

# EFRAG turns over simplified ESRS technical advice to the European Commission

**In brief**  
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## At a glance

On 3 December 2025, EFRAG turned over its technical advice to the European Commission on the simplified European Sustainability Reporting Standards (draft ESRS). This is the final step in EFRAG's workplan to respond to its mandate from the European Commission to propose changes to the ESRS by 30 November 2025.

These ESRS are one component of the European Commission's February 2025 'Omnibus' package intended to simplify EU reporting rules related to the European Green Deal. Other notable developments related to the 'Omnibus' include the 18 November 2025 commencement of the trilogue negotiations among the Council of the European Union, European Parliament, and European Commission. See more information in our other publications:

- [European Commission publishes 'Omnibus' proposals](#)
- [European Parliament adopts a position on the Omnibus proposal](#)

## What happened?

On 3 December 2025, EFRAG turned over its **technical advice** to the European Commission on the simplified European Sustainability Reporting Standards (draft ESRS). The technical advice contains the **12 draft ESRS**, an annex with acronyms and glossary of terms, and a mark-up version of each standard. EFRAG also issued a **letter** to the Commissioner for Financial Services, Financial Stability, and Capital Markets Union summarising the process followed and highlighting changes to the draft ESRS. The letter discusses how EFRAG achieved its objective of simplifying the standards, including the introduction of practical considerations and proportionality mechanisms.

This technical advice was issued as an outcome of the European Commission's 26 February 2025 'Omnibus' package intended to simplify EU reporting rules related to the European Green Deal. On 28 March, the European Commission **requested** that EFRAG provide technical advice on the simplification of ESRS consistent with the areas targeted for change in the

‘Omnibus’ package. The areas targeted by the European Commission for simplification of the ESRS included reducing the number of mandatory datapoints, clarifying unclear positions, providing clearer instructions on how to apply materiality, simplifying the structure and presentation of the standards, and enhancing interoperability.

The technical advice includes proposed substantive changes to ESRS and represents the culmination of extensive outreach and analysis by EFRAG—including two comment periods on the simplification exercise, which together resulted in over 1,500 responses to EFRAG’s proposals.

## **What are the key changes in the draft ESRS?**

The draft ESRS contain significant changes in both content and structure when compared to the currently applicable version of ESRS (ESRS v1).

### **Fair presentation**

One of the key changes to the fundamental basis of the standards is the emphasis on the draft ESRS as a fair presentation framework. These standards would require an entity to ensure that its sustainability reporting fairly presents material information about its sustainability-related impacts, risks, and opportunities (IROs) when considering the overall picture of the reported information, and not just focus on compliance with delineated disclosure requirements.<sup>1</sup> The updates incorporating fair presentation are consistent with the concept as used in IFRS financial reporting and sustainability reporting.

### **Substantial reduction in datapoints**

EFRAG indicates that the draft ESRS have a 61% reduction in mandatory datapoints compared to ESRS v1.<sup>2</sup> The reduction in datapoints varies by standard, with some topical standards having higher levels of reductions than others. As a result, whether this reduction in datapoints will correspond with a similar reduction in the length of an entity’s sustainability reporting will depend on the facts and circumstances of the particular entity—such as which topics are material. The reduction in mandatory datapoints, however, may give rise to more entity-specific disclosures.

### **Changes to materiality of information**

Draft ESRS 1 *General Requirements* requires an entity to provide information when it has determined that the information is material to its users.<sup>3</sup> This materiality of information filter is applied to all information reported in accordance with the draft ESRS, including both the general information provisions in draft ESRS 2 *General Disclosures* and topical information. This is a significant change when compared with ESRS v1, as ESRS v1 requires certain disclosures regardless of the outcome of the materiality assessment.

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<sup>1</sup> Draft ESRS 1 *General Requirements*, paragraph 19 and AR 6.

<sup>2</sup> EFRAG, **Letter from Patrick de Cambourg to Commissioner Albuquerque**, 2 December 2025, page 5.

<sup>3</sup> Draft ESRS 1 paragraphs 23-24.

## Simplification of the double materiality assessment

One of the areas the European Commission asked EFRAG to prioritise was the application of materiality in sustainability reporting. In response, draft ESRS 1 contains additional guidance related to the double materiality assessment (DMA), including:

- New flexibility to perform the DMA either starting at the topic level ('top-down') or from the level of individual IROs ('bottom-up')<sup>4</sup>
- How an entity should consider mitigation, remediation, and prevention actions when assessing the materiality of actual and potential negative impacts<sup>5</sup>
- A requirement to take into account that information about impacts and how they are managed may be decision-useful to users, irrespective of how effectively they are managed or regulated<sup>6</sup>

The list of sustainability topics contained within draft ESRS 1 Appendix A has also been streamlined. The proposed changes to the DMA received overall positive support from stakeholders during the feedback process.

## New reporting reliefs

Draft ESRS 1 introduces a number of new reporting reliefs intended to reduce the overall reporting burden for preparers including:

- **Reliefs related to acquisitions and disposals**—an entity is allowed to defer the inclusion of a newly acquired subsidiary or business from both its materiality assessment and sustainability statement to the next reporting period; an entity may exclude a disposed subsidiary or business from the beginning of the period in which it is disposed<sup>7</sup>
- **Undue cost and effort**—introduction of the concept of using “all reasonable and supportable information that is available to the undertaking at the reporting date without undue cost or effort” to a number of requirements including an entity’s process to identify material IROs and to determine the scope of its value chain<sup>8</sup>
- **Calculation of metrics**—an entity may:
  - omit information relating to specific activities from the calculation of a metric if the activity is not a significant driver of the IRO related to the metric<sup>9</sup>
  - report only an objectively defined part of the scope of the reporting boundary for a particular metric if there is a lack of reliable data obtainable without undue cost and effort<sup>10</sup>

If an entity avails itself of any of the reliefs, certain disclosures are required. These new reporting reliefs are permanent.

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<sup>4</sup> Draft ESRS 1 paragraph 27.

<sup>5</sup> Draft ESRS 1 paragraph 44.

<sup>6</sup> Draft ESRS 1 paragraph 44(c).

<sup>7</sup> Draft ESRS 1 paragraph 75.

<sup>8</sup> Draft ESRS 1 paragraph 94.

<sup>9</sup> Draft ESRS 1 paragraph 91.

<sup>10</sup> Draft ESRS 1 paragraph 92.

## Anticipated financial effects

Draft ESRS 2 revises the current requirement to provide disclosures about the anticipated financial effects of an entity's material sustainability-related risks and opportunities.

The July 2025 draft of ESRS 2 proposed two alternatives for the disclosure of anticipated financial effects. One option would have generally required both quantitative and qualitative information whereas the alternative would have only required qualitative disclosure. EFRAG received significant public feedback on these two possible options. The final draft of ESRS 2 includes a modified version of one of the options from the exposure draft—requiring an entity to provide both quantitative and qualitative information about its anticipated financial effects, unless certain circumstances exist.<sup>11</sup> Draft ESRS 1 also includes extended phase-in provisions for anticipated financial effects as discussed below.

These changes substantially align the disclosure requirements with IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*, improving interoperability. In addition, the disclosure requirements related to anticipated financial effects have been removed from the draft environmental topical standards other than draft ESRS E1 *Climate Change* which retains a disclosure requirement for anticipated financial effects, although the number of datapoints has been reduced when compared to ESRS E1 v1.

## New expanded phase-in provisions

In addition to the permanent reporting reliefs described above, the draft ESRS include new expanded 'phase-in' reliefs that permit a specific datapoint or topical reporting requirement to be phased in over time. These phase-in reliefs would only apply to 'wave one' entities.<sup>12</sup> Two changes to the phase-in provisions that may be of particular interest to preparers are the updates to the anticipated financial effect disclosure phase-in provision and the new phase-in provision for information about substances of concern.

- **Anticipated financial effects**—a 'wave one' entity would be permitted to omit the quantitative information about anticipated financial effects required by draft ESRS 2 and draft ESRS E1 for financial years prior to 2030. This relief does not apply to certain anticipated financial effects disclosures in draft ESRS E1 related to an entity's assets exposed to material physical or transition risk.
- **Substances of concern**—a 'wave one' entity would be permitted to omit quantitative information about substances of concern as required by draft ESRS E2-5 for financial years prior to 2030.

Draft ESRS 1 contains a note from EFRAG to the European Commission stating that EFRAG leaves the decision on phase-in provisions for entities other than 'wave one' to the European Commission.<sup>13</sup>

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<sup>11</sup> Draft ESRS 2 *General Disclosures*, paragraph 27.

<sup>12</sup> Draft ESRS 1 paragraphs 122–123. 'Wave one' entities are those entities that were scheduled to report under the Corporate Sustainability Reporting Directive (CSRD) for the first time for financial year 2024—regardless of whether the relevant EU Member State transposed the CSRD. This means that an entity would be considered to be a 'wave one' entity for the purposes of applying these phase-in provisions, even if its local legislation did not require reporting for financial year 2024.

<sup>13</sup> Draft ESRS 1, chapter 10.2.

## What's next?

The European Commission will review EFRAG's technical advice and may update the standards before adopting a new ESRS delegated act.

Finalisation of the delegated act will follow the completion of trilogue negotiations on the 'content' proposal, included in the 26 February 2025 'Omnibus' package, to amend the CSRD which states that the European Commission "aims to adopt the necessary delegated act as soon as possible, and at the latest six months after the entry into force of this proposal".<sup>14</sup> Based on expected timelines for the finalisation of the 'content' proposal, the delegated act adopting the simplified ESRS is currently expected to be completed by the middle of 2026. The European Commission has indicated that it intends for the new standards to be applicable for financial year 2027.<sup>15</sup> It is still to be determined whether entities will be able to early apply the new standards for financial year 2026.

For more information on the content of the technical advice containing simplified ESRS, please look for our 'In depth' coming soon.

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<sup>14</sup> European Commission, ***Proposal for a Directive*** of the European Parliament and of the Council amending Directives 2004/43/EC, 2013/34/EU, (EU) 2022/2464 and (EU) 2024.1760 as regards certain corporate sustainability reporting and due diligence directives, page 5.

<sup>15</sup> 'Quick fix' amendment to Delegated Regulation (EU) **2023/2772**, pages 4–5.

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