Navigating the revised ESRS

Deep dive into the European Commission's delegated regulation following Omnibus I

forvis mazars

Contents

Introduction

On 3 July 2026, the European Commission adopted a delegated regulation on the revised European Sustainability Reporting Standards (ESRS), which is now available in all European Union languages. Companies subject to the revised CSRD now have clarity, **with a regulatory framework for sustainability reporting that has, at last, been finalised**.

This adoption is the culmination of several months of intense work involving EFRAG, the Commission's technical advisor, as well as a wide range of stakeholders. This work follows the announcement of the "Omnibus I" simplification package on 26 February 2025. A significant milestone was reached on 3 December 2025 when EFRAG submitted its technical advice on the draft revised standards.

In practice, the regulation adopted on 3 July 2026 will replace that of 31 July 2023 ("Set 1") as **the revised set of ESRS must be applied when preparing the 2027 sustainability statements to be published in 2028**, i.e. when the revised CSRD comes into force (see the dedicated Forvis Mazars guides).

For the 2026 financial year, the delegated regulation introduces three reporting options. Wave 1 companies **may apply the revised standards from the 2026 financial year onwards**. A second option is **to continue applying Set 1, whilst benefiting from certain reliefs introduced in the revised ESRS**. As a third option, companies may also continue applying Set 1, without modification, for the last financial year before the revised CSRD comes into force. **A decision will therefore need to be made swiftly on the most appropriate option to adopt for 2026**.

The final text is expected to be published in the Official Journal of the European Union (OJEU) by the autumn 2026, provided that the European Parliament and the Council of the EU do not reject it during their scrutiny period, which is set to last two months and may be extended once for two months. **The revised standards will only enter into force once the European legislative process has been completed**.

In parallel with the finalisation of the revised ESRS, the European Commission has also adopted a voluntary reporting standard to support companies that fall outside the scope of the revised CSRD and which decide to publish sustainability information on a voluntary basis.

This standard, **based on the VSME published by EFRAG in December 2024, defines the disclosures that form part of the "value chain cap"**. A company that is "protected" within the meaning of the revised CSRD (i.e. any company with fewer than 1,000 employees that is part of the value chain of a company in the scope of the revised CSRD) has the legal right to refuse, for reporting purposes only, to provide information that would go beyond the upper limit defined in the voluntary reporting standard.

As part of the adoption of the revised ESRS, **the Commission has broadly endorsed the simplifications proposed by EFRAG**, which were organised around **six levers** designed 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 sustainability statements.
3. Changes to the relationship between general disclosures and topical standards.
4. Improved understandability, clarity and accessibility of the standards.
5. Introduction of several burden-reduction reliefs.
6. Enhanced interoperability with generally accepted reporting standards or frameworks.

According to the European Commission, these amendments **reduce the number of mandatory datapoints (DPs) by about 60%**. Furthermore, the revised standards **no longer contain any voluntary DPs**. The length of the standards has also been reduced by more than half.

The reduction in the number of DPs needs to be put into perspective:

- Previously, not all DPs were systematically reported; the information to be disclosed corresponded to the material information required to cover the material impacts, risks and opportunities (IROs) identified during the double materiality assessment (DMA).
- The application of the fair presentation principle will emphasise the importance of entity-specific information – that is, information to be disclosed beyond those listed in the standards – in order to provide users with all the information necessary to understand material IROs and how they are managed.
- Many of the streamlining measures relate to qualitative information to be disclosed regarding how material IROs are managed through policies, actions and targets (PATs). Companies will therefore need to assess the level of detail required to comply with the "fair presentation" principle.
- Very few complex DPs have been removed.

Companies must therefore now assess the extent to which the revised standards will reduce the workload involved in preparing sustainability statements, **as the reduction in the number of DPs does not necessarily translate into a proportional reduction in reporting burden**. The fundamentals of sustainability reporting, as set out by the CSRD, indeed remain unchanged. However, numerous reliefs have been introduced, which should make it easier for companies to report sustainability information, particularly for those in wave 2 which are required to publish a sustainability statement in accordance with the revised CSRD for financial years beginning on or after 1 January 2027.

The revised Standards should result in **clearer reporting, with a strong focus on information that is truly decision-useful for users**.

Finally, it is worth noting the existence of EFRAG's **interactive online platform**, which provides centralised access to the ESRS and all related documents, as well as to other resources on sustainability reporting of a more general scope.

2026 financial years (2027 publications): which standards apply?

The revised ESRS must be applied to the financial years beginning on or after 1 January 2027.

For the 2026 financial year (or the 2026/2027 split financial year, where applicable), it is provided that wave 1 companies may choose to apply one of the three frameworks below:

- **The revised ESRS** (early adoption): in this case, all provisions of the new delegated regulation apply, including the transitional provisions set out in the revised ESRS 1. These may differ from the transitional provisions of Set 1, as amended by the so-called "quick fix" delegated regulation of July 2025, some of which were available for the first three years of reporting under the CSRD (in practice, it therefore covers 2026, should Set 1 continues to be applied).
- **Set 1** (including the amendments made by the "quick fix" regulation) **with certain reliefs provided for by the revised ESRS**. The regulation adopted on 3 July 2026 indeed sets out precisely which reliefs are applicable in 2026 (each company being free to apply or not to apply any of the reliefs set out below):
    - **Double materiality assessment:**
        - Option to apply the "top-down" approach [Revised ESRS 1, § 27] – see Lever 1 below.
        - Option to apply the relief relating to "undue cost or effort" and the limitation of the value chain, in particular by focusing on areas where material IROs are deemed likely to arise [Revised ESRS 1, § 32–33] – see Lever 1 below.
    - **Reporting boundaries:**
        - Option to apply the relief relating to acquisitions and disposals that took place during the financial year [Revised ESRS 1, § 74–75] – see Lever 5 below.
        - Option to apply the relief 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 [Revised ESRS 1, § 90] – see Lever 5 below.
        - Option to apply the relief allowing, for a metric (except when reporting on gross scope 1, 2, 3 greenhouse gas emissions), the use of a partial reporting scope due to a lack of reliable data [Revised ESRS 1, § 91] – see Lever 5 below.
        - Option to apply the relief allowing joint operations over which the company does not have operational control to be excluded from the calculation of environmental metrics in ESRS E2 to E5 [Revised ESRS 1, § 92].
    - **Structure of the sustainability statement:**
        - Option to present, in a separate appendix, all disclosures prescribed by the European regulation on the Taxonomy of sustainable activities [Revised ESRS 1 § 106] – see Lever 2 below.
        - Option to include an "executive summary" within the sustainability statement – [Revised ESRS 1, § 110] – see Lever 2 below.
- **Set 1** (including the amendments made by the "quick fix" delegated regulation).

Wave 1 companies must, however, **be transparent in their 2026 sustainability statement** and clearly state which version of the delegated regulation they have applied [Revised ESRS 2, DR BP-1, § 5].

What are the transitional provisions of the revised ESRS?

The revised ESRS 1 provides for **several categories of transitional provisions** depending on whether the company is:

- **A wave 1 company** (i.e. a company required to report sustainability information for financial years starting on 1 January 2024 under the CSRD published in 2022, irrespective of when the relevant Member State transposed that Directive) and which, on its balance sheet date, exceeds a net turnover of €450m and an average number of 1,000 employees during the financial year. This company therefore **remains, as of 1 January 2027, within the scope of the revised CSRD** [Revised ESRS 1, § 125].
- **A wave 1 company** which, on its the balance sheet date, does not exceed a net turnover of €450m and/or an average of 1,000 employees during the financial year. Such an entity is therefore **excluded, for financial years beginning on or after 1 January 2027, from the scope of the revised CSRD** [Revised ESRS 1, § 126].
- **A wave 2 company** that is required to publish a sustainability statement in accordance with the revised CSRD for financial years beginning on or after 1 January 2027 [Revised ESRS 1, § 127].

As regards wave 1 companies, new transitional provisions have been added to those that already existed in Set 1, as amended by the "quick fix" delegated regulation. Wave 1 companies applying the revised ESRS will therefore be able to omit:

- **Comparative information** regarding quantitative metrics and amounts that are not the same as those required by Set 1, for the first year of reporting under the revised ESRS [Revised ESRS 1, § 124].
- **All information** (i.e. quantitative and qualitative) **about anticipated financial effects** for financial years **2026 and 2027** [Revised ESRS 2, DR SBM-3, § 27 and revised ESRS E1, DR E1-11], with the exception of the information required by certain DPs of DR E1-11[1] . Such information will therefore be published from the 2026 financial year onwards in the event of early adoption of the revised ESRS, which constitutes a significant difference from the transitional provisions of Set 1.
- **Quantitative information about anticipated financial effects** [Revised ESRS 2, DR SBM-3, § 27 and revised ESRS E1, DR E1-11] for financial years **2028 and 2029**, with the exception of the information required by certain DPs of DR E1-11[1].
- **Quantitative information related to substances of concern** (SoC) [Revised ESRS E2, DR E2-5] for financial years **2026 to 2029 included**.
- **Information about substances of very high concern** (SVHCs) for companies that are **users of articles** containing such substances, for financial years **2026 and 2027**.

Companies in wave 1 falling below the new thresholds of the revised CSRD may also omit **all DRs from all topical standards** for the **2026 financial year** (i.e. the last mandatory reporting year as per the CSRD), provided they disclose certain minimum information required by the revised ESRS 2 [Revised ESRS 2, § 7 to 9].

[1] Information about anticipated financial effects in the revised ESRS E1 that is not subject to transitional provisions:
- The carrying amount of assets at material physical risk before considering climate change adaptation actions.
- Percentage of the carrying amount of assets at material physical risk addressed by adaptation actions at the reporting date.
- Carrying amount of assets at material transition risk.
- The percentage of the carrying amount of assets at material transition risk addressed by mitigation actions.
- Range of estimated potential stranded assets from the reporting year until the mid-term and long-term time horizons based on a scenario aligned with limiting global warming to 1.5°C.

With respect to the new wave 2, these companies may omit:

- **All disclosure requirements (DRs)** under **ESRS E4, ESRS S2, ESRS S3 and ESRS S4** for the **first two financial years** of reporting, provided they disclose certain minimum information required by the revised ESRS 2 [Revised ESRS 2, § 7 to 9].
- **All information** (i.e. quantitative and qualitative) **about anticipated financial effects** [Revised ESRS 2, DR SBM-3, § 27 and revised ESRS E1, DR E1-11] for the **first two financial years** of reporting, with the exception of the information required by certain DPs of DR E1-11[1].
- **Quantitative information about anticipated financial effects** [Revised ESRS 2, DR SBM-3, § 27 and revised ESRS E1, DR E1-11] for the **first four financial years** of reporting, with the exception of the information required by certain DPs in DR E1-11[1].
- **Quantitative information related to substances of concern** (SoC) for the **first three financial years** of reporting.
- **Information about substances of very high concern** (SVHC) for companies that are **users of articles** containing such substances for the **first financial year** of reporting;
- **The information required by the following DRs** (in whole or in part) **in the revised ESRS S1** for the **first financial year** of reporting: characteristics of non-employees [DR S1-6], collective bargaining coverage and social dialogue for own employees in non-EEA countries [DR S1-7], social protection [DR S1-10], persons with disabilities [DR S1-11], training and skills development metrics [DR S1-12], all information relating to non-employees for health and safety metrics, as well as that relating to employees regarding the number of cases of recordable work-related ill health and the number of days lost to recordable work-related accidents and recordable work-related ill health [DR S1-13], and work-life balance metrics [DR S1-14].

The revised ESRS 2 requires transparency, in the disclosures about the basis for preparation of the sustainability statement, regarding the phase-in options that have been applied and which have led to omitting some information that would otherwise have to be provided (where applicable) [Revised ESRS 2, § 10].

Main changes compared with Set 1, by simplification lever

Before **analysing the delegated regulation on the revised ESRS by simplification lever**, it is worth highlighting a significant cross-cutting development compared with Set 1, namely the emphasis placed on the **"fair presentation" principle**. The revised ESRS 1 states that **the objective of the sustainability statement, taken as a whole, is to present fairly all the company's sustainability-related material IROs and how the company manages them**.

Whether Set 1 was considered a compliance framework or a fair presentation framework was not a matter of consensus among the different EU Member States (and not all have yet transposed the CSRD as adopted in December 2022).

The fair presentation principle is based, as with Set 1, on **compliance with the fundamental qualitative characteristics of relevance and faithful representation of information and, more broadly, on all the other qualitative characteristics of sustainability information** (i.e. comparability, verifiability and understandability).

This principle also requires the **provision of entity-specific information** if the application of the ESRS is not sufficient to enable users to understand the entity's material IROs and how these are managed. The inclusion of entity-specific information was already provided for in Set 1, but again, the objective of achieving fair presentation for the sustainability statement was not clearly set out.

Finally, the revised ESRS 1 specifies that **the use of the reliefs provided for in the standard** (such as the omission of information in certain specific circumstances and subject to conditions) **is not detrimental to fair presentation**, provided that the company gives explanations enabling users to understand the consequences on the reported information and the resulting limitations.

[Revised ESRS 1, Chapter 2]

Lever 1: Simplification of the materiality assessment

Revised ESRS 1 on general requirements
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 for users with a reasonable knowledge of the general subject matters of such reports and (ii) consider the decision-useful information that groups of users need, without aiming to meet all the specific information needs of each individual user [§ 4 / AR 1 and § 23 / AR 8].
Prohibition on disclosing non-material information in the sustainability statement, whether it be information prescribed by the ESRS or entity-specific information, except in specific cases provided for by the revised ESRS 1 (in particular, if the company discloses information that meets the data demands of a specific user) [§ 24].
Extension of the information materiality filter to ESRS 2 DPs on general disclosures, but these are fundamental in nature and therefore likely to result in material information for all companies [Chapter 3.1 and § 29 / AR 12].
Clarification that when a material IRO relates to a sub-topic, the company must report **only the material information for that sub-topic** (i.e. other sub-topics within a given ESRS need not be covered if they are non-material) [§ 30].

Revised ESRS 1 on general requirements (continued)

Clarification of **the flexibility available** when carrying out the DMA in order to encourage pragmatic approaches. In particular:

- The company can identify its material IROs relating to a topic or sub-topic by analysing its strategy and business model, including its sectors of operations, its geographies and the features of its upstream and downstream value chain (“**top-down” approach**) without further assessment. However, a specific assessment must be performed on specific IROs where the conclusion is not evident from the initial analysis described above (in either direction, i.e. whether the IROs are material or not) [§ 27 / AR 9 to 11].
- The company must use **reasonable and supportable information** available at the reporting date **without undue cost or effort** (see Lever 5 below). In this context, the use of quantitative information or quantitative scoring is not necessarily required, provided that the company can **rely on a qualitative analysis** to reasonably conclude on the materiality of the IROs relating to a given topic. Nor is the company required to carry out an exhaustive search for information to identify material IROs [§ 32 (a) / AR 13].
- The company **is not required to assess every possible IROs** across all areas of its own operations and its upstream and downstream value chain, but must focus on areas where material IROs are deemed likely to arise [§ 32 (b) / AR 14 to 16].

Clarification of the **periodicity** with which the DMA must be carried out: it 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 activities, structure, business relationships, understanding of IROs, assessment methodologies or the company’s external environment [§ 34].

Details on how the **policies and actions to prevent, mitigate, bring to an end, minimise and remediate negative impacts** and which have been implemented by the company, should be considered, where appropriate, when **assessing the materiality of actual and potential negative impacts**.

The assessment of the severity and likelihood of **potential negative impacts** takes into account the **implemented** prevention and mitigation policies and actions, but only if those policies and actions can reasonably be assumed to **effectively reduce** the severity or likelihood of such impacts.

However, information about the impacts and how they are managed **may be decision-useful to users, irrespective** of (i) the effectiveness of the implemented policies and actions or (ii) the effectiveness with which the corresponding topics are regulated. In these cases, **the materiality assessment needs to take this into account** [§ 43 / AR 26–28].

Clarification of the **definition of positive impacts**: in particular, the results of actions to prevent, mitigate, bring to an end, minimise or remediate the company’s negative impacts, or compliance with law and regulation, do not constitute positive impacts [§ 44].

Streamlining of the **list of sustainability matters** historically set out in AR 16 of ESRS 1 (Set 1) to limit it to two levels of granularity, i.e. the topic (corresponding to the name of the relevant topical standard) and the related sub-topics, and modification of the status of this list, **which now serves as non-binding guidance rather than a required consideration** [Appendix A].

Revised ESRS 1 on general requirements (continued)

Clarification of **the criteria for aggregating and disaggregating information** to report at the appropriate level, based on what is relevant to disclose in order to meet the objective of fair presentation. The adopted level of aggregation or disaggregation must not obscure material information.

With regard to the presentation of information by material geographies, the adopted level of aggregation must not obscure the interconnections between impacts, risks and their drivers that exist in specific geographic contexts, such as cumulative effects on ecosystems or shared resources [Chapter 3.3.2].

Revised ESRS 2 on general disclosures

Streamlining of DRs to achieve a **concise presentation** of the results of the DMA (formerly DR SBM-3 within Set 1) [DR IRO-2] and of how the process for identifying material IROs was conducted [DR IRO-1].

Clarification of the possibility of disclosing **information on policies, actions, targets (PATs) and metrics only once** if the company applies the same PATs/metrics across more than one material IRO (or across more than one topic), provided that the scope of application is made clear [General Disclosure Requirements or GDRs, § 38 / AR 30].

Lever 2: Better readability and conciseness of sustainability statements

Revised ESRS 1 on general requirements

Exemption from the prohibition to report supplementary non-material information within the sustainability statement if such information meets the data demands of a specific user, provided that such information: (i) is clearly identified as not resulting from the materiality assessment, (ii) provides a faithful representation of the aspects it intends to represent, and (iii) is presented in a way that does not obscure material information [§ 108 and 109].

Greater flexibility in the way the sustainability statement is structured: See Lever 6 below.

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 how they are managed, provided that the qualitative characteristics of sustainability information are met [§ 110].

Clarification of the **possibility of presenting certain information in an appendix or using separate sub-parts in the sustainability statement**: more detailed information relating to any of the four parts of the sustainability statement; content indices, tables mapping different disclosures or cross-reference tables; supplementary information presented in accordance with other legislation, other generally accepted reporting standards or frameworks, or requested by specific users. All the information prescribed by Article 8 of Regulation (EU) 2020/852 on the taxonomy of sustainable activities may also be presented in a separate appendix within the management report [§ 106 and 111].

Revised ESRS 2 on general disclosures

Addition of the **requirement to list the supplementary information** presented in the sustainability statement (this may be identified in the section headings, paragraph titles, or in the DR IRO-2 content index which sets out the list of DRs with which the company has complied when preparing its sustainability statement) [DR IRO-2, § 37(e) / AR 29].

Clarification that the company must **avoid providing boilerplate information** that is not relevant to users. **Excessive detail**, especially about common practices which are known to reasonably knowledgeable users, may obscure material information [GDRs, § 38 / AR 32].

Lever 3: Changes to the relationship between general disclosures and topical standards

Revised ESRS 2 on general disclosures

Retaining **the minimum DRs** (now referred to as "General Disclosure Requirements" or GDRs), but with **a streamlining and reduction in the number of related DPs**. For example, with regard to 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 a PAT** in relation to an identified material IRO (though the fact that there is no PAT must still be disclosed) [GDRs, § 39 / AR 31].

Emphasis on the **flexibility offered in the presentation of general information** to improve readability, in particular through the possibility of not duplicating content related to the same PATs in different parts of the sustainability statement [GDRs, § 38 to 40 / related ARs].

Clarification that **the level of detail in information relating to PATs and metrics may vary** depending on the nature of the relevant IRO and how it is currently managed by the company. The level of detail provided must be proportionate to the severity of the impacts / the magnitude of the risks and opportunities, or to the importance of the IROs for the company's strategy and business model [GDRs, § 38 / AR 32].

Revised topical standards

Streamlining of PATs DPs to avoid duplication with the GDRs in the revised ESRS 2 and to simplify the information to be provided in the topical standards compared with that in Set 1.

At this stage, and contrary to what had previously been envisaged, no non-binding document ("Non-mandatory illustrative guidance") has been published to set out certain DPs deleted from Set 1 which might have been useful for preparing sustainability information in accordance with the revised ESRS.

Revised topical standards (continued)

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 listed solely in the revised ESRS 2. It should be noted, however, that the revised DR E1-2 on the identification of climate-related risks and scenario analysis aims to explain how the company identified and assessed climate-related risks and opportunities for financial materiality. The revised DR E1-3 on resilience in relation to climate change, meanwhile, complements the information required under DR SBM-3 in the revised ESRS 2 (i.e., interactions of material IROs with strategy and business model, and financial effects).

Lever 4: Improved understandability, clarity and accessibility of the standards

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").

Contrary to what had previously been envisaged, no non-mandatory illustrative guidance has yet been published to set out the voluntary DPs removed from the ESRS Set 1, which could have served as a source of inspiration in discussions regarding the entity-specific information that might be necessary to comply with the fair presentation principle.

Lever 5: Introduction of several burden-reduction reliefs

Revised ESRS 1 on general requirements

Addition of an **exception for asset management activities, for financial institutions**: An entity that manages investments subject to a fiduciary duty on behalf of its clients pursuant to a mandate agreed with those clients without retaining risks or rewards of ownership, is not expected to assess the IROs related to those investments and is not expected to provide data on those investments [§ 37 / AR 17 and AR 37].

Addition of **new cases for the omission of material information in line with the new provisions of the revised CSRD** (in addition to the cases already provided for in Set 1 relating to information on intellectual capital, intellectual property, know-how, technological information or the results of innovation, and classified information): the possibility, in exceptional cases, of omitting information where disclosure would be seriously prejudicial to the company's commercial position, subject to certain conditions; the possibility of omitting information that is to be protected from unauthorised access or disclosure due to obligations laid down in other Union legal acts or national law, or in order to safeguard the privacy or security of a natural person or the security of a legal person, provided that certain conditions are met [Chapter 7.7].

Revised ESRS 1 on general requirements (continued)

Addition of a general principle whereby an entity must use **all reasonable and supportable information that is available at the reporting date without undue cost or effort**, this relief being applicable 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 specific circumstances of the entity** and requires a **balanced consideration** of, on the one hand, the costs for the entity and, on the other hand, the benefits of the resulting information to users.

A reassessment of the 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 to improve data availability or the higher availability of external information [Chapter 7.4].

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 [§ 65].

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 the financial statements. Under this exception, the lessee must report on the impacts connected with the use of the leased asset in its own operations during the lease period. The lessor must report on the impacts connected with the use of the leased asset as part of its downstream value chain [§ 71 and 73 (link to DR E1-8 on gross GHG emissions from Scope 1, 2 and 3)].

Addition of the **possibility to defer to the subsequent reporting year 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 over which control was lost** in the reporting period (i.e. adjustment of the reporting boundaries as if the loss of control had occurred at the start of the current reporting period). Defined contextual information must be provided when this relief is used [Chapter 5.4].

Addition of the **possibility to exclude activities from metric calculations** if, due to their nature, they are not a significant driver of the material IRO that the metric purports to represent, provided that this is not expected to impair the relevance and faithful representation 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 [§ 90].

Addition of the **possibility to report metrics on a partial reporting scope** if reliable data (direct or estimated) is available without 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. The coverage of reported information **is expected to increase over time**, particularly for metrics in own operations. **This relief does not apply to the metrics under DR E1-8 of the revised ESRS E1 on GHG emissions,** for all three scopes [§ 91].

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 the information is material**, in three cases (subject to conditions), in addition to the cases of omission and relief otherwise provided for in the revised ESRS 1:

- 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 regarding current financial effects.

If the entity is not required to provide quantitative information in light of the specific exemption provisions relating to financial effects, "alternative" information must be provided (in particular, qualitative information on these financial effects).

Clarification that reporting on anticipated financial effects is likely to involve the use of estimates and that revisions to these estimates from one reporting period to the next (where applicable) do not necessarily imply that there has been a reporting error [DR SBM-3, paragraphs 25–33 / AR 16–21].

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) [§ 32 and § 46 (c)].

Lever 6: Enhanced interoperability with generally accepted reporting standards or frameworks

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 [Chapters 2 and 3.1.1].

Reference to the ISSB sector guidance (i.e. sector guidance in IFRS S2 on climate change and SASB standards) and to **GRI standards** for the preparation of entity-specific information [§ 12 / AR 5].

Incorporation of certain reliefs provided for in ISSB standards, even though the conditions for implementation may differ (see Lever 5 above).

Greater flexibility in the way the sustainability statement is structured: the company may deviate from the requirement to structure the sustainability statement in four parts, in the following order: general information, environmental information, social information and governance information, provided that it presents a reasoned explanation for using an alternative structure and that it complies with all other provisions of Chapter 8 of the revised ESRS 1 on the presentation and structure of the sustainability statement [§ 105].

Revised ESRS E1 on climate change

Reporting boundaries for GHG emissions: the company is free to apply one of the approaches defined in the GHG Protocol (financial control, equity share or operational control), even though certain provisions of the revised ESRS 1 take precedence over ESRS E1 (such as those on leased assets set out in § 71). The approach used by the company must be disclosed in the sustainability statement, distinguishing between Scope 1 and Scope 2 emissions for the consolidated accounting group and other emissions [paragraph 30 / AR 19].

Alignment of climate resilience disclosures with IFRS S2 § 22 so as to enable users of the sustainability statement to understand: (i) the results of the resilience analysis carried out by the company in relation to its climate risks, (ii) areas of significant uncertainty in the assessment of 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 [DR E1-3].

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

In addition to the elements set out above regarding the six simplification levers used by EFRAG and confirmed by the European Commission, we present below an **overview of the main changes**[2] **approved in relation to the DRs under the revised ESRS**.

Revised ESRS 2 on general disclosures

Basis for preparation:

- DR BP-1: Introduction of a new DP whereby the company states that its sustainability statement has been prepared in accordance with ESRS applicable at the end of the reporting period [§ 5].
- DR BP-2: Addition of the requirement to indicate whether phase-in options relating to certain DRs have been applied by the company [§ 10].

Information on governance: Consolidation of previous DRs (DR GOV-1 and GOV-2) and reduction in the level of detail required for qualitative information [DR GOV-1].

Information on strategy and business model:

- Description of the strategy, business model and value chain (DR SBM-1): Simplification of sector-specific information, including, in particular, the removal of the requirement to disclose a breakdown of total revenue by ESRS sectors, removal of the references to sector-specific ESRS, and introduction of flexibility in how the company's activities are classified, notably allowing for the use of the sectors to be reported in accordance with IFRS 8 [§ 20 (c) / AR 11 to 13].
- Interests and views of stakeholders (DR SBM-2): DRs refocused on key stakeholders.
- Interaction of material IROs with strategy and business model (DR 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 [§ 24 / AR 15].
- Resilience analysis (DR SBM-3): Only qualitative information relating to identified material risks must be provided by the company as part of this analysis [§ 33].
- Anticipated financial effects (DR SBM-3): Provisions remain, including those relating to the quantitative information to be provided, but additional reliefs have been introduced (see Lever 5 above).

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

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

[2] This publication by Forvis Mazars is not intended to provide an exhaustive list of the DPs from Set 1 that have been deleted under the revised standards.

Revised ESRS E1 on climate change

Transition plan for climate change mitigation (DR E1-1):

It should be noted that the revised ESRS E1, as was already the case with the previous version of the standard, does not include a definition of what it means for a company's strategy and business model to be compatible with limiting global warming to 1.5°C.

The company must nevertheless now assess the extent to which the transition plan is based on GHG emission reduction targets that are compatible with this limitation: **if a company discloses information about a transition plan that refers to targets that are not compatible, that company must explain that in the sustainability statement, in particular by explaining how its target value(s) compare with the reference value(s) and how it has considered future development** [§ 12 (a) / AR 2].

The information provided in relation to the company's transition plan must 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:

- 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 disclosure 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 company's overall business strategy.
    - How the strategy and business model are, or will be, compatible with limiting global warming to 1.5°C pursuant to the implementation of this plan.
- Other information to be disclosed:
    - Significant CapEx relating to coal, oil and gas activities (if applicable).
    - Key assumptions used and dependencies on which the transition plan is based.
    - Qualitative assessment and explanation of how potential locked-in GHG emissions from key physical assets and products may jeopardise the achievement of the plan and drive transition risk.
    - Explanation of the company's progress in implementing its transition plan.

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

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

Climate change mitigation actions (DR E1-5): breakdown of achieved and projected GHG emission reductions by decarbonisation lever (rather than by action) [§ 22 (a)].

Revised ESRS E1 on climate change (continued)

GHG emission reduction targets (DR E1-6): the reporting boundary for targets must be consistent with the one adopted for E1-8 in the context of GHG emissions reporting [§ 24 / AR 16]. 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 or standard applied, and the trajectory used can be, in this context, valuable inputs to be considered in this explanation [§ 24 (c) / AR 17].

Introduction of **an exemption for financial institutions** allowing them to omit disclosing absolute values associated with intensity reduction targets for Scope 3 GHG emissions in category 15, subject to certain conditions [§ 24 / AR 13].

Energy consumption (DR E1-7): Simplification of the metrics relating to energy consumption (e.g., removal of the requirement to break down the share of renewable energy consumed by source).

GHG emissions reporting (DR E1-8): See Lever 6 above. Also, removal of information relating to GHG intensity based on net revenue.

Anticipated financial effects (DR E1-11): Simplification of the information to be provided (e.g., removal of the information on the monetary amounts of assets at material physical risk disaggregated by acute and chronic physical risk) whilst ensuring alignment with DRs of IFRS S2.

Revised ESRS E2 on pollution

Emissions of pollutants to air, water and soil (DR E2-4): Requirement to disclose the amounts of material emissions of pollutants to air, water and soil from the company's own operations, including due to environmental accidents (a term now defined in the revised ESRS glossary).

The materiality of pollutant emissions is identified through a "managerial assessment" taking into account the company's activities and sector of operations.

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 or the IEPR Regulation) is now included in the ARs as a useful source for assessing these amounts, in order to facilitate reporting for sites outside the European Union. A company may consider the thresholds set out in Annex II to the aforementioned 2024 Regulation when assessing the materiality of emissions [§ 15 / AR 2].

Microplastics (DR E2-4): Removal of the DPs on secondary microplastics (quantitative information requirements apply only to primary microplastics, distinguishing between primary microplastics manufactured or used in products and, separately, those directly released into the environment) [§ 16]. Improvement of the definition of "microplastic" in the revised ESRS glossary.

Substances of concern (SoC) (DR E2-5): Reporting obligation of the total weight of SoC now limited to manufacturers, formulators and importers of substances. Only companies operating in the chemical sector are subject to these requirements (i.e. these requirements do not apply to companies whose main activity is the manufacture of non-chemical products) [§ 18 / AR 4 to 7].

Revised ESRS E2 on pollution (continued)

Substances of very high concern (SVHCs) (DR E2-5): Reporting obligation of the total weight of SVHC is now limited to manufacturers, formulators and importers of substances (as with SoC, this applies only to companies operating in the chemical sector) [§ 18 / AR 4 to 7], and to users of substances [§ 19 / AR 4 to 7] (with varying levels of detail depending on the category of companies concerned).

Manufacturers, importers and users of articles containing SVHC are only required to disclose the names of the substances present in a concentration above 0.1% weight by weight (in accordance with 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 [§ 20 / AR 7]. A definition of the term "article" has also been added to the revised ESRS glossary.

Revised ESRS E3 on water

Standard refocused on **water resources** (including the use of marine resources), given that marine resources were not, in practice, covered as such by specific DRs in ESRS E3 of Set 1. Other environmental standards also cover marine resources indirectly.

Policies (DR E3-1): If the company has sites located in areas with water stress that are not covered by a policy, the company must disclose this fact [§ 11 / AR 1 and 2]. The revised ESRS E3 is therefore no longer limited to areas of high-water stress.

The concept of "water stress" is now defined in the revised ESRS glossary, with further details in the ARs to assess the extent to which an area is exposed to it. This concept replaces the previous concept of "area at water risk".

Metrics (DR E3-4): Obligation to provide information on water withdrawals and discharges, whereas this information was previously voluntary in Set 1 [§ 16 (c) and (d)].

Revised ESRS E4 on biodiversity and ecosystems

Definition and clarification of the concept of a "biodiversity and ecosystems transition plan" (DR E4-1) with the obligation (rather than an option, as in Set 1) to disclose the key features of the transition plan if it is in place and these features have been made public [§ 11 / AR 1 and 2].

Removal of DRs relating to the company's resilience in relation to biodiversity and ecosystems.

Location-related information (DR E4-5): Addition of guidance on the aggregation and disaggregation of information and clarification of the expected level of detail (option to aggregate information to relevant groups of sites or areas) [§ 19 / AR 8].

Other metrics (DR E4-5): A general paragraph now sets out the requirement to disclose entity-specific metrics, in accordance with the requirements of the revised ESRS 2 GDR-M, to cover the identified material impacts (previously, there was a list of several metrics, most of which were optional) [§ 20 / AR 9 to 12].

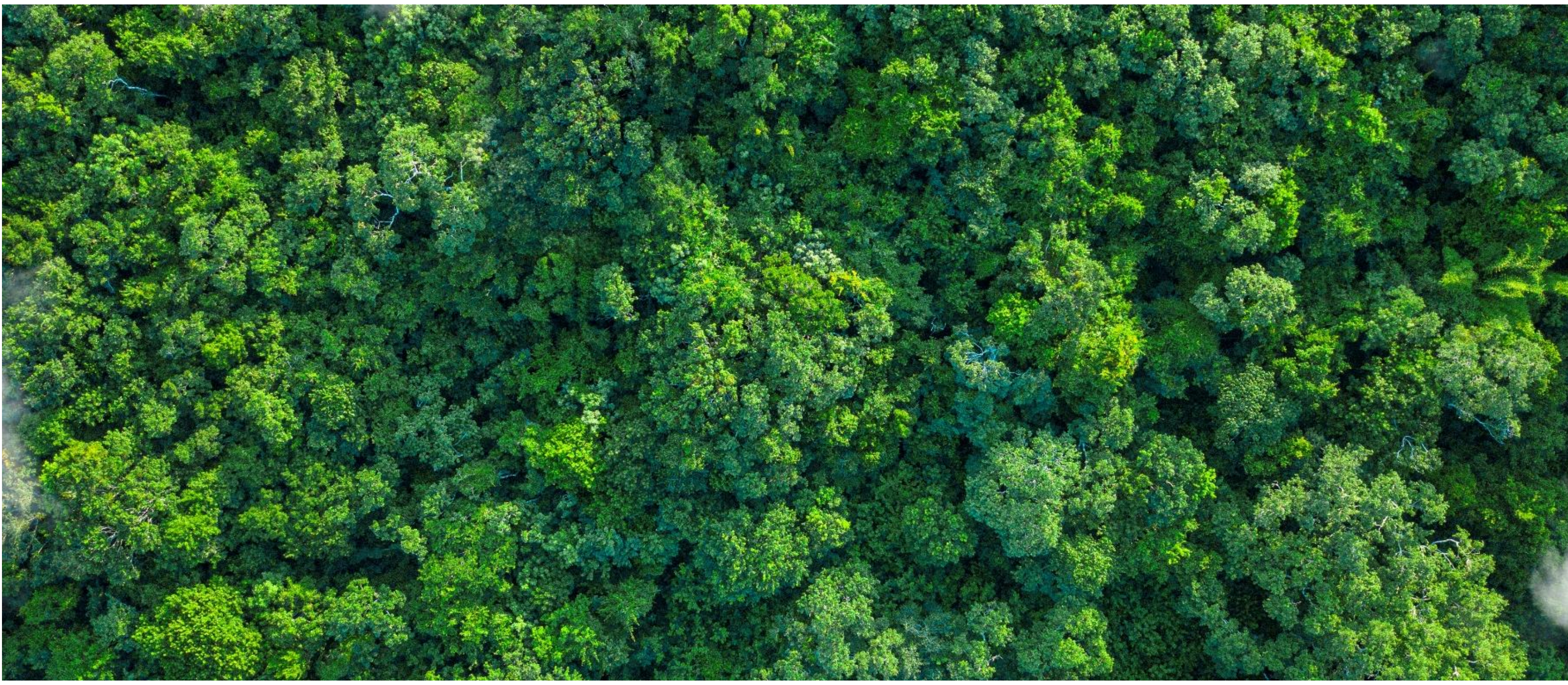
Revised ESRS E5 on resource use and the circular economy

Disclosures on resource inflows (DR E5-4): A new DP has been added, relating to **a concise description of the "key materials" used by the company**, **specifying any critical and strategic raw materials they contain** (with the definitions of these three terms added to the revised ESRS glossary) [§ 13 (a) / AR 1 and 2].

Disclosures on resource outflows (DR E5-5):

- Introduction of greater **flexibility in reporting on the durability and reparability of products** (qualitative or quantitative information) [§ 15], and addition of related definitions to the revised ESRS glossary ("designed recyclability rate" and "repairable" product).
- **Incineration with energy recovery** is considered "other recovery operations" when presenting the breakdown by operation types for waste from a company's own operations, subject to compliance with the conditions set out in the Waste Framework Directive (Directive 2008/98/EC) [§ 16 (c) iii and AR 6].
- Addition of a new DP on the **proportion of waste for which the final destination is unknown**, 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, whilst allowing it to present the figures it has and it can reasonably document [§ 16 (e)].

Addition and/or improvement of the **definitions of numerous terms related to ESRS E5 in the revised ESRS glossary** (, "resource inflow", "resource outflow", "biological material" "secondary resource", etc.).



With respect to social topics, beyond simplifying the information to be disclosed, the following changes have been made to ESRS S1 to S4:

- **Human rights policy:** Disclosure requirements centralised within the general information section (revised ESRS 2, GDR-P) rather than within each social standard [§ 43].
- **Engagement with affected stakeholders, existence of channels for stakeholders to raise concerns or needs and approaches to remedy:** Merger and restructuring of previous disclosure requirements (DR 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, consistent with the approach adopted in DR S1-16 of the revised ESRS S1 (see below).

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) (DR S1-5 and S1-7): Each of the countries in which the company has at least 50 employees and which are the 10 largest countries in terms of employee numbers (Set 1: disclosure of countries with at least 50 employees and representing at least 10% of the total number of employees) [§ 20 (b) / AR 9 and AR 15].

Turnover rate (DR S1-5): To be reported for permanent employees (only) in the reporting period [§ 20 (d) / AR 11].

Simplification of information on non-employees (DR S1-6) and addition of methodological elements to help assess the materiality of the information (i.e., whether non-employees are a critical resource for the company's business model) [AR 12].

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

Adequate wages (DR S1-9): Removal of any hierarchy in the benchmarks to be considered outside the EU, but the benchmark used must not be lower than the ILO agreement of February 2024, which sets out principles for estimating an adequate wage [§ 29 / AR 20].

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

Health and safety (DR S1-13):

- Amendment to the definitions of "recordable work-related accident" and "recordable work-related ill health" in the revised ESRS glossary: situations to be considered only in the event of death or absence from work (lasting more than three days for work-related accidents); option to use the definition of "work-related accident" as set out in national law (to be disclosed according to GDR-M of the revised ESRS 2).
- Information on the number of fatalities from recordable work-related ill health to be provided only for employees (i.e., unlike in Set 1, non-employees and on-site workers are not included) [§ 37 (b) ii].
- 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 resulting from these events are no longer considered) [§ 37 (e) / AR 28].

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

Revised ESRS S1 on own workforce (continued)

Gender pay gap (DR S1-15): This remuneration metric must still be disclosed without any adjustment (i.e., at consolidated level) if this information is material. The ARs state, however, that the adjusted pay gap by employee category and/or broken down by country may provide additional contextual information to the unadjusted metric.

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 [§ 41 (a) / AR 33].

Incidents of discrimination and other human rights incidents (DR S1-16): Refocusing of the information to be disclosed on substantiated and verified instances (an instance is verified when a Court, the OECD or an administrative authority has made a formal finding that the instance occurred), with methodological elements provided to help identify the instances on which to report. The notion of "severity" has been removed, as the materiality filter, which is an overarching principle in the ESRS, applies to this information [§ 43 / AR 36 to 39].

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 in the revised ESRS 2.

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

Metrics related to corruption or bribery (DR G1-4): Addition of new methodological details to facilitate the identification of convictions and fines on which information is to be reported. [§ 12 / AR 5 and 6].

Metrics related to payment practices (DR G1-6):

- Removal of the DP relating to the average time needed by the company to pay an invoice.
- Addition of the definition of "standard payment terms" to the revised ESRS glossary.
- Clarification of the information to be provided on this subject in relation to SMEs: A description of the standard payment terms applicable to SMEs is required only if they differ from those generally applied. The percentage of payments aligned with these terms must be provided with respect to SMEs as entity-specific information if late payments to SMEs is a material topic for the company and if this metric is material [§ 18 (b) / AR 10].

How Forvis Mazars can help

In a **rapidly evolving European regulatory environment**, we have conducted an in-depth analysis of the delegated regulation adopted by the European Commission on 3 July 2026, to highlight the **major changes** introduced compared with the ESRS Set 1 applied by wave 1 companies for the financial years 2024 and 2025.

Our objective: To help you anticipate these changes, assess their impact on your reporting processes, and ensure compliance.

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 strengthen the robustness of your approach:

1. Double materiality assessment:

Where a DMA has already been carried out, 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 **implications of the revised ESRS**.

2. Gap analysis in relation to revised ESRS requirements:

We help companies **update or establish their gap analysis**, always within the context of the revised ESRS adopted by the European Commission, 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 **developing or further developing their data collection processes**, whilst taking into account the possible implications of the delegated regulation on the revised ESRS and setting priorities accordingly.

4. Defining a transition plan compliant with the revised ESRS:

Starting from the company's carbon footprint, we help **build a robust and credible transition plan** that meets the standards' requirements. We also support updating existing decarbonisation 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 that the sustainability statement complies with the ESRS framework currently in force, whilst considering known developments.

Despite the meticulous care taken in preparing this publication, Forvis Mazars may not be held liable for any errors or omissions it might contain.

Contacts

Carolin Friedrich

Partner
Group Head Sustainability Services
Germany
carolin.friedrich@forvismazars.com

Emmanuel Thierry

Partner
Group CSRD Task Force Leader
France
emmanuel.thierry@forvismazars.com

Carole Masson

Partner
Group ESRS Leader
France
carole.masson@forvismazars.com

Bahar Fischer

Partner
Professional Practice ESG
Germany
bahar.fischer@forvismazars.com

Ron Horsmans

Partner Sustainability Assurance
ron.horsmans@forvismazars.com

Annelot Kosman

Director Sustainability Assurance
annelot.kosman@forvismazars.com

Kees Roozen

Director Professional Practice Accountancy
kees.roozen@forvismazars.com

Corrie de Vries

Senior Manager Professional Practice Accountancy
corrie.devries@forvismazars.com

Forvis Mazars Group SC is an independent member of Forvis Mazars Global, a leading professional services network. Operating as an internationally integrated partnership in over 100 countries and territories, Forvis Mazars Group specialises in audit, tax and advisory services. The partnership draws on the expertise and cultural understanding of over 40,000 professionals across the globe to assist clients of all sizes at every stage in their development.

forvismazars.com