

Summary of opinions on simplified ESRS

ECB, EBA, ESMA, EIOPA



CLEERIT
A higher goal

According to amended Article 49 in CSRD following the adoption of Omnibus I, the power to adopt delegated acts to provide for European Sustainability Reporting Standards (ESRS) is conferred on the European Commission until January 2028, although it may be revoked at any time by the European Parliament or by the Council.

When adopting delegated acts on the ESRS, the Commission shall take into consideration technical advice from EFRAG (provided as draft ESRS), and consult jointly the Member State Expert Group on Sustainable Finance under the lead of DG FISMA (Directorate-General for Financial Stability, Financial Services, and Capital Markets Union).

In addition, the Commission shall request the opinion of

- the European Securities and Markets Authority (ESMA),
- the European Banking Authority (EBA)
- the European Insurance and Occupational Pensions Authority (EIOPA)

on the technical advice provided by EFRAG, in particular with regard to its consistency with the regulation on sustainability-related disclosures in the financial services sector (Regulation (EU) 2019/2088) including its delegated acts.

The Commission shall also consult

- the European Environment Agency,
- the European Union Agency for Fundamental Rights,
- the European Central Bank,
- the Committee of European Auditing Oversight Bodies and the Platform on Sustainable Finance.

On 16 December 2025 these bodies were invited by the European Commission to provide an opinion on the draft revised European Sustainability Reporting Standards (ESRS) published by EFRAG on 3 December 2025.

Below is a summary of the suggestions published by ECB, EBA, ESMA and EIOPA.



ECB

European Central Bank

EBA

European Banking Authority

ESMA

European Securities and Markets Authority

EIOPA

European Insurance and Occupational Pensions Authority



Scope/ focus of the Opinion

Focus on critical input for the identification, assessment and management of financial risks that stem from climate-related and nature-related physical and transition risk factors to which companies and financial institutions are exposed (ESRS 1 & 2, E1, E4)

Financial institutions depend on counterparty-level data to accurately identify, measure and manage ESG-related financial risks to be able to provide financial services to the economy in an efficient manner and to ensure financial stability (ESRS 1 & 2, E1, E4)

ESMA's remarks relate to a limited number of areas in which it considers that the proposed changes lower the standards' ability to contribute to investor protection and financial stability.

Focus on availability of key corporate sustainability data to (re)insurance undertakings and occupational pension funds, and consistency with other standards and EU legislation, in particular sustainability risk management requirements under Solvency II as well as interoperability with IFRS.

ESMA

European Securities and Markets Authority

Digital reporting

Effective marking-up in accordance with the European single electronic format (ESEF) Regulation:

ESMA views digitisation as key to enable full usability of sustainability reporting.

ESMA considers that when making the decision on whether to keep all items under one datapoint only or split them, attention should be paid to how a split would help users identify and retrieve a particularly useful information, while weighing the additional granularity against the objective of simplification and burden reduction.

Separate datapoints could be needed, for instance, when quantitative information is expected to be disclosed together with narrative information. An example is par. 11 (a) of the draft revised ESRS E1, which requires disclosure of the key features of the transition plan for climate mitigation.

ECB

European Central Bank

The accumulation of the effects of different relief measures hampers the CSRD goal of enabling the creation of a reliable and standardised data ecosystem that allows for benchmarking and risk differentiation.

Add time-limits and an explicit provision stating that the use of reliefs must remain exceptional and not become the norm.

Reporting companies need some initial flexibility as it could take time to put data collection processes in place and to develop estimation methodologies.

However, it is important to avoid creating indefinite data gaps and disincentivising efforts to start collecting data and to improve coverage and data quality. Adding time limits would create certainty for both reporting companies and users.

Add guardrails so that the new DMA value chain flexibilities (permission not to collect information from the value chain and not to scan all time horizons, and the fact that a brief top-down approach can also be used to decide that a topic is not material), do not lead to the non-identification of material IROs which would ultimately compromise a fair presentation and lead to financial risks not being disclosed and managed by banks.

EBA

European Banking Authority

The proposed reliefs' framework, and in particular the permanent nature of some of the reliefs, potentially create distorted incentives (e.g. greenwashing) for undertakings to omit relevant information and to delay efforts to advance (e.g. methodologies, access to data sources) in improving disclosures, and would ultimately undermine the integrity and comparability of the disclosures - especially given that no phasing-out provisions were considered for some.

In EBA's view, the goal of the ESRS standards should be that once the impacts, risks and opportunities (IROs) have been identified, the undertaking should look to progressively equip itself to provide the ESRS information on these IROs.

In many cases the new ESRS reliefs go beyond the comparable IFRS ISSB standards' reliefs, with negative consequences to EU companies' competitiveness and their access to financial markets.

This concern applies, in particular, regarding the extension of the 'undue cost or effort' relief to metrics for own operations, or the disclosures on anticipated financial effects, and especially given that undertakings within the scope of the revised CSRD - the largest and generally well-resourced companies - are expected to be fully capable of progressively meeting these requirements.

ESMA

European Securities and Markets Authority

ESMA's most substantial concern relates to the package of permanent reliefs it offers preparers, due to their number, range and permanence, as these reliefs cause issues in relation to high quality disclosure of material information, consistent application and interoperability with the IFRS sustainability standards.

The reliefs should be intended as rather exceptional measures and not undermine the ultimate objective of promoting disclosure of material sustainability information of high quality, nor should they risk encouraging opportunistic behaviour.

ESMA also notes that the package of permanent reliefs will require examination by an undertaking's assurance provider.

By increasing the level of judgement in the definition of the scope and content of the reporting, these reliefs are likely to require additional processes and documentation by preparers to justify their adoption, thus risking increasing the overall reporting burden.

From the supervisory perspective, these time-unlimited reliefs are likely to constitute a recurring area of scrutiny. Due to a lack of clarity in the eligibility conditions for applying some of those reliefs, the supervisory assessment will become more challenging, thus hindering the consistent application of the ESRS across the Union.

EIOPA

European Insurance and Occupational Pensions Authority

EIOPA notes that the cumulative effect of the permanent reliefs proposed may dissuade companies from improving their current reporting practices over time.

This is problematic because, from a supervisory standpoint, access to key sustainability data is essential for assessing the financial impact of sustainability risks and safeguarding financial stability.

Not introducing a time limit of three years to the application of these reliefs could lead to reduced data comparability across markets, which could in turn undermine investment and risk management activities.

Simplification must not lead to a weakening of risk management processes aiming to identify, assess, mitigate and manage sustainability-related risks.

The key components of EIOPA's approach are to prioritize a European perspective, undertake simplification in a holistic way to avoid fragmentation or a mere shift of regulatory burden and to take a long-term perspective to ensure that current simplifications do not compromise data quality and data availability or lead to increased regulatory demands in the future.

Overall
suggestion/
recommendation,
in short

Datapoints to reconsider



ESRS 2 GOV-1
para. 40

ESMA

Reintroduce information about the expertise and skills on sustainability matters of administrative, management and supervisory bodies of the undertaking in relation to fulfilling their role or the access such bodies have to such expertise and skills.

Article 29b of the Accounting Directive requires that the ESRS specify ad-hoc disclosure requirements on those aspects.

ESRS 2 GOV-4
para. 18

EIOPA

Para. 18 does not provide sufficient details regarding key elements of risk management and internal controls, such as the main risks identified, their mitigation strategies and how these findings are integrated into internal functions and processes.

The lack of detailed disclosure may hinder the ability of (re)insurance undertakings and pension funds to assess whether the undertaking is taking adequate measures to identify, monitor and manage material sustainability risks and integrate them into its internal control and risk management systems.

ESRS 1
Appendix A

ESMA

Reintroduce a reference to marine resources as one of the sub-topics.

Marine resources is one of the environmental factors specifically identified in Article 29b of the Accounting Directive as requiring ad-hoc disclosure requirements in the ESRS.

ESRS 2
GDR-A
GDR-T

ECB

Reintroduce information regarding the progress of actions or action plans disclosed in prior periods (ESRS 2 set 1 para. 68(e)) and performance against disclosed targets (ESRS 2 set 2, para. 80(j)).

ESRS 2 GDR-M and GDR-T do not provide to the user sufficient information to answer the key question of whether a company is making progress, and what is the extent of that progress.

ESRS 2
GDR-T

ECB

Reintroduce the ESRS 2 Set 1, paragraph 80(i) requirement to provide transparency on changes to targets, which is essential for credibility and helps to avoid potential greenwashing.

ESRS 2
GDR-P/A/T

ECB

Reintroduce the disclosure of timeframes to adopt policies, actions and/or targets in cases where it had identified a material IRO but had not yet adopted policies, actions and/or targets.

These provisions were useful for the CSRD goal of encouraging transparency.

They were also useful for giving users information on the internal consistency of the undertaking's strategy with respect to sustainability risks, particularly considering that the adoption of a policy is an essential step for risk management.

E1-1
Exclusions
from any Paris-
aligned
benchmarks

ECB

Reintroduce the datapoint on whether the undertaking is excluded from any Paris-aligned benchmarks, given that its deletion may shift the burden and require increased efforts on the part of users of the disclosures. (Set 1, ESRS E1-1, paragraph 16(g) was a yes/no disclosure on exclusion from EU Paris-aligned benchmarks.) It is a decision-useful datapoint for investors.

Obtaining this datapoint is likely to be easier for the reporting company, while its deletion means that each user will have to make greater efforts to ascertain whether or not the undertaking is excluded.

ESMA

Reintroduce the indication of an undertaking's exclusion from Paris-aligned Benchmarks.

This deletion was made on the grounds that it would be burdensome for preparers to make the assessment which is necessary to disclose any such exclusion. However, ESMA notes that it is unlikely that an external party would be in a better (and less burdensome) position than the reporting undertakings themselves to make such an assessment.

E1-1, AR 2(a)
Compatibility
with limiting
global warming
to 1.5°C"

ESMA

Provide or reference a definition of compatibility with limiting global warming to 1.5°C in line with the Paris Agreement and the objectives of the European Climate Law. Depending on the definition of compatibility, it could lead to plans with very low levels of ambition being labelled as transition plans.

Provide or reference a definition of compatibility with limiting global warming to 1.5°C in line with the Paris Agreement and the objectives of the European Climate Law. Clarity should also be brought to how compatibility should be understood when used in relation to the strategy and business model (par. 10 and AR 1) and in relation to the GHG emission reduction targets (par. AR 2a), and on how these two items interact.

E1, paras. 16
and 18(a)
Climate
scenario
analysis

ECB

Remove the provisions that now make disclosures on climate scenario analysis non-mandatory, given the standard, widespread consideration of scenario analysis as an essential part of adequate climate risk analysis, and also given that the proposed changes could have consequences for interoperability.

Climate-related physical and transition risk factors constitute a material source of financial risk and therefore warrant adequate risk analysis.

Given the intrinsic uncertainties and high dependency on the future paths of the climate developments, along with policy developments, scenario analysis has grown into a standard, fundamental tool for carrying out such risk assessments.

ESMA

The draft revised ESRS E1 clarifies that climate scenario analysis is not mandatory while IFRS S2 includes it as a requirement.

[IFRS S2, para. 22: "The entity shall use climate-related scenario analysis to assess its climate resilience"]

E1-7, E1-8
Energy and
GHG intensity

ECB

Reintroduce the datapoint on whether the undertaking is excluded from any Paris-aligned benchmarks, given that its deletion may shift the burden and require increased efforts on the part of users of the disclosures. (Set 1, ESRS E1-1, paragraph 16(g) was a yes/no disclosure on exclusion from EU Paris-aligned benchmarks.) It is a decision-useful datapoint for investors.

Obtaining this datapoint is likely to be easier for the reporting company, while its deletion means that each user will have to make greater efforts to ascertain whether or not the undertaking is excluded.

EBA

Reintroduce the indication of an undertaking's exclusion from Paris-aligned Benchmarks.

This deletion was made on the grounds that it would be burdensome for preparers to make the assessment which is necessary to disclose any such exclusion. However, ESMA notes that it is unlikely that an external party would be in a better (and less burdensome) position than the reporting undertakings themselves to make such an assessment.

E1-11, AR 32
Location of key
assets at
material
physical risk

ECB

Reintroduce the datapoint on the location of key assets at material physical risk, given its critical importance for adequate risk management and noting that this information is readily available to the undertaking.

The omission of this information could be interpreted as obscuring material information which is critical for decision-making.

E1-11, AR 30
Assets at
material
transition risk;
revenues at
physical and/or
transition risk

ECB

Maintain a gross approach instead of allowing the disclosure of net values.

It should be remembered that financial mitigation measures are themselves subject to risk and uncertainty, so it cannot be taken for granted that they will be perfectly efficient.

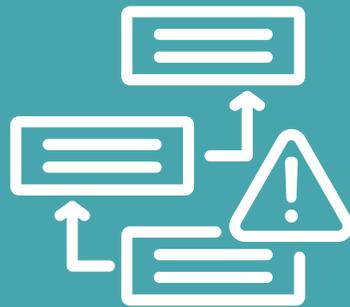
This is why transparency is of the essence, and why it is critical for decision-making to provide the gross and the net view separately, i.e. before and after the consideration of risk mitigation measures.

This is information that is already readily available to the undertaking, so there is no justification for allowing this transparency to be removed.

EIOPA

More clarity on the reporting of "gross and net" in the context of Solvency II is necessary.

DATA HIERARCHY & DMA



ESRS 1,
para. 66

Data hierarchy:
decision to put
directly-
collected data
on an equal
footing with
estimates

ECB

Reintroduce the preference for directly-collected data for identification of material IROs in the value chain and reporting on value chain metrics - a key mechanism for good quality disclosures and adequate risk differentiation. Estimates should only be allowed where not possible.

Not doing so will lead to a loss of consistency and harmonisation, runs contrary to commonly used best practices for data management and removes incentives for companies to improve data quality, which goes against the CSRD objective of a high-quality data ecosystem.

ESMA

The revised draft ESRS bring value chain estimates on par with direct data for both identification of material IROs and for reporting on those IROs. It will be important to monitor the effect of this expanded flexibility on value chain estimates, notably as to whether it lowers the quality of the reporting and how companies' assessment of practicability and reliability evolves over time.

EIOPA

EIOPA has concerns that the proposed removal of "data hierarchy", meaning that direct data does not have to be prioritized over estimated data, may lead to a lower quality and hence comparability and reliability of the disclosures for insurance undertakings and pension funds as data users.

This might also negatively affect the possibility of comparing financial product disclosures under SFDR and reliance on them by consumers, as the financial disclosures in the "financial product categories" would still rely on data provided from the sustainability statements of investee companies, in particular on Principal Adverse Impacts identified and addressed by financial market participants.

ESRS 1,
para. 27, DMA

"Top-down"
approach to
materiality
assessment

ECB

Add guardrails so that a brief top-down approach used to decide that a topic is not material does not lead to the non-identification of material IROs which would ultimately compromise a fair presentation and lead to financial risks not being disclosed and managed by banks.

For financial sector risks and impacts are concentrated to the value chain as they are related to the activities of the clients they fund.

ESMA

ESMA notes that par. 27 of the draft revised ESRS 1 requires that a more detailed assessment of the impacts, risks or opportunities is necessary when the materiality conclusion is 'not evident' from the top-down analysis.

The notion of what qualifies as 'not evident' is unclear and will require application guidance, also through the provision of examples. Complement or replaced this concept with a reference to 'objective uncertainty' as a parameter to determine whether an undertaking shall go beyond the top-down approach and that adequate guidance should be provided on how this concept should be interpreted in practice.

RELIEFS TO RECONSIDER



ESRS 1, AR 6

Extensive use of reliefs could undermine fair presentation requirements

ECB

Delete the second paragraph that ex ante concludes that, regardless of the circumstances, making use of reliefs is not detrimental to fair presentation. Depending on the circumstances, an excessive use of reliefs is likely to breach the fair presentation requirement and could be in contradiction with the requirement to consider the overall picture, as per the first paragraph of the same AR.

Add an explicit guardrail, for example, in the form of an explicit AR stating that the use of reliefs should be restricted to exceptional, duly justified circumstances; and that particular attention should be given to assessing the compound effect of reliefs, when a company uses more than one relief and/or phase-in, as part of the overall picture when assessing fair presentation.

ESMA

While targeted reliefs and transitional provisions are generally not incompatible with a fair presentation framework, a tension may arise if the extent of the reliefs envisaged in the standards is permanent and so pervasive to affect the fundamental qualitative characteristics of the reported information.

ECB

Add a three-year time limit (phase-out) to the relief for metrics (applicable up to and including the 2029 financial year for publication in 2030) in order to mitigate the loss of interoperability and the potential for creating blind spots.

EBA

Add a three-year time limit to this relief for metrics, which should be applicable only until and including financial year 2029, in order to raise the right incentives for undertakings and safeguarding against unintended long-lasting gaps in disclosures.

ESMA

Make this relief applicable until and including financial year 2029, which is the same time limit as for the two temporary reliefs on provisions of quantitative information on anticipated financial effects and substances of concern.

The extension of the 'undue cost or effort' relief to all metrics disincentivises undertakings from enhancing their data coverage and quality over time, including in relation to their own operations.

EIOPA

Limit the relief to 3 years until the end of 2029 reporting year. The application should be proportional to the undertaking's business characteristics, and limited for own operations. This relief is extended to all material metrics, beyond the scope that this relief has under the IFRS-S framework which relates only to identification of IROs and to Anticipated Financial Effects.

The assumption that "availability of information is expected to improve over time" will likely not materialise without the right market conditions as well as incentives, including market discipline as well as incentives from the regulatory framework for undertakings to improve the reporting and make reasonable efforts to provide information.

ESRS 1, para. 94(d)

"Undue cost or effort" relief

ESRS 1,
para. 92

Relief allowing
to report a
metric only on
a partial scope
(except E1-8)

ECB

Add a three-year time limit (phase-out) to the relief (applicable up to and including the 2029 financial year for publication in 2030)

EBA

Add a three-year time-limit to this relief, which should be applicable only until and including financial year 2029, safeguarding against unintended long-lasting gaps in disclosures.

When considered together with ESRS 1, para. 94 (regarding the relief for Reasonable and supportable information that is available without undue cost or effort), this relief may lead to a situation where undertakings do not report, indefinitely, any information on metrics in their own operations or its value chain (except for scope 3 GHG emissions).

ESMA

Turn this relief from permanent to temporary with the time limit of financial year 2029.

ESRS 1,
para. 93

Relief allowing
to exclude joint
operations
(with no
operational
control) from
calculation of
E2, E3, E4 and
E5 metrics

ECB

Add guardrails to the relief to avoid giving rise to greenwashing risks by generating permanent blind spots for users, and to avoid providing an incentive to artificially structure operations in order to circumvent disclosure.

EBA

Disregard this new relief, as it would increase the burden on users – such as banks, and may lead to misleading or incomplete disclosures particularly in relation to environmental metrics beyond climate.

The EBA notes a potential incentive for undertakings to misuse 'joint operation' business structures as a means of circumventing the disclosure of environmental obligations, thereby triggering the use of the reliefs related to data availability.

ESMA

Make the relief temporary, with last application to FY 2029.

It would result in the sustainability statement not providing material information and as such a fair presentation – and potentially permitting greenwashing. It also creates a disconnect compared to the reporting boundary for financial reporting and risks incentivising structuring opportunities.

It will lead to inconsistent application of the ESRS and increase burden on users of the information who will have to deal with undertakings adopting different scopes for their reporting.

ESRS 1,
para. 75

Relief for
acquisitions &
disposals

ECB

This relief should be made conditional on lack of data. The relief is currently unconditional, allowing the omission of material IROs even in situations where all the information is available to the undertaking. Also, perhaps this relief might then not be needed, because the existing (time-limited) relief for lack of data would apply in such a situation, tackling the root cause.

EBA

Condition this relief to the absence of data that cannot be obtained without undue cost and effort. When applied unconditionally (i.e. even in situations where the relevant information is available to the undertaking), this relief may lead to undesired practices risking facilitating greenwashing, by obscuring poor sustainability performance or postponing the disclosure of negative financial impacts.

The EBA is concerned that this relief may incentivise 'artificial structuring' of operations.

EIOPA

The additions made in para. 76 poses a risk of manipulation that can lead to incredible disclosures:

"If the undertaking uses the relief of paragraph 75, it shall use available information to disclose significant events that affected during the reporting period the subsidiary or business acquired or sold since acquisition or until disposal, if this has an effect on the group's exposure to material impacts, risks and opportunities."

To address this, para 76 should be modified by adding "the undertaking" and not just refer to "the group".

ESRS 1,
para. 62

Relief allowing
the exclusion of
a subsidiary
due to its non-
materiality from
a financial
perspective

ECB

Delete this relief as it contradicts the double materiality concept (in particular ESRS 1, para. 47) and could lead to the omission of material IROs, resulting in possible blind spots or greenwashing risks, and possibly interfering with fair presentation:

ESRS 1, para. 47: "The scope of financial materiality for sustainability reporting is an expansion of the scope of materiality used in the process of determining which information shall be included in the undertaking's financial statements on the basis of the applicable recognition and measurement rules. The financial materiality of a topic is not limited to material risks or opportunities affecting entities that are within the control of the undertaking, but includes information on material risks and opportunities attributable to business relationships in the upstream and downstream value chain"....

ESMA

Remove or re-draft the option. In ESMA's view, if the notion of financial materiality in the ESRS is an "expansion of the scope" of financial materiality used for the purpose of preparing financial statements, it cannot be excluded a-priori that non-material subsidiaries could expose the undertaking to material sustainability risks or opportunities which are not captured by the recognition and measurement rules under the applicable financial accounting requirements.

The relief seems to constitute a specification of the principle of materiality of information by using different wording and concepts. Introducing new concepts within a materiality-based regime without adequate definition and guidance is likely to drive inconsistent application of the requirements and it may lead to rather complex technical discussions on the eligibility of such reliefs and their actual usability.

ESRS 1,
para. 125(c)

Relief to omit
quantitative
information on
AFEs
(Anticipated
Financial
Effects) for
financial years
prior to 2030

ECB

Remove the additional 3-year phase-in that allows the first-to-report undertakings to omit quantitative information about AFEs for a total of 6 years (would not be publicly disclosed until 2030), beyond the three years already foreseen for AFE disclosures as a whole.

Quantitative information about AFEs is critical for a proper assessment and management of the financial impact of ESG risks, as well as for informed decision-making by investors, and is the foundation of the financial materiality perspective at the core of the CSRD.

A lack of forward-looking information on potential financial impacts may result in investors underestimating risks and misallocating investments, ultimately creating risks for financial stability at system level.

EBA

Add a three-year time-limit to this relief, which should be applicable only until and including financial year 2029.

Information on AFEs is key data for financial institutions as users of the information.

The permanent nature of the compounded reliefs related to these disclosures is of concern.

ESMA

The reliefs for the provision of this information should not be further extended in order not to compromise the integrity of this disclosure requirement.

It crucial that these reliefs remain temporary so investors will, in due course, be provided with the necessary information on anticipated financial effects and so conceptual alignment with the IFRS-S is ensured.

It is crucial that the draft revised ESRS specify disclosures in this area as they are necessary to preserve the integrity and relevance of the ESRS.

EIOPA

Clearly identify that the reliefs for AFE is applicable when such a decision is substantiated.

An Application Requirement (AR) should explain that the reliefs should not be used in areas where quantitative metrics – be it by company data or estimates - in the EU are already commonly available, as it is the case for most climate-related data.

Quantitative data on anticipated financial effects on the financial position, financial performance, and cash flows is essential to monitor the financial impact of material sustainability risks on the undertaking's solvency and liquidity positions. This includes estimating the financial impact, to the best of the undertakings' abilities, at the short-, medium- and long-term in order to manage adequately the liquidity needs, prevent significant liquidity and solvency shocks and fulfil the liability obligations.

ESRS 2,
para. 29 &
ESRS 2, AR 21

Relief allowing
for the omission
of quantitative
information on
AFEs
(Anticipated
Financial
Effects) due to
a lack of skills
or resources

ECB

Reconsider the necessity for the relief.

Following the provisional agreement on Omnibus I on the revised CSRD scope, ECB staff would generally expect companies in scope to be adequately equipped in terms of resources and skills, in particular in the light of existing phase-in arrangements allowing sufficient time for the build-up of relevant capabilities.

EBA

Information on AFEs is key data for financial institutions as users of the information.

The permanent nature of this relief is of concern.

ESMA

Add a financial year 2029 time-limit to the relief on skills, capabilities and resources.

ESMA questions whether it is reasonable to argue that companies with more than 1,000 employees and a turnover above €450m – the very largest and most resourceful companies – may not possess the skills, capabilities or resources to report quantitative information on anticipated financial effects in the long run.

EIOPA

EIOPA is concerned that the proposed reliefs may undermine the advancements made in terms of projecting the financial impact of climate change on the economy and decrease comparability.

In addition, for climate change projections, (re)insurance undertakings have already sufficient experience with the use of scenarios and other projections to ensure that quantitative AFEs can be provided.

ESRS 2,
para. 28(a) &
ESRS 2, AR 21

Relief allowing
the omission of
quantitative
financial
effects if not
separately
identifiable

ECB

Reconsidering the need for the relief, that could lead to the omission of material IROs given the inter-relatedness of climate and nature factors, as the root cause is already sufficiently covered by the relief in paragraph 28(b) on measurement uncertainty.

EBA

Add a three-year time-limit to this relief, which should be applicable only until and including financial year 2029.

Ensures that the relief is kept in line with the ISSB standards and, where applicable, interpretations/guidelines issued by the ISSB.

Information on AFE is key data for financial institutions as users of the information. The permanent nature of the compounded reliefs related to these disclosures is of concern, and could undermine the robustness of the requirement in its quantitative dimension.

ESRS 2, AR 42

Relief allowing
to restrict
disclosures on
significant
financial
resources
allocated to
actions, to
actions already
announced

ECB

Remove this relief as this could lead to the omission of material information and run contrary to the fair presentation requirement. In addition, it goes against the goal of simplification, as this seems to enforce a duplication of announcements outside the ESRS sustainability statement.

This could also result in a risk of greenwashing given the implicit optionality with regard to the disclosure of financial resources associated with actions.

ESMA

Delete or fundamentally amended AR 42 not to conflict with the requirement in par. 46(c) of draft revised ESRS 2, notably foreseeing that, at a minimum, the disclosure of the amount of the significant financial resources should be disclosed.

ESMA's concern is that this relief de facto deprives the GDR-A requirements of the most relevant information with regards to financial resources linked to actions.

By applying this provision, an undertaking could limit the disclosure to already announced measures, thus allowing it to conceal actions put in place to address material IROs when not already made public.

The amended requirements stemming from the Omnibus I revision of the CSRD will protect commercially sensitive information and therefore there is no reason to foresee this additional application requirement.

Furthermore, this provision seems to be inconsistent with international requirements in IFRS S1, notably par. 35, requiring disclosures of investment and disposal plans as well as planned resources of funding.

ESRS 1,
para. 91

Relief allowing
the exclusion if
not a
significant
driver of the
IRO the metric
purports to
represent

ECB

Clarify this relief to remove the possibility for ambiguous interpretations (possibly allowing for arbitrary reductions of the scope of reported metrics), or delete the relief.

ESRS 1, AR 38

Relief from
revising
comparative
figures when
the revised
comparatives
do not provide
useful
information

ESMA

The relief seems very broad and as such open to possible overuse by companies, creating a risk for both disclosure of high-quality information and consistent application of the standards.

Additional considerations for financial institutions



ECB

European Central Bank

Appropriateness
of the ESRS for
disclosures by
financial
institutions incl
banks

The sector-agnostic ESRS standards are by construction not tailored to disclosures by the financial sector and ECB staff recommend clarifying the application of the standards by the financial sector.

The benefits of sector-specific guidance would be particularly relevant for financial institutions, as aggregators of information from multiple economic sectors, to ensure comprehensive, appropriate application of the ESRS by financial sector undertakings.

It is critical for disclosures by the financial sector to focus on the value chain, since for credit institutions, most ESG risks, impacts and opportunities are concentrated in the downstream part of the value chain, as they are related to the activities of the clients that they fund.

Some of the changes made to the ESRS lead to a curtailing of the value chain dimension of the disclosures, and this could be detrimental to the quality of disclosures by banks. This weakening of the value chain dimension affects the double materiality assessment (DMA), as well as the topical standards.

EBA

European Banking Authority

The EBA recommends that the Commission, when adopting the delegated act, take into consideration that the language of the ESRS standards, although being sector agnostic do not hinder meaningful disclosures by financial sector preparers, for whom the risks and impacts are concentrated in the value chain.

Financial institutions should provide transparency on the financial risks linked to their business activities (such as investments, loans, and underwriting), on how they manage those risks and on how those activities may affect the environment and people.

For that, they need information that allows them to understand the risk profile of their counterparties or investee companies as a whole, and how ESG factors can impact their activity.

This information would be necessary to complement the loan specific information that banks would collect on a bilateral basis (e.g. in the loan origination and monitoring process, being also relevant for EU institutions to assess risks to financial stability).

ESRS 1, para. 15(c) & AR 36 for para. 63, E4

Value chain dimension in environmental standards for adequate application by the financial sector

ECB

Include an explicit reference to the new ESRS 1, AR 36 for para. 63 in the E4-5 section on metrics, and include references to the value chain in the E4-3 section on policies.

In the current draft revised standard there is no indication of the need for undertakings to look into their downstream value chain impacts on biodiversity-sensitive areas, or into other value chain sources of IROs, as it includes restrictions to “own operations” in three places: in E4-2, paragraph 12 on policies with respect to sites of its own operations that are in or near a biodiversity-sensitive area; and twice in the E4-5 section on metrics on the locations of its own operations to which the material IROs relate (paragraph 18 and AR 8 for paragraph 18).

ECB staff observed that in wave 1, several major banks did not disclose under the E4 biodiversity standard, although banks in the euro area are critically dependent on ecosystem services and they simultaneously contribute to biodiversity loss through their biodiversity footprint.

EBA

Provide closer or explicit articulation (e.g. by mean of a cross reference or in application guidance) to extend reported information beyond own operations to cover material impacts, risks and opportunities connected with the undertaking through its direct and indirect business relationships in the value chain.

With the exception of GHG emission, the metrics defined in ESRS only cover own operations, this value chain AR is key especially for financial institutions as it emphasises the requirement to cover on entity-specific basis the metrics if this is necessary according to that paragraph.

For financial institutions, alongside other undertakings, material impacts, risks and opportunities (IRO) are concentrated in their value chain, which therefore should be the focus of their disclosures under ESRS. This is particularly relevant after the increased importance in the revised ESRS of the references to own operations, and in the absence of sector specific standards.

Ensuring the availability and reliability of such data reduces the need for financial institutions to engage in time-consuming bilateral contacts with their counterparties.

E4, E2, E3, E5

Value chain in environmental standards, continued

ECB

Delete word “upstream” in AR 7 for paragraph 15 on targets, include an explicit reference to the new ESRS 1, AR 36 for para. 63 in the E4-5 section on metrics, and include references to the value chain in the E4-3 section on policies.

In the current draft revised standard there is no indication of the need for undertakings to look into their downstream value chain impacts on biodiversity-sensitive areas, or into other value chain sources of IROs, as it includes restrictions to “own operations” in three places: in E4-2, paragraph 12 on policies with respect to sites of its own operations that are in or near a biodiversity-sensitive area; and twice in the E4-5 section on metrics on the locations of its own operations to which the material IROs relate (paragraph 18 and AR 8 for paragraph 18).

The same concern as explained for E4 applies to the other environmental standards to not inadvertently exclude adequate application by the financial sector.

ESRS E1-11
paras. 38–41 &
AR 29

Scope of
assets and
products at
physical and
transition risk
for financial
institutions:
restriction to
"own" assets
and "physical"
product

ESRS 1 AR 27
for para. 49

Consistency
with Solvency II
requirements

ECB

Either reverse the new restrictions or clarify that financial institutions have to include financial assets and products, including those on their balance sheet and what they hold as collateral, in addition to "(own) physical assets" and "physical products" referenced in E1 (climate change) and E4 (biodiversity and ecosystems). Sustainability impacts are concentrated not in the financial company's own operations, but in the company's value chain (i.e. its investee companies).

The E1-11 section (anticipated financial risks) in the climate standard is of critical importance to the ECB from a risk management perspective, as it includes disclosure requirements about assets at physical and transition risk, in particular balance sheet financial assets (e.g. loans to clients in high climate impact sectors) and the real estate assets of clients held as collateral by the bank (which might be vulnerable to physical risks, such as floods, landslides, etc.).

Similarly, there are concerns that locked-in greenhouse gas (GHG) emissions (E1-1) are restricted to key physical assets and products, and that E4-2 policies are restricted to "physical products" (by virtue of the new glossary definition of "product" as "physical good") which rules out the consideration that financial products also have biodiversity impacts and associated financial risks that need to be disclosed and managed.

EBA

The calculation guidance approaches for the disclosure of AFE refers to 'own assets' thus excluding, from a financial sector's perspective, the disclosure of the information for assets at risk in their value chain.

EIOPA

On a similar issue:

The lack of consideration of insurance-associated emissions and methodologies for the calculation of such emissions will in practice make it difficult for (re)insurance undertakings to appropriately cover their underwriting as part of the value chain.

EIOPA

Clarify that the financial materiality assessment of (re)insurance undertakings under ESRS should leverage from the outcome of the Solvency II risk assessment process - a sector-specific prudential framework tailored to the particular risk profile, business models and long-term liabilities of (re) insurance undertakings, with the primary objective of safeguarding financial stability and policyholder protection.

E1-6, AR 13 for
para. 23

Exemption
granted to
financial
institutions for
the disclosure
of related
absolute scope
3 (category 15,
Investments)
emissions for
GHG intensity
reduction
targets

ECB

Reverse the exemption for financial institutions that allows them to not disclose emissions reduction targets in absolute values for scope 3 category 15 (Investments), in addition to intensity targets (or add a three-year limit / phase-out to the exemption).

Exempting the financial sector from providing transparency on their emissions reduction commitments could give rise to systemic greenwashing risk and create opacity, possibly resulting in an underestimation of risks by investors and the misallocation of funds.

ESMA

Clarify the drafting of the expected disclosures (especially AR 13b) regarding the disclosure of the related absolute financed emissions corresponding to the scope of the target, to maximise comparability.

SFRD review alignement

ECB

The review of the SFDR is taking place in parallel with the ESRS/Omnibus I revision, with the intention to delete company-level disclosure requirements to remove duplications of CSRD provisions.

This is under the assumption that the ESRS would adequately cover company-level sustainability disclosures, while the SFDR would cover only product-level disclosures.

However, because the ESRS are sector-agnostic, Set 1 did not include adequately defined metrics for the financial sector's value chain, such as the energy intensity of portfolios, which was by contrast an explicit datapoint under the SFDR.

Under the SFDR, all metrics were by construction focused not on the financial company's own operations, but on the company's value chain (i.e. its investee companies), where the sustainability impacts are concentrated.

ESMA

It is important to preserve the consistency between the datapoints disclosed by issuers under the ESRS and the data demands on financial market participants based on any future revision of the SFDR.

This consistency implies building, as much as possible, the data demands imposed on investors and other financial market participants on the information available in sustainability statements prepared based on the ESRS.

This is important to avoid a 'burden shifting' effect from preparers of the disclosures to the users of the information, and it is a critical aspect to ultimately preserve the competitiveness of EU capital markets.

EIOPA

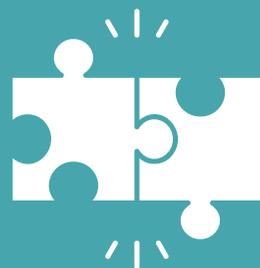
The reduced scope of undertakings required to conduct mandatory reporting under CSRD leads to exempting most financial undertakings from mandatory reporting under both frameworks.

This gap would shift the reporting burden from corporates to users, as these datapoints will have to be collected by asset managers, pension funds and (re)insurance undertakings to assess the Principal Adverse Impacts of their investment decisions and disclose on them in financial product disclosures under SFDR.

In particular, EIOPA recommends to keep in the voluntary standard the disclosures on "Principal Adverse Impacts" that are now no longer mandatory for most financial market participants, as most of them will fall out of scope of ESRS, and the due diligence statement has been removed from SFDR.

These data were reported by the industry with limited costs, as the industry had developed templates for the cross-sectoral reporting.

Interoperability and voluntary reporting



Loss of
interoperability
with IFRS/ISSB

ECB

- The extension of the "undue cost or effort" relief to all metrics goes beyond its scope under IFRS/ISSB (where it only applies to metrics on anticipated financial effects – AFEs) and hence hampers interoperability, as do the reliefs to exclude joint operations and the relief for acquisitions and disposals.
- IFRS/ISSB does not include an ex ante conclusion that, regardless of the circumstances, making use of reliefs is not detrimental to fair presentation (ESRS 1, para. 2 AR 6).
- The deletions of information on progress and extent of progress for actions and targets constitute a departure from IFRS and hence a loss of interoperability.
- The treatment of scenario analysis under the revised ESRS departs from the IFRS/ISSB standards.
- A widening gap between EU and international disclosure requirements could weaken the comparability of EU corporate data, reduce investor confidence and hamper the ability of EU firms to attract sustainable finance - ultimately placing EU undertakings at a competitive disadvantage in global capital markets, where investors increasingly rely on detailed, decision-useful sustainability metrics.

EBA

- The introduction of an expanded version of the permanent "undue cost or effort" relief that would apply to all metrics (ESRS 1, para. 94d), goes beyond the scope that this relief has under the IFRS-ISSB framework related to anticipated financial effects.
- Relief for acquisitions and disposals is not in ISSB standards and therefore leads to a loss of interoperability.
- It's important to ensure that the relief on "financial effects not separately identifiable" is kept in line with the ISSB standards and, where applicable, interpretations/guidelines issued by the ISSB.

ESMA

- Under IFRS S1 the "undue cost or effort" relief only applies to specific areas, whereas it has been extended to all metrics in the revised draft ESRS, thus compromising interoperability between the draft revised ESRS and IFRS-S.
- The relief from comparative figures for new information when the revised comparatives do not provide useful information, is not available under IFRS-S and therefore runs counter to interoperability.
- The relief which permits companies to exclude activities from metric calculations if they are not a significant driver of the IROs the metric purports to represent, is not available under the IFRS-S and so does not contribute to interoperability.
- The draft revised ESRS E1 clarifies that climate scenario analysis is not mandatory, while IFRS S2 includes it as a requirement.
- The draft revised ESRS restrict the disclosures on resilience of the strategy and business model to qualitative information, while the IFRS-S do not specify the type of information expected.

EIOPA

- The areas of application of reliefs of the ESRS exceed the reliefs provided under IFRS standards, such as
 - undue cost or effort applied to the preparation of information on metrics, or
 - reporting direct or estimated data without undue cost or effort only for a part of the undertaking's own operations or its value chain,
- which may jeopardise interoperability between ESRS and IFRS standards.

Safeguards for reporting on a voluntary basis using the revised ESRS

ECB

As part of the provisional agreement on Omnibus I, the European Commission is mandated to adopt sustainability reporting standards for voluntary use by the ~90% of companies that fall outside the original scope of the CSRD.

The revised ESRS would be a preferable alternative to the VSME for use as voluntary standards, especially considering that – contrary to the VSME – they can flexibly cater for a wide range of companies in terms of size and complexity thanks to the materiality principle which lies at their core, as well as the significant streamlining of the ESRS when it comes to the number of datapoints.

However, the voluntary use of the revised ESRS should not be interpreted as allowing companies to arbitrarily choose which parts of the revised standards they apply, as this could open the door to systematic greenwashing risk if companies choose to disclose only positive impacts and favourable-looking metrics while obscuring material negative information.

ESMA

The amendments to the scoping requirements introduced by the Commission’s “Omnibus I” proposals and recently finalised by co-legislators can be expected to result in a significant population of companies, including large listed issuers, reporting on a voluntary basis using the revised ESRS.

Adequate provisions should be introduced to avoid the selective or partial use of ESRS by voluntary adopters in a way that may mislead investors and other users of the information.

Without appropriate safeguards on the use of the revised ESRS in this voluntary reporting context, there may be an increase in the risk of greenwashing.

Standards for auditors

Importance of the prompt adoption of standards for auditors (across all sectors)

Standards for auditors will provide an essential basis for making disclosures comparable across jurisdictions and harmonised within and across sectors, ultimately enabling better benchmarking and risk differentiation.

Ultimately, they facilitate the application of ESRS requirements and lead to more streamlined and meaningful reporting.



SOURCE DOCUMENTS

ECB

https://www.ecb.europa.eu/pub/pdf/other/ecb.staffopinion_europeansustainabilityreportingstandards202602.en.pdf

EBA

<https://www.eba.europa.eu/sites/default/files/2026-02/2b47a9d5-3f02-43c4-8feb-654803a9a14b/Opinion%20on%20revised%20ESRS%20standards%20for%20submission%20and%20publication.pdf>

ESMA

https://www.esma.europa.eu/sites/default/files/2026-02/ESMA32-846262651-5440_Opinion_on_revised_ESRS.pdf

EIOPA

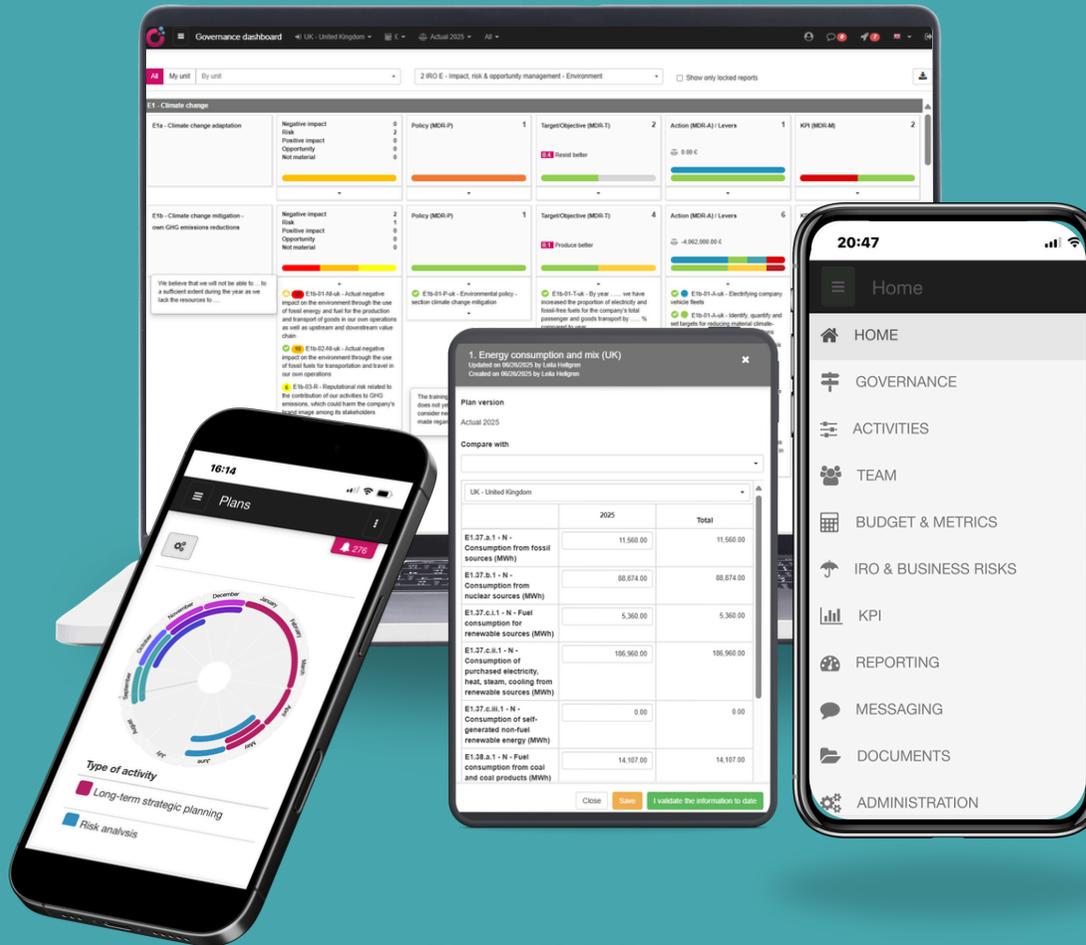
https://www.eiopa.europa.eu/document/download/6f12ca60-899a-4623-a10e-e4901c787d1c_en?filename=EIOPA-BoS-26-032%20-%20EIOPA%20Opinion%20on%20revised%20ESRS.pdf





CLEERIT
A higher goal

Make CSRD useful Get audit-ready



Cleerit ESG
Strategy, Governance & Reporting





CLEERIT

A higher goal

Disclaimer

The content of this publication reflects CLEERIT's current understanding.

This information does not replace information provided by official, administrative, or governing authorities.

The information contained in this publication is subject to change, correction, or addition without notice.

While every effort has been made to ensure that the information contained in this publication is accurate and complete, inaccuracies may exist.

CLEERIT accepts no liability for any loss or damage that may arise in connection with the use of the information contained in this publication.