Scope and Basis of the Comparison

This document compares Delegated Regulation C(2026) 5010 final, adopted by the European Commission on 3 July 2026, with the EFRAG Technical Advice on the simplified ESRS, which was published on 3 December 2025 and submitted to the Commission as technical advice. The comparison focuses on changes and nuances that may be relevant in practice for application, reporting impact, the exercise of judgement, timing, scope, reporting boundaries, exemptions, and omissions. Purely editorial changes, changes in numbering, layout adjustments, and mechanical cross-references have not been taken into account.

Timing and Legal Status of the Delegated Regulation

- On 3 July 2026, the Commission adopted the revised ESRS in the form of a Delegated Regulation. The Delegated Regulation remains subject to scrutiny by the European Parliament and the Council, publication in the Official Journal of the European Union, and the completion of the applicable entry-into-force period before it becomes effective. The Delegated Regulation provides that it shall enter into force on a date to be inserted by the Publications Office, corresponding to the date of adoption plus four months and one week.
- The revised ESRS are mandatorily applicable to financial years beginning on or after 1 January 2027. For financial years beginning between 1 January 2026 and 31 December 2026, however, undertakings may choose between: (i) the existing ESRS set; (ii) the revised ESRS set; or (iii) the existing ESRS set supplemented by certain newly introduced reliefs contained in the revised ESRS set. Undertakings should clearly state which version is being applied.

Executive Summary

- No major substantive changes have been made in the final text compared with the draft Delegated Regulation published on 6 May 2026;
- The Commission states in the explanatory memorandum accompanying the Delegated Regulation that the text builds to a significant extent on EFRAG’s simplification work and introduces additional targeted adjustments to reduce the reporting burden and, where necessary, to align more explicitly with the simplification objectives of the Omnibus I package;
- The most significant changes are concentrated primarily in the two cross-cutting standards, ESRS 1 and ESRS 2. This includes, among other things, measures aimed at preventing over-reporting, a stronger top-down approach to materiality assessment, broader exemptions, a refinement of the value-chain cap concept, more extensive rules on the omission of information, and a clearer phased-in implementation regime;
- A practically important consideration concerns the choice of reporting framework for the 2026 financial year. Undertakings may continue to report under the existing ESRS set, opt for early application of the revised ESRS, or apply the existing ESRS set in combination with certain relief measures introduced by the revised ESRS set. This choice is relevant for planning the reporting process for the 2026 financial year and for the associated assurance engagements;
- The main thematic changes are concentrated in ESRS E1, particularly with regard to transition plans, GHG reporting boundaries, and anticipated financial effects. Additional changes are found in ESRS E2, notably concerning microplastics, pollutants, and substances of concern (SoC) and substances of very high concern (SVHC), as well as in the social standards, where the threshold for reporting incidents is clarified by referring to substantiated and verified cases;
- The Delegated Regulation takes interoperability with global sustainability reporting standards into account, insofar as this is compatible with the objective of simplification. This does not, however, create an automatic or direct compliance pathway to ISSB standards IFRS S1 and IFRS S2;
- The Commission expects that the revised set of standards will reduce the reporting burden and enhance the readability of sustainability reports. At the same time, the simplification may result in certain information becoming available at a later stage or becoming less comparable, particularly in relation to anticipated financial effects, hazardous substances, social value-chain matters, and GHG reporting boundaries.

Control matrix

No.	Standard / paragraph(s)	Important modification	EFRAG's position (Dec. 2025)	Modification in the EC Delegated Regulation (3 July 2026)	Practical consequences
1	ESRS 1, paragraphs 23-24	Further Treatment of Non-Material ESRS Information: From Optional Non-Disclosure to Prohibition	EFRAG paragraph 24 stated that an undertaking is "not required" to disclose information prescribed by an ESRS Disclosure Requirement (DR) if that information is not material.	The European Commission Delegated Regulation develops this principle further: except for clearly identified additional information, an undertaking must not disclose information prescribed by an ESRS Disclosure Requirement (DR) or data point where that information is not material. It is also stated that an undertaking must not disclose entity-specific information that is not material.	This is important because it shifts the emphasis from an exemption-based approach to an obligation-based approach and may support shorter, less checklist-driven reporting. It also increases the significance of documenting materiality judgements when an undertaking decides not to disclose information that is specifically prescribed by the standards.
2	ESRS 1, paragraphs 27-28 and AR 9-10	The top-down approach to materiality assessment is further reinforced.	EFRAG already encouraged a top-down approach and stated that a materiality conclusion may be reached at topic level for a combination of impacts, risks and opportunities (IROs).	The European Commission Delegated Regulation makes the top-down approach even more operational. AR 9 states that a top-down approach allows the undertaking to avoid unnecessary work and generally does not require a materiality assessment at the level of each individual impact, risk or opportunity (IRO), unless it can reasonably be expected that a more granular assessment would lead to a different conclusion.	This is important because detailed IRO registers can be rationalised. The key point of review will become the quality of the top-down rationale, as well as whether less obvious topics have been subjected to a more specific assessment and adequately documented.
3	ESRS 1, par. 21 and AR 6 for paragraphs 19-20	More Specific and More Assertive Wording on Fair Presentation at the Level of Sustainability Information	EFRAG paragraph 21 stated that the application of the ESRS, including the materiality filter and entity-specific disclosures where necessary, is presumed to result in a fair presentation. EFRAG AR 6 already referred to the overall picture conveyed by the reported information.	The European Commission Delegated Regulation replaces this presumptive wording with a clearer statement that the application of the ESRS results in a fair presentation. AR 6 clarifies that the assessment relates to the sustainability information as a whole, rather than to individual disclosures considered in isolation. It is also stated that the use of exemptions provided for in chapters 5.4, 7.3, 7.4 or 7.7 does not impair fair presentation, provided that sufficient explanation is given.	This is important as an interpretative clarification. It reduces the risk that the preparation or assurance of sustainability information becomes a data-point-by-data-point checklist exercise, while still preserving an overall fair presentation.
4	ESRS 1, par. 66	The value-chain cap concept is operationalised through the voluntary standard.	No equivalent detailed paragraph was identified in the EFRAG ESRS 1 text (December 2025).	The European Commission Delegated Regulation specifically states that the upper limit of sustainability information that may be requested from protected undertakings within the value chain consists of the essential data points contained in both the Basic Module and the Comprehensive Module of the voluntary standard. It distinguishes between undertakings with more than ten employees and undertakings with ten employees or fewer, and extends the limitation to non-EU undertakings within the value chain.	This is important for supplier and customer questionnaires. Undertakings that are subject to mandatory sustainability reporting should align their value-chain data requests with this cap. Protected undertakings should challenge requests or assumptions that exceed the cap and for which no clear legal basis exists.
5	ESRS 1, AR 17 for paragraph 37 and AR 37 for paragraphs 62-63	Specific Carve-out for Asset Management / Fiduciary Investments	No equivalent explicit carve-out was identified in EFRAG ESRS 1.	Where an undertaking manages investments under a fiduciary duty on behalf of clients, without retaining the risks or rewards of ownership, it is not expected to assess the impacts, risks and opportunities (IROs) associated with those investments, nor is it expected to provide data relating to those investments.	This is particularly important for asset managers and certain financial institutions. The exemption avoids requiring reporting on client assets where the undertaking does not bear the risks and rewards of ownership. The scope of the exemption should be carefully documented.
6	ESRS 1, paragraphs 100-101	More Detailed Provisions on the Omission of Commercially Sensitive and Protected Information	EFRAG provided a relatively narrow description in Chapter 7.7, focusing primarily on information protected under applicable Union law or regulations, together with an exemption relating to the undertaking's commercial position that was linked to choices made by Member States in the course of transposition.	The European Commission Delegated Regulation provides a broader and more explicit list of circumstances in which information may be omitted, including information whose disclosure could seriously prejudice the undertaking's commercial position, trade secrets, classified information, and other information protected under Union or national law or whose protection is necessary to safeguard privacy or security. For each omitted data point, the undertaking must clearly disclose that the exemption has been applied and reassess the continued applicability of that exemption at each reporting date.	For reporting entities, this provides a broader and more robust basis for assessing sensitive disclosures, including disclosures relating to anticipated financial effects. At the same time, this creates a need for robust documentation in the practitioner's assurance file. In particular, the basis for the omission, the data points concerned, and the annual reassessment should be demonstrably documented and supported.

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7	ESRS 1, paragraphs 123-127; ESRS 2 BP-2, paragraphs 8-10; Article 2 of the Delegated Regulation	Further Clarification of Transitional Provisions and the FY2026 Reporting Choice	EFRAG ESRS 1 primarily addressed phased-in requirements for first-wave undertakings and explicitly left the treatment of other undertakings, including future reporting entities, to be determined by the Commission. EFRAG did not include the same differentiated phase-in structure for first-wave undertakings above and below the thresholds of EUR 450 million in revenue and 1,000 employees. Nor did it include a three-year transitional provision relating to value-chain information, or a separate phase-in for users of articles containing SVHCs.	The European Commission Delegated Regulation introduces a three-year transitional provision for situations where not all necessary value-chain information is available. In such cases, the undertaking should disclose the efforts it has made to obtain the information, explain the reasons why the information is not available, and describe its plans for obtaining the information in the future. In addition, Article 2 contains a specific regime for financial years beginning between 1 January 2026 and 31 December 2026. Undertakings may apply the revised ESRS or continue to apply the existing ESRS together with certain newly introduced relief measures. Undertakings should clearly state which version is being applied.	This is highly important for the timing of implementation. For the 2026 financial year, undertakings are given a choice; however, that choice should be explained transparently. For financial years beginning on or after 1 January 2027, the revised ESRS set will become the mandatory basis for reporting under the CSRD.
8	ESRS 2 SBM-3 paragraphs 27-31 and AR 17; ESRS 1 AR 46 and chapter 7.7	Anticipated Financial Effects: Emphasis on the Revision of Estimates, Rules on Omission, and an Additional Phase-in Period	EFRAG already included disclosures on anticipated financial effects, together with specific exemptions from quantitative disclosure where such information would not be useful or where the undertaking lacked the necessary skills, capabilities, or resources to produce it. Where quantitative information was not provided, the undertaking was required to explain the reasons for its omission and still provide useful qualitative information on the financial effects concerned, including information on the related line items, totals, and subtotals in the financial statements.	The European Commission Delegated Regulation clarifies three aspects relating to anticipated financial effects. First, AR 17 states more explicitly that anticipated financial effects are often based on estimates, scenarios, and assumptions. When earlier estimates subsequently need to be revised because new information becomes available, this does not automatically mean that the previously reported sustainability information contained a reporting error, provided that the original estimate was reasonable and properly supported at the time it was made. Second, ESRS 2 SBM-3 AR 17(d) confirms that the omission provisions set out in chapter 7.7 of ESRS 1 also apply to disclosures on anticipated financial effects. This includes, among other things, information whose disclosure could, in exceptional circumstances and subject to the conditions set out in paragraph 100 of ESRS 1, seriously prejudice the undertaking's commercial position. Third, the Regulation provides for an additional phased-in implementation period for disclosures on anticipated financial effects under ESRS 2 SBM-3 paragraph 27 and ESRS E1-11. During an initial period, the undertaking may omit all information relating to these anticipated financial effects, with the exception of certain disclosures required under E1-11. During a subsequent period, a longer transitional arrangement continues to apply to the quantitative information relating to these anticipated financial effects. If this relief is used, the undertaking should disclose this in accordance with ESRS 2 BP-2.	In practical terms, this gives undertakings greater flexibility with regard to forward-looking information on financial effects, such as expected investments, impairment risks, cash flow impacts, revenue effects, margin pressure, or the costs of mitigation and adaptation measures. The undertaking nevertheless remains responsible for clearly disclosing the assumptions, uncertainties and limitations underlying the information provided. For practitioners, the primary focus will be on the process and the supporting evidence: the reasonableness of the assumptions used, the alignment with financial planning and scenario analyses, consistency with financial information where relevant, the rationale for any omissions, and the completeness of the BP-2 disclosure where the phase-in relief is applied.
9	ESRS E1, E1-8 par. 30(c) and AR 19 for paragraph 30	GHG Reporting Boundary: Alternative GHG Protocol Approaches Permitted	EFRAG AR 19 used the financial control approach under the GHG Protocol as the starting point. If this did not adequately reflect emissions from operated assets outside the reporting boundary, the undertaking was required to report Scope 1 and Scope 2 emissions calculated using an operational control boundary.	The European Commission Delegated Regulation retains the financial control approach as the starting point, but expressly permits undertakings to use either the equity share approach or the operational control approach under the GHG Protocol as an alternative. It also requires a breakdown of Scope 1 and Scope 2 emissions between emissions attributable to the consolidated accounting group and other emissions.	This is likely to increase flexibility and may allow for better alignment with existing GHG accounting methodologies. On the other hand, comparability may be affected; therefore, the reporting boundary selected, the rationale for its selection, and its implications should be clearly explained in the methodology disclosures.
10	ESRS E1, E1-1 par. 12(a); ESRS E1 AR 2 for paragraph 12(a); ESRS E1 AR 17 for paragraph 24(c)	Climate Transition Plan: Specific Transparency Requirements Where Targets Are Not Compatible with a 1.5°C Pathway	EFRAG required a statement as to whether the undertaking's greenhouse gas emission reduction targets are science-based and compatible with limiting global warming to 1.5°C, with reference to E1-6 and the related Application Requirements (ARs).	The European Commission Delegated Regulation adds that, where an undertaking discloses a transition plan containing greenhouse gas emission reduction targets that are not compatible with limiting global warming to 1.5°C, the undertaking must explain this in its disclosures. In particular, it should explain how the target values relate to the relevant reference values and how expected future developments have been taken into account.	An undertaking may therefore still report a transition plan containing targets that are not compatible with a 1.5°C pathway; however, it must be transparent about that gap rather than implying alignment with the objectives of the Paris Agreement.

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11	ESRS E2, E2-4 paragraphs 15-16 and AR 1-2	Pollutants and Microplastics: Only Primary Microplastics; Management Assessment of the Materiality of Pollutants	EFRAG ESRS E2-4 required disclosures on both primary and secondary microplastics. EFRAG AR 2 considered pollutant lists and threshold values to be useful inputs for assessing the materiality of pollutant emissions.	The European Commission Delegated Regulation limits the disclosure requirement to primary microplastics that are produced or used in products and that are directly released into the environment. It also states that material pollutant emissions are to be identified through a management assessment that takes into account the undertaking's activities and sector, using E-PRTR/IEPR pollutant lists and thresholds as relevant inputs.	The amendment relating to microplastics constitutes a further reduction in the reporting burden. The amendment relating to pollutants clarifies that materiality is not a mechanical checklist exercise, but rather a management assessment based on the undertaking's activities and sector.
12	ESRS S1, S1-16 par. 43 and AR 36-37	Human Rights and Discrimination Incidents: Threshold Clarified as Substantiated and Verified Cases	EFRAG already referred to substantiated cases of judicial and non-judicial proceedings that had been initiated and/or incidents that had been recorded by the undertaking.	The explanatory memorandum accompanying the European Commission Delegated Regulation clarifies the reporting threshold for human rights and discrimination incidents. It does not cover every complaint, allegation, record, or ongoing proceeding, but rather cases that are both substantiated and verified. Accordingly, the existence of a report submitted through a complaints channel, an entry in an HR register, or the existence of a judicial or non-judicial proceeding does not automatically suffice. The undertaking should assess whether objective, factual, and verifiable information is available to support the incident. The reference to proceedings that have merely been "initiated" has been removed in order to avoid treating proceedings that have simply been commenced, or that are ultimately unfounded, as automatically reportable incidents.	In practical terms, this reduces the risk of over-reporting unsubstantiated complaints or proceedings, but it also increases the need for clear internal criteria and robust governance. The undertaking should determine who is responsible for assessing whether a case is sufficiently substantiated and verified, what evidence is considered sufficient, how legal, HR-related, and confidentiality constraints are respected, and how consistency is ensured across countries, entities, and business units. For assurance purposes, this means that not only the numerical count of incidents should be reviewed, but also the underlying definition, the cut-off procedures applied, the source registers used, the escalation process, and the documentation supporting cases that have, or have not, been classified as "substantiated and verified".
13	General Considerations; Explanatory Memorandum and Recitals to the Delegated Regulation	No Direct ISSB/IFRS S1 and S2 Compliance Pathway; Interoperability Remains the Objective	EFRAG stated that the revised ESRS seek to maximise interoperability with international standards to the extent compatible with EU policy objectives and the principle of double materiality.	The European Commission Delegated Regulation takes interoperability with global sustainability reporting standards into account, insofar as this is compatible with the objective of simplification. The text does not, however, create automatic equivalence with, or direct compliance with, ISSB standards IFRS S1 and IFRS S2.	Important for managing expectations. Undertakings that also wish to meet investors' or capital markets' expectations under ISSB Standards IFRS S1 and IFRS S2 should therefore continue to assess whether a separate mapping exercise or additional disclosures are required. For practitioners, this is primarily relevant where the undertaking makes claims regarding ISSB alignment or compliance.

Sources

- European Commission, Delegated Regulation C(2026) 5010 final of 3 July 2026, amending Delegated Regulation (EU) 2023/2772 as regards the simplification of certain European Sustainability Reporting Standards (ESRS).
- European Commission, Annexes 1 and 2 to Delegated Regulation C(2026) 5010 final of 3 July 2026.
- European Commission, Commission Staff Working Document SWD(2026) 500 final of 3 July 2026.
- European Commission, news item of 3 July 2026 on the adoption of the revised ESRS and the voluntary reporting standard.
- EFRAG, technical advice / draft of simplified ESRS, published on 3 December 2025, including ESRS 1, ESRS 2 and the topical standards.