



Omnibus I and ESRS simplification

Deep dive into EFRAG's technical advice
on the draft revised standards

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On December 3, 2025, EFRAG officially submitted its [technical advice](#)¹ on the draft revised ESRS (European Sustainability Reporting Standards) to the European Commission. This is the culmination of several months of intense work, largely influenced by highly engaged stakeholders (more than 700 responses received following the public consultation on the exposure drafts that took place this summer).

However, this technical advice is **only an important step** as the Commission will launch consultations on the basis of this technical advice once the legislative process to amend the Corporate Sustainability Reporting Directive (CSRD) has been completed.

A new delegated act on ESRS (“Set 2”), replacing that of July 2023 (“Set 1”), is expected to be adopted in mid-2026. This new set of standards should become mandatory for preparing the 2027 sustainability statements to be published in 2028, when the revised CSRD comes into effect. Early application starting from 2026 reportings should be possible but remains to be confirmed.

The European Commission must now validate the simplifications proposed by EFRAG, structured around **six levers** to address the complexities encountered by wave 1 companies during the implementation of the ESRS Set 1:

1. Simplification of the materiality assessment.
2. Better readability and conciseness of the sustainability statements.
3. Critical modification of the relationship between general disclosures and topical standards.
4. Improved understandability, clarity, and accessibility of standards.
5. Introduction of burden-reduction reliefs.
6. Enhanced interoperability with generally accepted reporting standards or frameworks.

EFRAG’s proposals bring **significant changes to Set 1**. The new standards should result in **clearer reporting, with a stronger focus on information that is truly decision-useful for users**.

In practice, these proposals **reduce the number of mandatory datapoints (DPs) by about 60%**. The draft simplified standards also **no longer contain any voluntary DPs**. **The length of the standards has been reduced by more than half**.

However, companies will still need to carefully assess to what extent ESRS Set 2 will actually ease their preparation of sustainability statements, **as the reduction in the number of DPs will likely not translate into a proportional decrease in reporting burden**. The fundamentals of sustainability reporting as set out in the CSRD indeed remain unchanged.

Finally, following the submission of the technical advice on the draft simplified ESRS, an [interactive online platform](#) has been launched, providing centralized access to the ESRS Set 1 and all related documents, as well as other resources on sustainability reporting of a more general scope. This platform will be updated with Set 2 once it has been definitively adopted.

¹ EFRAG will deliver before the end of December 2025 some accompanying documents: the Basis for Conclusions, the Cost Benefit Analysis and the Explanatory Note.



1. Simplification of the materiality assessment

Beyond analysing the technical advice issued by EFRAG as outlined below, we have also categorised the main proposed simplifications to clearly identify:



What is, in our opinion, **new compared to Set 1**, with EFRAG's proposals identified in this case with this symbol.



What are, in our opinion, **clarifications to Set 1**, with EFRAG's proposals identified with this symbol.

Draft revised ESRS 1 on general requirements



Emphasis on the **principle of “fair presentation”** which is based on the fundamental qualitative characteristics of **relevance and faithful representation** of information and, more broadly, on the qualitative characteristics of sustainability information.

This principle also requires providing **entity-specific information** when the application of ESRS standards is not sufficient to enable users to understand the company's material impacts, risks, and opportunities (IROs).

The overall objective of the sustainability statement is therefore to **present fairly all the company's sustainability-related material IROs, and how they are managed**. The information disclosed must be **decision-useful** for the users of “general-purpose” sustainability statements.



Clarification of what **constitutes material information**, based on users' information needs. The objective here is to encourage the publication of more targeted information by clarifying that general-purpose sustainability statements: (i) are addressed to users with a reasonable knowledge of the general subject matters of such reports and (ii) consider the information needs of groups of users.



Extension of the information materiality filter to ESRS 2 DPs on general disclosures, but these are fundamental in nature and therefore are likely to result in material information for all companies.



Clarification that when a material IRO relates to a sub-topic, the company must disclose only the material information **for that sub-topic concerned**.



Streamlining of the **list of sustainability matters** presented in AR 16 of ESRS 1 (Set 1) to limit it to two levels of granularity (i.e., removal of sub-sub-topics) and modification of the status of this list, which is **now non-binding and no longer mandatory**.



Clarification of the **periodicity** with which the DMA (“double materiality assessment”) shall be performed: the DMA must be reviewed and updated if **significant changes** have occurred that could affect the conclusions of the DMA conducted in previous reporting periods.

Changes may relate to the company's activities, structure, business relationships, understanding of IROs, assessment methodologies, or the external environment.

² Whether Set 1 is considered a compliance framework or a fair presentation framework is not a matter of consensus among the different EU Member States (and not all have yet transposed the CSRD as adopted in December 2022). For instance, in France, Set 1 has been regarded as a compliance framework.

1. Simplification of the materiality assessment (continued)

Draft revised ESRS 1 on general requirements (continued)



Clarification of **the flexibilities already existing** in the context of the DMA to encourage more pragmatic approaches. In particular:

- The company can start by analyzing its strategy and business model, including its sector(s) of operations, its geographies, and the features of its upstream and downstream value chain, to identify material IROs for a topic or sub-topic (**top-down approach**), without having to conduct an in-depth specific assessment when the conclusion is evident (in either direction, i.e., materiality or non-materiality).
- The company shall use **reasonable and supportable evidence** available at the reporting date without undue costs or effort (see Lever 5 below). In this context, the use of quantitative information or quantitative scoring is not required if the company **can rely on qualitative assessment** to reasonably conclude on the materiality of IROs related to a given topic. Nor is the company required to perform exhaustive research to identify material IROs.
- The company is **not required to assess every possible IRO** across all areas of its operations and upstream and downstream value chain, but it must focus on areas where material IROs are deemed likely to arise.



³ Details on how the **prevention, mitigation, and remediation actions** implemented and/or planned by the company should be considered, where appropriate, in **assessing the materiality of actual and potential negative impacts**.

EFRAG thus proposes that the severity and likelihood of **potential negative impacts** must be assessed taking into account only **implemented** prevention and mitigation policies and actions if those policies and actions can reasonably be assumed to **effectively reduce** the severity or likelihood of these impacts.

EFRAG nevertheless specifies that information about impacts and how they are managed **may be decision-useful to users, irrespective of** (i) the effectiveness of the policies and actions implemented by the company or (ii) the effectiveness with which the corresponding topics are regulated. **In these cases, the materiality assessment needs to take this into account.**



Clarification of the **definition of positive impacts**. In particular, the results of prevention, mitigation, or remediation actions implemented by the company to address negative impacts the company is connected to, or compliance with law and regulation, do not constitute positive impacts.



Clarification of **the criteria for aggregating and disaggregating information** to communicate at the appropriate level, noting that information that is too aggregated or, on the contrary, too disaggregated, depending on what is relevant to present, can obscure material information.

In particular, when presenting information by material geographies at appropriate level, the level of aggregation adopted by the company shall not obscure systemic interactions or drivers of impacts that exist in specific geographic contexts.

³ The field tests conducted by EFRAG on this topic revealed a wide diversity of practices, including within the same company, depending on the nature of the IROs for which materiality must be assessed. For instance, in France, in the context of the implementation of Set 1, it has generally been considered that IROs should be assessed before taking into account prevention, mitigation and remediation actions.



1. Simplification of the materiality assessment (continued)

Draft revised ESRS 2 on general disclosures



Streamlining of disclosure requirements (DRs) to achieve a **concise description** of the results of the DMA (see DR SBM-3 and IRO-2) and of how the process of identifying material IROs was conducted (see DR IRO-1).



Clarification of the possibility of presenting **general information on policies, actions, targets (PATs) and metrics in an aggregated manner** (i.e., in relation to several IROs) if this reflects the level at which these IROs are managed.



2. Better readability and conciseness of the sustainability statements

Draft revised ESRS 1 on general requirements



Clarification of the **possibility to present supplementary non-material information within the sustainability statement if this information meets the data demands of a specific user, provided that:** (i) this information is clearly identified as not resulting from the materiality assessment, (ii) it provides a faithful presentation of the aspects it intends to represent, and (iii) it is presented in a way that does not obscure material information.



Clarification of the **possibility to include an executive summary** in the sustainability statement to present the key messages about a company's material IROs and their management, provided that the qualitative characteristics of sustainability information are met.



Clarification of the **possibility of presenting certain information in an appendix to the sustainability statement:** more detailed information relating to any of the four parts of the sustainability statement; cross-reference tables and tables mapping different disclosures or content indices; supplementary information stemming from other legislation or generally accepted reporting standards or frameworks, or presented to meet the data demands of a specific user.

Draft revised ESRS 2 on general disclosures



Addition of **the requirement to list the supplementary information** presented in the sustainability statement, which can be identified in the section headings, paragraph titles, or in the DR IRO-2 content index (that presents the list of DRs with which the company has complied with when preparing its sustainability statement).



Clarification that the company should **avoid providing boilerplate** information that is not relevant for users. **Excessive detail**, especially about common practices which are known to reasonably knowledgeable users, may obscure material information.

⁴ Presenting, as an appendix to the sustainability statement, all information related to the EU Taxonomy is currently not permitted under Set 1 but would be allowed in the future, according to EFRAG's proposals.

3. Critical modification of the relationship between general disclosures and topical standards

Draft revised ESRS 2 on general disclosures



Retaining the **minimum disclosure requirements or MDRs** (now referred to as “general disclosure requirements” or GDRs) but **revision and reduction of the number of related DPs**. For instance, regarding targets (GDR-T), the company is no longer required to specify to what extent stakeholders have been involved in target setting. Under GDR-M, the entity is no longer required to indicate whether the measurement of the metric has been validated by an external body other than the assurance provider.



Removal of the requirement to provide reasons for **the absence of PATs** in relation to an identified material IRO.



Emphasis on the **flexibility offered in presenting general information** to improve readability, particularly through the possibility of not duplicating content related to the same PATs in different parts of the sustainability statement.



Clarification that **the level of detail for information relating to PATs and metrics may vary** depending on the nature of the related IRO and how it is currently managed by the company. The level of detail provided must be proportionate to the severity of the impacts / to the magnitude of the risks and opportunities, or to the importance of the IROs for the company’s strategy and business model.

Draft revised topical standards



Streamlining of PAT DPs to avoid duplication with the GDRs of ESRS 2 and to simplify the information to be provided in the topical standards.

EFRAG plans to later publish, in a non-binding document (“Non-mandatory Illustrative Guidance”), certain DPs that have been removed from ESRS Set 1 to assist companies in preparing their sustainability statement.



Removal of ESRS 2-related complements in the topical standards. In particular, topical information on presenting the outcome of the DMA and how this assessment was conducted is now solely listed in ESRS 2.

It is worth noting, however, that the draft revised DR E1-2 on identifying climate-related risks and scenario analysis aims to explain how the company identified and assessed climate-related risks and opportunities for financial materiality.

Besides, the draft revised DR E1-3 on resilience in relation to climate change complements the information required under the draft revised DR SBM-3 (i.e., interactions of material IROs with strategy and business model, and financial effects).



4. Improved understandability, clarity, and accessibility of ESRS

Draft revised ESRS 2 on general disclosures and revised topical standards



Modification of the **general structure of the standards**, with the application requirements (ARs) now presented directly alongside the related DRs and relating only to mandatory methodological considerations.



Removal of all **voluntary DPs** (“may disclose”).

EFRAG plans to later publish, in a non-binding document (“Non-mandatory Illustrative Guidance”), certain voluntary DPs that have been removed from ESRS Set 1.



5. Introduction of burden-reduction reliefs

Draft revised ESRS 1 on general requirements



Exemption from disclosing qualitative or quantitative information required by ESRS if applicable Union law and regulations prohibit the company from disclosing or allow it to omit such disclosure.

This provision echoes the relief that should be granted to companies in the revised CSRD, allowing them to **omit information deemed confidential or commercially sensitive** (to be confirmed once the revised CSRD has been adopted).



Addition of a general principle whereby a company shall use **all reasonable and supportable information that is available at the reporting date without undue cost or effort**, this relief applies to all stages of reporting under the ESRS (including to report on anticipated financial effects), unlike the ISSB standards, which also grant this relief but in more limited cases.

The assessment of what constitutes undue cost or effort **depends on the company's specific circumstances** and requires a **balanced consideration** of the costs for the company on the one hand, and the benefits of the resulting information for users, on the other hand.

A reassessment of reasonable and supportable information available without undue cost or effort must be made **for each reporting period**. It is expected that the availability of information will improve over time, particularly as a result of past actions taken by the company.



Addition of **flexibility for identifying material IROs related to the upstream/downstream value chain and for disclosing related information**, allowing a company to use either data collected directly from counterparties in its upstream and downstream value chain, or estimates, based on practicability and reliability considerations related to the necessary input. Direct data collection is therefore no longer the "priority" method for obtaining value chain data.



Addition of an **exception for leased assets** to the general principle according to which the reporting scope for the sustainability statement shall correspond to that used for financial statements. Under this exception, the lessee shall report the impacts connected with the use of the leased asset in its own operations during the lease period. **The lessor shall report the impacts connected with the use of the leased asset as part of its downstream value chain.**



Addition of the **possibility to defer to the subsequent reporting period the inclusion of a subsidiary acquired** in the reporting period, both in the DMA and in the sustainability statement. Addition of the possibility **not to consider a subsidiary for which control has been lost** in the reporting period (i.e., adjustment of the reporting boundary as if the loss of control had occurred at the beginning of the current reporting period). Defined contextual information must be provided when this relief is used.



Addition of the **possibility to exclude activities from metric calculations** if, due to their nature, they are not a significant driver of the IROs that the metric purports to represent, provided that this is not expected to impair the relevance and faithful presentation of the reported information. Where applicable, the company must disclose if this relief is used, as well as any relevant information enabling users to understand the scope limitations resulting from it.

Main changes compared to Set 1, by simplification lever

5. Introduction of burden-reduction reliefs (continued)



Draft revised ESRS 1 on general requirements



Addition of the **possibility to report metrics on a partial reporting scope** if reliable data (direct or estimated) is available without incurring undue cost or effort only for an objectively defined part of the company's own operations or upstream/downstream value chain. In this circumstance, the company must be **transparent about the actions taken** to increase the coverage and quality of reported information in future periods, and about the progress made compared to the previous period. It is expected that the coverage of the reported information **will improve over time**, particularly for metrics in own operations.

This relief does not apply to the metrics under the draft revised DR E1-8 on greenhouse gas (GHG) emissions, given the practical flexibilities offered by the GHG Protocol for scope 3.



Addition of **new transitional provisions for wave 1 companies⁵** allowing them to omit (i) **quantitative information on anticipated financial effects⁶** (see draft revised DRs SBM-3 in ESRS 2 and E1-11) for the financial years **2027 to 2029** (before that, continuation of the existing transitional provisions in Set 1 until 2026, i.e. possibility to omit all information, including qualitative information, on anticipated financial effects⁶) and (ii) **quantitative information on substances of concern (SoCs)** for the financial years **2026 to 2029**.

Draft revised ESRS 2 on general disclosures



Addition of the **possibility to omit quantitative information on anticipated financial effects that would otherwise be mandatory to disclose if it is material information**, in three cases (under certain conditions):

- These effects are not separately identifiable; or
- The level of measurement uncertainty involved in estimating those effects is so high that the resulting quantitative information would not be useful; or
- The company does not have the skills, capabilities, or resources necessary to provide this information.

The first two cases also apply to disclosures about the current financial effects.



Addition of the **possibility to report quantitative data using indicative ranges** rather than precise amounts when reporting on (i) current and anticipated financial effects (SBM-3) and (ii) future financial resources expected to be allocated to the implementation of key actions (GDR-A).

5 The transitional provisions applicable to certain DRs in EFRAG's draft simplified ESRS 1 only cover wave 1 companies, given the close link between the progressive implementation of the ESRS for other companies and the content of the revised CSRD currently under adoption. EFRAG therefore leaves it to the EC to decide on the transitional provisions most appropriate for companies outside wave 1, that will be subject to the revised CSRD.

6 With the exception of the information required by certain DPs of DR E1-11 in relation to (i) the carrying amount of assets at material physical risk (the assessment being carried out before considering climate change adaptation actions) and (ii) the carrying amount of assets at material transition risk and a range of estimated potential stranded assets.

Main changes compared to Set 1, by simplification lever

6. Enhanced interoperability with generally accepted reporting standards or frameworks



Draft revised ESRS 1 on general requirements



Emphasis on the fact that ESRS constitute a **fair presentation framework** and on the existence of a **general materiality filter of information**, as this is the case in ISSB standards.



Reference to ISSB sector guidance (i.e. sector guidance in IFRS S2 on climate change and SASB standards) and **GRI Standards** for the preparation of entity-specific information, taking into account the Commission's proposal to no longer adopt sector-specific ESRS (to be confirmed once the revised CSRD has been adopted).



Integration of certain reliefs provided for in ISSB standards, even if the conditions for implementing them may differ (see Lever 5 above).

Draft revised ESRS E1 on climate change



Alignment of the reporting boundary of GHG emissions reporting with the financial control approach set out in the GHG Protocol (i.e., removal of the additive approach in Set 1, which also considers items under operational control), with a few exceptions (e.g., leased assets).

Obligation to also report GHG emissions for Scopes 1 and 2 **according to the operational control approach** (as defined by the GHG Protocol) if the information provided according to the financial control approach is insufficient to portray the emissions resulting from operated assets that are outside the reporting boundary, considering the company's specific facts and circumstances.



Alignment of the climate resilience elements with IFRS S2 § 22 so as to enable users of the sustainability statement to understand: (i) the results of the resilience analysis conducted by the company in relation to its climate risks, (ii) areas of significant uncertainty in assessing the company's climate resilience, and (iii) the company's ability to adjust or adapt its strategy and business model in the short, medium, and long term.

Main changes in the disclosure requirements compared to Set 1, by standard



In addition to the elements presented above in connection with the six simplification levers used by EFRAG, we present below **an overview of the**

main changes⁷ proposed by EFRAG that could be introduced in the DRs of ESRS Set 2.

Draft revised ESRS 2 on general disclosures

Basis for preparation (BP):

- BP-1: Introduction of a new DP whereby the company states that its sustainability statement has been prepared in accordance with ESRS as applicable at the end of the reporting period.
- BP-2: Addition of the requirement to indicate whether phase-in options relating to certain DRs have been applied by the company.

Information on governance (GOV): Consolidation of previous DRs (GOV-1 and GOV-2) and reduction in the granularity of requested qualitative information.

Information on strategy and business model (SBM):

- Description of the strategy, business model and value chain (SBM-1): Simplification of sector-specific information (in particular, removal of the requirement to disclose a breakdown of total revenue by ESRS sectors, removal of the references to ESRS sector-specific standards, and introduction of flexibility in choosing the classification of activities by sector).
- Interests and views of stakeholders (SBM-2): DR refocused on key stakeholders.
- Interaction of material IROs with strategy and business model (SBM-3): Information on the outcome of the DMA required by this DR is limited to interactions with the strategy and business model, as the description of material IROs is now required under DR IRO-2.
- Resilience analysis (SBM-3): Only qualitative information related to identified material risks shall be provided by the company as part of this analysis.
- Anticipated financial effects (SBM-3): Provisions remain, including those concerning the quantitative information to be provided, but additional reliefs have been introduced (see Lever 5 above).

Information on the outcome of the DMA (IRO-2): Streamlining of DRs (see Lever 1 above).

Streamlining of the general disclosure requirements (GDRs): see Lever 3 above.

7 This Forvis Mazars publication is not intended to provide an exhaustive list of the DPs from Set 1 that are expected to be removed in Set 2.

Main changes in the disclosure requirements compared to Set 1, by standard (continued)



Draft revised ESRS E1 on climate change

Transition plan for climate change mitigation (E1-1): As a preliminary note, it should be emphasized that EFRAG has left it to the European Commission to define what the compatibility of a company's strategy and business model with limiting global warming to 1.5°C actually means.

The information provided under this DR should enable an understanding of how the company intends to transform its strategy and business model to ensure compatibility with the transition to a sustainable economy:

1. Focusing on the key features of the transition plan via a consolidated coherent description of:

- GHG emission reduction targets.
- Decarbonisation levers.
- Key actions.
- Investments and funding needed to support the implementation of the transition plan, which translates into the publication of the amount of significant financial resources (OpEx or CapEx) allocated or expected to be allocated to the implementation of the transition plan, including an indicative range (rather than a precise amount) of future financial resources expected.
- Approval of the plan by the governance bodies.
- How the plan is embedded in and aligned with the undertaking's overall business strategy.
- How the strategy and business model are or will be compatible with limiting global warming to 1.5°C.

2. Other information to be disclosed:

- Significant CapEx related to coal, oil, and gas activities (if applicable).
- Key assumptions used and dependencies on which the transition plan is based.
- Risks related to potential locked-in emissions from key physical assets and products.
- Explanation of the company's progress in implementing its transition plan.

EU Taxonomy: Removal of the requirement to link information disclosed under of the transition plan with information provided under EU Taxonomy Regulation.

Company's resilience (E1-3): See Lever 6 above.

GHG emission reduction targets (E1-6): Possibility of considering the fact that a target has been validated by an independent third party (e.g., the SBTi) to explain how this target is compatible with limiting global warming to 1.5°C. Information on this third party, the methodology/standard applied, and the trajectory used can be valuable inputs to be considered in this explanation.

Introduction of **an exemption for financial institutions** allowing them to omit disclosing absolute values associated with intensity reduction targets for Scope 3 GHG emissions (category 15), subject to conditions.

Energy consumption (E1-7): Simplification of energy consumption metrics and removal of information on GHG intensity based on net revenue.

GHG emissions reporting (E1-8): See Lever 6 above.

Anticipated financial effects (E1-11): Simplification of the information to be provided (e.g., removal of information relating to the location of the company's assets exposed to material physical risks) while ensuring alignment with the DRs of IFRS S2.

Main changes in the disclosure requirements compared to Set 1, by standard (continued)



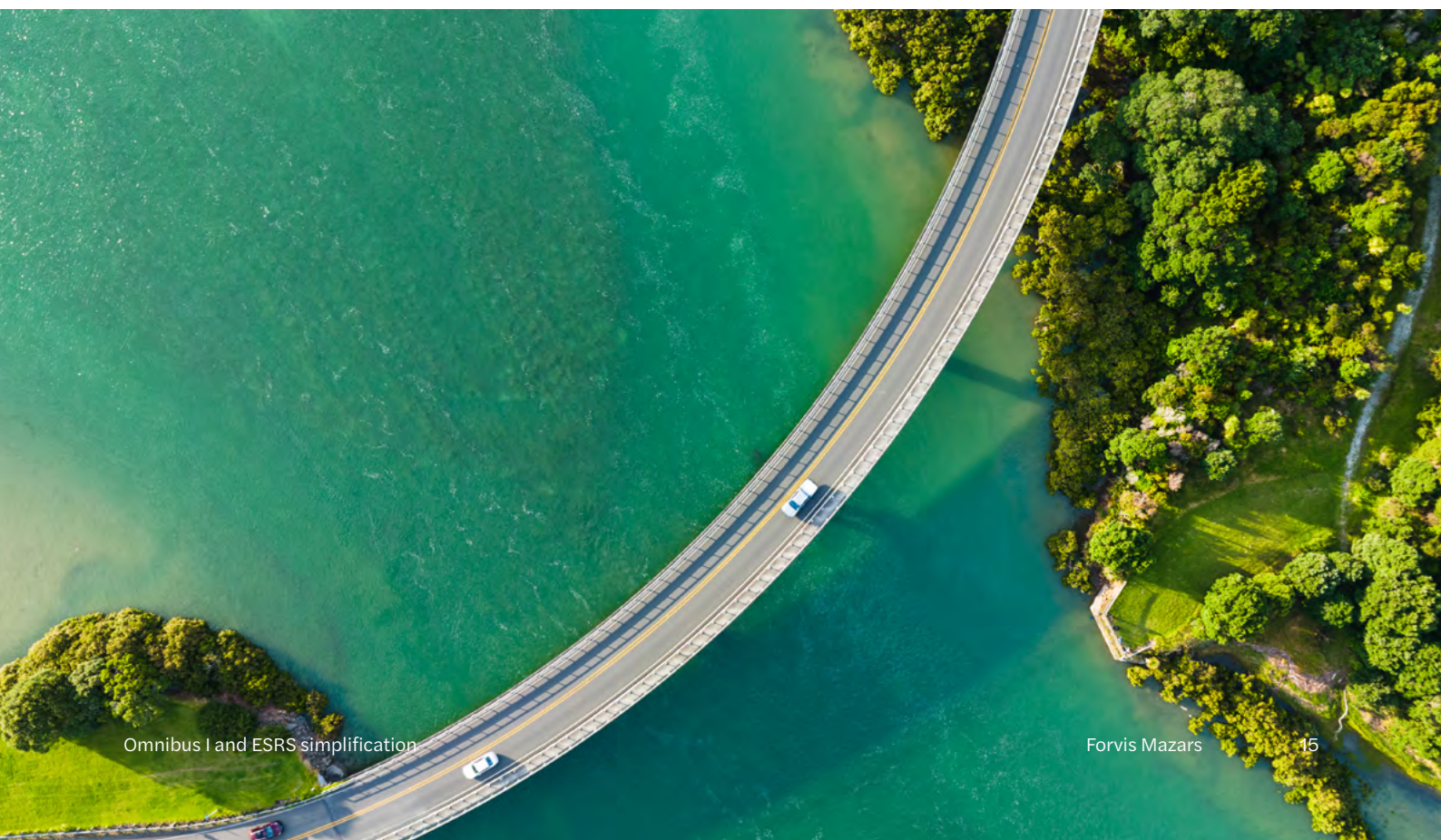
Draft revised ESRS E2 on pollution

Emissions of pollutants to air, water and soil (E2-4): Obligation to provide the amounts of material emissions of pollutants to air, water, and soil from the own operations, including due to environmental accidents. The reference to the regulation that established the European Pollutant Release and Transfer Register (E-PRTR or Regulation (EC) No. 166/2006, replaced by Regulation (EU) 2024/1244) is now included in the ARs as a useful source for assessing these emissions, in order to facilitate reporting for sites outside the European Union. A company may consider the thresholds set out in Annex II to 2024 aforementioned regulation to assess the materiality of emissions.

Microplastics (E2-4): Introduction of an explicit distinction between “primary” and “secondary” microplastics, with quantitative information required only for the first category.

Substances of concern (SoCs) (E2-5): Reporting obligation of the total weight of SoCs now limited to manufacturers, formulators, and importers of chemicals. Only companies whose main activity is the production of chemical products are concerned by these requirements.

Substances of Very High Concern (SVHCs) (E2-5): Reporting obligation of the total weight of SVHCs are now limited to manufacturers, formulators and importers (as for SoCs, only for companies involved in the chemical sector), and users of SVHCs. These companies must provide the names of substances that are present in a concentration above 0.1% weight by weight (according to the threshold defined in Article 33 of the REACH Regulation or Regulation (EC) No 1907/2006) in procured components or articles and in components or articles placed on the market.



Main changes in the disclosure requirements compared to Set 1, by standard (continued)



Draft revised ESRS E3 on water

Standard formally refocused on **water resources** (including the use of marine resources), given that marine resources are not covered, in practice, by specific DRs in ESRS E3 under Set 1. Other environmental standards cover marine resources in an indirect manner.

Policies (E3-1): If the company has sites located in areas with water stress that are not covered by its water-related policies, the company shall disclose this fact. The draft revised ESRS E3 is therefore no longer limited to areas exposed to high water stress.

The concept of water stress is now defined in the glossary, with additional guidance in the application requirements to assess the extent to which a given geographical area is exposed to it.

Metrics (E3-4): Obligation to provide information on water withdrawals and discharges, whereas this information was previously voluntary in Set 1.

Draft revised ESRS E4 on biodiversity and ecosystems

Definition and clarification of the concept of a “biodiversity and ecosystems transition plan” (E4-1) with the obligation (rather than the option, as in the Set 1) to present the key features of the transition plan if it is in place and these features have been made public.

Removal of DRs relating to the company’s resilience in terms of biodiversity and ecosystems.

Site information (E4-5): Addition of guidance on the aggregation and disaggregation of information and clarification of the expected level of granularity (possibility to aggregate information to relevant groups of sites).

Metrics (E4-5): No standardized metrics; companies must disclose the material metrics they deem relevant in light of the identified material IROs in relation to biodiversity and ecosystems (via entity-specific information).

Draft revised ESRS E5 on resource use and circular economy

Introduction of the concept of “key materials”, with a definition added to the ESRS glossary and the addition of a new DP requiring a concise description of the key materials used by the company, specifying the **critical and strategic raw materials** they contain (E5-4).

Introduction of greater **flexibility in reporting on product durability and reparability (E5-5)** (qualitative or quantitative information).

Addition of a new DP on **the proportion of waste for which the final destination is unknown (E5-5)**, expressed as a percentage of total waste generated. This addition allows for a complete presentation of the mass balance of the final destination of waste, without requiring the company to make unreasonable estimates, but allowing it to present the figures it has and can reasonably document.

Main changes in the disclosure requirements compared to Set 1, by standard (continued)



On the social topics, beyond simplifying the DRs, the following changes have been made by EFRAG regarding ESRS S1 to S4:

- **Human rights policy:** Disclosures centralised at the general information level (ESRS 2 GDR-P) rather than within each social standard.
- **Engagement with affected stakeholders, existence of channels for stakeholders to raise concerns or needs and approaches to remedy:** Merger and restructuring of previous DRs (SX-2 and SX-3) and related ARs.
- **Human rights incidents (SX-3):** Clarification of human rights incidents to be considered in standards S2 to S4 in line with the approach adopted in the draft revised DR S1-16 (see below).

Draft revised ESRS S1 on own workforce

Modification of thresholds for determining significant countries for the breakdown of total number of employees (and for the presentation of information on collective bargaining and social dialogue) (S1-5 and S1-7): Ten largest countries with at least 50 employees each (Set 1: Presentation of countries with at least 50 employees each and representing at least 10% of the total workforce).

Simplification of information on non-employees (S1-6) and addition of methodological elements to help assess the materiality of the information (i.e. assessing whether non-employees are a critical resource for the company's business model).

Diversity (S1-8): Removal of the DP relating to the distribution of employees by age groups.

Adequate wages (S1-9): Removal of any hierarchy in the benchmarks to be considered outside the EU, but the benchmark used must be aligned with the ILO agreement of February 2024, which defines principles for estimating an adequate wage.

Social protection (S1-10): Removal of retirement from the list of major life events to be considered.

Health and safety (S1-13):

- Information on the number of fatalities from recordable work-related ill health to be provided for employees only (i.e. unlike Set 1, non-employees and on-site workers are not taken into account).
- Number of days lost to be calculated only on the basis of recordable work-related accidents and recordable work-related ill health (i.e. deaths due to these events are no longer taken into account).

Work-life balance (S1-14): Information limited to the entitlement to family-related leave (i.e. it is no longer required to disclose the percentage of entitled-employees who have actually taken such leave).

Main changes in the disclosure requirements compared to Set 1, by standard (continued)



Draft revised ESRS S1 on own workforce (continued)

Gender pay gap (S1-15): This remuneration metric must be disclosed unadjusted (i.e. at the consolidated level) if this information is material. However, the ARs indicate that the adjusted gender pay gap by employee category and/or broken down by country may provide additional contextual information to the unadjusted gender pay gap.

Thus, if the company considers that there are specific factors that may explain possible pay differences, it may complement the unadjusted metric by also disclosing an adjusted metric (entity-specific information).

Incidents of discrimination and other human rights incidents (S1-16): Refocusing of the information to be provided on substantiated incidents, with methodological elements provided to enable better identification of the incidents to be reported. The notion of “severity” has been removed since the materiality filter, which is an overarching principle in the ESRS, applies to this information.

Draft revised ESRS G1 on business conduct

Reorganisation of the DRs to adopt **the same structure as other topical standards**, with a clearer presentation of the information to be provided on PATs and metrics, thereby improving alignment with the GDRs of ESRS 2.

Actions related to business conduct (G1-2): Consolidation/streamlining of the information to be disclosed on ESG training and on anti-corruption and anti-bribery.

Metrics related to corruption or bribery (G1-4): Addition of new methodological details to facilitate the identification of convictions and fines on which information is to be reported.

Metrics related to payment practices (G1-6):

- Removal of the DP relating to the average time needed by the company to pay an invoice.
- Clarification of the information to be provided with respect to SMEs:
 - Description of standard payment terms in number of days applicable to SMEs required only if these terms differ from those generally applied.
 - Percentage of payments aligned with these standard terms shall be provided with respect to SMEs as entity-specific information if late payment to SMEs is a material topic for the company and if such metric is material.



In a **rapidly evolving European regulatory environment**, we have conducted an in-depth analysis of the technical advice published by EFRAG on December 3, 2025, to highlight the **major changes** introduced compared to the ESRS Set 1, currently in force.

Our objective: To help you anticipate these changes, assess their impact on your reporting processes, and ensure compliance. Thanks to active and rigorous monitoring, we can provide precise tracking of the delegated act that will endorse the final revised standards in 2026.

At Forvis Mazars, we have already **assisted many clients** in applying the ESRS and preparing their sustainability statement. We are involved in the key stages that guarantee the robustness of your approach:

1. Double materiality assessment:

When a DMA has already been performed, we focus on **implementing targeted adjustments** that may be necessary due to regulatory changes and/or significant changes in the company's strategy, business model, or activities during the reporting period. We also support companies **conducting a DMA for the first time** throughout the process. In this context, we ensure the **long-term durability of this process** by considering the **possible implications of EFRAG's technical advice**.

2. Gap analysis in relation to ESRS requirements:

We help companies **update or establish their gap analysis**, always in the context of EFRAG's proposed changes, by identifying:

- **Potential gaps** that need to be addressed as a priority, and
- **Information to be considered** on a case-by-case basis, according to each company's specific facts and circumstances.

3. Data collection:

Based on the results of the gap analysis, we assist companies in **developing or continuing to develop their data collection processes**, taking into account the possible implications of EFRAG's technical advice and setting priorities accordingly.

4. Definition of an ESRS-compliant transition plan:

Starting from the company's carbon footprint, we help build a **robust and credible transition plan** that meets the standards' requirements. We also support upgrading existing decarbonization plans.

5. Preparation of the sustainability statement:

Based on the DMA and gap analysis results, we help companies **develop or improve their sustainability statement**. We ensure **compliance** with ESRS Set 1 currently in force, while considering the **clarifications provided by EFRAG** regarding this first set of standards.

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The logo for Forvis Mazars, featuring the word "forvis" in a blue, lowercase, sans-serif font above the word "mazars" in a larger, bold, blue, lowercase, sans-serif font.