deleted terms

- Actor in the value chain
- Confirmed incident of corruption or bribery
- Corporate culture
- End of life (of a product)
- Equal opportunities
- Habitat
- Incident
- Internal carbon price
- Material opportunities
- Material risks
- Operational control
- Overtime
- Resource efficiency
- Value chain worker
- Work-related hazards

ACRONYMS – NEW AND AMENDED

New

- CLP - Classification, Labelling and Packaging of substances and mixtures (Regulation (EC) No 1272/2008 of the European Parliament and of the Council)
- CSRD - Corporate Sustainability Reporting Directive (Directive (EU) 2022/2464 of the European Parliament and of the Council)
- DRs - Disclosure Requirements
- E-PRTR - European Pollutant Release and Transfer Register (Regulation (EC) No 166/2006 of the European Parliament and of the Council)
- ESG – Environmental, Social and Governance
- GBF - The Kunming-Montreal Global Biodiversity Framework
- GDR – General Disclosure Requirement
- SF₆ - Sulphur hexafluoride
- SMEs - Small- and medium-sized undertakings

Amended

- IEPR - Industrial Emissions Portal Regulation (Regulation (EU) 2024/1244 of the European Parliament and of the Council)
- REACH - Registration, Evaluation, Authorisation and Restriction of Chemicals (Regulation (EC) No 1907/2006 of the European Parliament and of the Council)

ACRONYMS – DELETED

Deleted

- AMS - Automated Measuring Systems
- AWS - Alliance for Water Stewardship
- Btu – British Thermal Units
- CDDA - Common Database on Designated Areas
- CEN - European Committee for Standardisation
- CENELEC - European Committee for Electrotechnical Standardization
- CICES - Common International Classification of Ecosystem Services
- DNSH - Do No Significant Harm
- EBA – European Banking Authority
- EIA - Environmental Impact Assessment
- EMAS - Environmental Impact Assessment
- ESA - European Supervisory Authorities
- ESMA - European Securities and Markets Authority
- EWC - European Works Council
- GAAP - Generally Accepted Accounting Principles
- GJ - Giga-Joules
- IED 2.0 - Directive 2024/1785/EU of the European Parliament and of the Council (Industrial and Livestock Rearing Emissions Directive)
- IFC - International Finance Corporation
- IPBES - Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services
- IPCC - Intergovernmental Panel on Climate Change
- ISEAL - International Social and Environmental Accreditation and Labelling Alliance
- ISSB - International Sustainability Standards Board
- ITS - Implementing Technical Standards (for the Capital Requirements Regulation)
- Kg – Kilogram
- Lb – Pounds

Deleted

- LGBTQI - Lesbian, Gay, Bisexual, Transgender, Queer, Intersex
- NH3 – Ammonia
- NUTS - Nomenclature of Territorial Units of Statistics
- O3 – Ozone
- ODS - Ozone-depleting substance
- OECM - One Earth Climate Model
- PBTS - Persistent, bioaccumulative and toxic substances
- PCAF - Partnership for Carbon Accounting Financial
- PM - Particulate Matter
- PMTs - Persistent, Mobile and Toxic Substances
- POPs - Persistent organic pollutants
- SBTi - Science Based Targets Initiative
- SBTN - Science Based Targets Network
- SCE - Societas Cooperativa Europaea
- SDA - Sectoral Decarbonisation Approach
- SDPI - Sustainable Development Performance Indicator
- SE - Societas Europaea
- SEEA - System of Environmental-Economic Accounting
- SEEA EA - System of Environmental-Economic Accounting Ecosystem Accounting
- TCFD - Task Force on Climate-Related Financial Disclosures
- TNFD - Taskforce on Nature-related Financial Disclosures
- UNEP - United Nations Environment Programme
- UNESCO - United Nations Educational, Scientific and Cultural Organization
- vPvBs - Very persistent and very bioaccumulative substances
- vPvMs - Very persistent and very mobile substances
- WDPA - World Database of Protected Areas
- WWF - World Database of Protected Areas



8

Datapoint reduction count

DATA POINT REDUCTION BASED ON IG3

Delegated act to ED

	ESRS Set 1 DA 2023*	ED 2025	Reduction
Total 'shall'	803	347	-56.7%
Total 'may'	270	-	-100%
Total	1073	347	-67.7%
*Including IG3 addendum and 7 DP related to BP-2 paragraph 17 phasing-in			
Total MDR	49	31	-37%

Delegated act to current version

	ESRS Set 1 DA 2023*	ESRS 22 Nov 2025	Reduction
Total 'shall'	803	320	-60.2%
Total 'may'	270	-	-100%
Total	1073	320	-70.2%
*Including IG3 addendum and 7 DP related to BP-2 paragraph 17 phasing-in			
Total MDR	48	33	-31%



QUESTIONS AND COMMENTS



Follow us



35 Square de Meeûs, B-1000 Brussels
info@efrag.org - www.efrag.org



EFRAG is co-funded by the European Union through the Single Market Programme in which the EEA-EFTA countries (Norway, Iceland and Liechtenstein), as well as Kosovo participate. Any views and opinions expressed are however those of the presenter only and do not necessarily reflect those of the European Union, the European Commission or of countries that participate in the Single Market Programme. Neither the European Union, the European Commission nor countries participating in the Single market Programme can be held responsible for them.

Thank you