FRA EUROPEAN UNION AGENCY FOR FUNDAMENTAL RIGHTS

OPINION ON DRAFT SIMPLIFIED EUROPEAN SUSTAINABILITY REPORTING STANDARDS

OPINION

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Preamble

The European Union Agency for Fundamental Rights,

Recalling the Treaty on European Union, in particular Article 6 thereof,

Recalling the obligations enshrined in the Charter of Fundamental Rights of the European Union (the Charter),

Recalling Council Regulation (EC) No 168/2007 of 15 February 2007, as amended by Council Regulation (EU) 2022/555 of 5 April 2022, establishing a European Union Agency for Fundamental Rights (FRA),

Pursuant to Article 2 of Council Regulation (EC) No 168/2007 (as amended), which tasks FRA 'to provide the relevant Union institutions, bodies, offices and agencies and the EU Member States when implementing Union law with assistance and expertise relating to fundamental rights in order to support them when they take measures or formulate courses of action within their respective spheres of competence to fully respect fundamental rights',

Having regard to Article 4(1)(d) of Council Regulation (EC) No 168/2007 (as amended), which tasks FRA to 'formulate and publish conclusions and opinions on specific thematic topics, for the Union institutions and the Member States when implementing Union law, either on its own initiative or at the request of the European Parliament, the Council or the Commission',

Considering the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct,

Having regard to Article 29b of the Accounting Directive, as amended by the Corporate Sustainability Reporting Directive (CSRD), which empowers the Commission to adopt European Sustainability Reporting Standards (ESRS) as delegated acts taking account of the technical advice of the European Financial Reporting Advisory Group (EFRAG) and after having consulted the Member States and certain Union bodies identified in the directive. The ESRS specify the information that undertakings are to report in accordance with Article 19a(1) and (2), and Article 29a(1) and (2) of the CSRD,

Having regard to the political agreement reached between the Council and European Parliament on the Omnibus I simplification package and endorsed by the European Parliament on 16 December 2025, concerning certain corporate sustainability reporting and due diligence requirements, in particular where the Omnibus I package envisages in parallel a revision of the ESRS,

Having regard to the European Commission's request of 16 December 2025 to the EU Agency for Fundamental Rights for an opinion on the draft simplified ESRS developed by the European Financial Reporting Advisory Group, in line with Article 49(3b) of the Accounting Directive as amended by the CSRD,

submits the following opinion:

Executive summary

The European Commission requested the European Union Agency for Fundamental Rights (FRA) to provide an opinion on the draft simplified European Sustainability Reporting Standards (ESRS) ahead of their adoption via delegated act. This opinion applies a risk-based human rights approach, grounded in the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, to assess whether the proposed simplifications preserve essential safeguards for people adversely affected by corporate activities. Conducting such a fundamental rights impact assessment of changes proposed by EFRAG benefits the simplification of reporting standards as it serves as a means to ensure that efficiency gains are achieved without compromising the protection of human rights or the quality of disclosures.

What changed / Why it matters for fundamental rights

The recent simplification of the ESRS aimed to ease the reporting burden on companies, particularly smaller entities, while seeking to retain the essential safeguards that underpin effective sustainability disclosure. The sustained focus on a human rights risk-based framework aligned with the approach articulated in the UNGPs is welcome for its potential to enhance focus and practicality. However, a more streamlined regime also carries risks, including the possibility of inconsistent application or reduced transparency where companies interpret materiality too narrowly.

The draft simplified ESRS introduce extensive reductions in mandatory data points, broaden the reliance on reliefs and phase ins, and increase the use of estimates and proxies in value chain reporting. Social metric reductions affect gender equality, non-employee transparency, work life balance, and occupational health and safety, while climate and pollution disclosures have become less prescriptive. These changes matter because they may render making severe or systemic human rights impacts less visible, particularly where they occur deep in value chains or affect marginalised groups. Moreover, simplifications in climate and pollution reporting may slow the detection of harms affecting fundamental rights to health, decent work, and a safe environment.

Scope of this opinion

This opinion focuses its analysis and conclusions on crosscutting standards (ESRS 1–2) and social standards (S1–S4) and includes certain targeted observations on environmental standards where these are relevant to rights protection. It identifies where deletions, restructuring, or new flexibilities may reduce the visibility of human rights impacts, weaken transparency, or create legal ambiguity—particularly for vulnerable groups. It offers a number of targeted suggestions to improve the simplified ESRS with proportionate safeguards aimed at ensuring the respect of human rights in a corporate context, such as strengthening double materiality assessment or restoration of key labour, gender and governance disclosures.

Abbreviations

- **AR** – application requirement
- **CEDAW** – Convention on the Elimination of All Forms of Discrimination Against Women
- **Charter** – Charter of Fundamental Rights of the European Union
- **CSDDD** – Corporate Sustainability Due Diligence Directive
- **CSRD** – Corporate Sustainability Reporting Directive
- **DR** – disclosure requirement
- **ECHR** – European Convention on Human Rights
- **ECtHR** – European Court of Human Rights
- **EFRAG** – European Financial Reporting Advisory Group
- **ESRS** – European Sustainability Reporting Standards
- **FPIC** – free, prior and informed consent
- **GDR** – general disclosure requirement
- **GDR-A** – general disclosure requirement for actions
- **GDR-M** – general disclosure requirement for metrics
- **GDR-P** – general disclosure requirement for policies
- **GDR-T** – general disclosure requirement for targets
- **GRI** – Global Reporting Initiative
- **IFRS** – International Financial Reporting Standards
- **ILO** – International Labour Organization
- **IROs** – impacts, risks, and opportunities
- **ISSB** – International Sustainability Standards Board
- **NMIG** – non-mandatory implementation guidance
- **OECD** – Organisation for Economic Co-operation and Development
- **OSH** – occupational safety and health
- **PAI** – principal adverse impact
- **SBM** – strategy and business model
- **SFDR** – Sustainable Finance Disclosure Regulation (Regulation (EU) 2019/2088)
- **SMEs** – small and medium-sized enterprises
- **SoC** – substance of concern
- **SVHC** – substance of very high concern
- **UN** – United Nations

- **UNGPs** – United Nations Guiding Principles on Business and Human Rights
- **UNICEF** – United Nations Children's Fund

1. Introduction

1.1. Scope of the analysis

1. Pursuant to Article 49(3b) of the Accounting Directive [1] as amended by the CSRD, the European Commission has requested that the European Union Agency for Fundamental Rights (FRA) provide an opinion on the draft simplified European Sustainability Reporting Standards (ESRS) prior to their adoption via a delegated act.
2. FRA's opinion applies a risk-based approach [2], grounded in international human rights standards and frameworks, to sustainability reporting and to its analysis of the revised ESRS. It recalls the foundational principles of responsibility of businesses to respect human rights, which requires companies to take adequate measures to identify, prevent, mitigate and, where appropriate, remedy actual and potential adverse human rights impacts that they may cause or contribute to through their own activities or as a result of their business relationships with other parties. [3]
3. This opinion analyses the changes proposed by EFRAG to the ESRS from a fundamental rights perspective: it identifies where deletions of data points or rephrasing of standards increase risks to the protection of fundamental rights, including for vulnerable groups, and it offers recommendations on where to restore or strengthen safeguards. As a result of this, the analysis focuses on social standards [4].
4. This opinion does not purport to provide an exhaustive analysis of the potential adverse impacts that the simplification of the ESRS may have on fundamental rights but rather aims to alert policymakers and companies to the most salient points.
5. Its analysis and conclusions draw on desk research and take account of relevant European and international instruments, Charter of Fundamental Rights of the European Union (hereafter the Charter), the European Convention on Human Rights (ECHR) and the United Nations Guiding Principles on Business and Human Rights (hereafter UNGPs), and relevant international reporting standards, for example International Financial Reporting Standards (IFRSs) and Global Reporting Initiative (GRI) Standards.

1.2. Legal and policy context

6. EU sustainability reporting rules require large and listed companies to regularly disclose comparable and reliable information on the social and environmental risks and opportunities they face, and how their activities affect people and the environment. By mandating these disclosures from companies above specified size thresholds, the EU sustainability reporting framework promotes transparency on corporate sustainability performance. This information enables investors, civil-society organisations, consumers and other stakeholders to assess companies' sustainability impacts and risks, while advancing the European Green Deal's goals to promote more sustainable economic activities [5].

7. The Corporate Sustainability Reporting Directive (CSRD) [6] was adopted on 14 December 2022 and amended the Accounting Directive [7] – among other measures. It introduced an obligation for listed small, medium-sized and large undertakings (excluding micro-undertakings) listed on EU-regulated markets, and large undertakings and parent undertakings of large groups, to report on the impact of their activities on sustainability (Article 19a). The reporting obligation also applies to insurance undertakings and credit institutions (Article 1(3)).
8. The CSRD aims to ensure a harmonised level of sustainability reporting across the EU. It specifies the nature and scope of information that sustainability reporting must include, notably in the undertaking's own operations and its entire value chain. Article 19a(4) provides that undertakings must report the required information in accordance with the ESRS, the content of which is set out in Article 29b. The first set of sector-agnostic ESRS was published by the European Commission in July 2023, as mandated by the CSRD: these 12 ESRS cover the full range of sustainability issues, including social and environmental issues.
9. Over time, however, practitioners (particularly business and employer associations) began to raise concerns that certain disclosure requirements (DRs) were imposing excessive burdens on undertakings. This prompted a regulatory push to refine the CSRD's personal and material scope through the Omnibus I simplification package and the European Financial Reporting Advisory Group (EFRAG). In July 2025, EFRAG launched a public consultation on draft simplified ESRS to gather stakeholder input on reducing complexity [8]. A significantly streamlined set of ESRS was finalised by EFRAG [9] on 3 December 2025 ('draft simplified ESRS'). According to EFRAG, the revised ESRS introduce greater flexibility, phased implementation and an approximately 61 % [10] cut in mandatory data points to ease undertakings' reporting load.
10. The Omnibus I package, including the Directive of the European Parliament and of the Council amending Directives 2006/43/EC, 2013/34/EU, (EU) 2022/2464 and (EU) 2024/1760 as regards certain corporate sustainability reporting and due diligence requirements, was formally approved by the co-legislators on 16 December 2025 [11].
11. The final agreement on Omnibus I significantly reduces the CSRD's personal scope i.e. limits it to undertakings with more than 1000 employees and net turnover above EUR 450 000 000. This translates to an 85–90 % reduction [12] in the number of undertakings subject to sustainability reporting obligations.
12. In addition, the limitations on the scope of information requests within value chains and the expanded list of derogations concerning the information that must be disclosed are expected to significantly decrease the overall level of data reported.
13. Omnibus I also narrows the personal scope of the Corporate Sustainability Due Diligence Directive (CSDDD), with estimates suggesting a reduction of around 70 %. The directive would therefore apply to fewer than 1 000 undertakings across the EU [13]. Although the ESRS do not impose substantive obligations related to conduct, the reporting requirements rely on existing due diligence processes. As highlighted in the draft simplified ESRS, 'the outcome of the undertaking's sustainability due diligence process … informs the undertaking's assessment of its material impacts, risks and opportunities' [14].

14. The amendments to the CSRD – notably the significant narrowing of the reporting scope – are central to interpreting the draft simplified ESRS. The initiatives share a common objective: simplification and the reduction of administrative burdens. Accordingly, the proposed reduction in data points within the ESRS must be assessed against the now substantially reduced scope of reporting undertakings.

1.3. Why it matters for fundamental rights?

15. To promote international policy coherence and ensure effective human rights protection, sustainability reporting laws and policy measures should be consistent with international law and standards. Article 29b of the CSRD promotes such coherence in mandating that sustainability reporting standards address social and human rights aspects, including equal treatment, working conditions, and adherence to human rights, fundamental freedoms, democratic principles and standards outlined in key instruments. These encompass the International Bill of Human Rights and other core UN human rights conventions (including the UN Convention on the Rights of Persons with Disabilities), the UN Declaration on the Rights of Indigenous Peoples, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and the fundamental conventions of the International Labour Organization, the ECHR, the European Social Charter and the Charter. [15]
16. The ESRS safeguard fundamental rights across social, governance, and environmental areas by embedding elements of human rights due diligence into corporate reporting. In particular, the social standards protect rights such as non-discrimination, safe work, and freedom from forced labour. Cross-cutting standards set general requirements for double materiality and require disclosures on governance, strategy, and impacts, risks, and opportunities across all topics, including the identification and management of human rights impacts. Governance standards promote ethical culture, anti-corruption and whistleblower protection. Finally, environmental standards advance rights by addressing climate change, pollution, water, biodiversity and resources, as these issues can threaten rights to health, life, food, water, or indigenous land. Negative impacts like ecosystem harm can cause severe human rights violations.

2. Cross-cutting Standards

2.1. ESRS 1 – General Requirements

17. The draft simplified ESRS 1 are reorganised around three principles: (i) the principle of double materiality as the primary filter for what must be reported; (ii) a fair presentation principle that requires a true, balanced and comprehensive depiction of material impacts, risks and opportunities (IROs); and (iii) greater flexibility in structure and evidence, including reduced data point burdens and phased reliefs. Taken together, these amendments aim to streamline reporting and improve clarity.

Definition: double materiality

As 'the basis for sustainability reporting', **double materiality** affirms that undertakings must only report on sustainability matters identified as **material**.

A sustainability matter is considered material if it has actual or potential, positive or negative, impacts on people or the environment (impact materiality) or on one's financial position or performance, cash flows or access to finance (financial materiality) or both.

Impacts may relate to the undertaking's own operations or its upstream and downstream value chain.

The double materiality approach aligns with key international standards such as the GRI Standard.

Source: EFRAG, Draft Simplified ESRS 1 General Requirements, EFRAG, Brussels, 2025

18. Under the amended approach to double materiality assessment, undertakings may choose either a high-level, topical approach – deciding whether broad topics such as 'workers in the value chain' or 'affected communities' are material, which simplifies the process – or a more granular analysis at the subtopic or data point level – a top-down approach that allows more in-depth disclosure where necessary.
19. Under the amended act, key concepts have been clarified and reinforced, including that double materiality encompasses both impact materiality – focusing on the undertaking's significant (positive and negative) impacts on people and the environment – and financial materiality – focusing on how sustainability-related risks and opportunities affect the undertaking's financial position, development, performance and enterprise value. Both dimensions must be linked to a clearly defined sustainability topic.
20. This dual concept is pivotal to the ESRS' architecture under the CSRD, serving as the foundationof the sustainability reporting regime and determining which information must be

disclosed. It also distinguishes the ESRS approach from global standards such as IFRS S1 and S2, established by the International Sustainability Standards Board (ISSB), which apply only a single materiality lens focused on enterprise value (i.e. information material to investors and financial performance) [16]. The amendments further reinforce the definition of materiality as encompassing IROs linked to sustainability topics, and clarify how undertakings should transition from identifying material matters to disclosing policies, actions and metrics.

Definition: fair presentation principle

Fair presentation aims for a sustainability statement that considers 'the overall picture of the reported information'.

It requires the disclosure of relevant information on IROs in a 'complete, neutral and accurate' manner, in order to achieve a faithful representation.

Fair presentation also requires that the disclosed information be 'comparable, verifiable and understandable'. Additional information (or entity-specific information) may be disclosed if necessary to ensure fair representation.

Source: EFRAG, Draft Simplified ESRS 1 General Requirements, EFRAG, Brussels, 2025.

21. The simplified ESRS 1 introduces an overarching fair presentation principle, aligning it with international reporting norms such as the GRI standards [17] and the ISSB standards [18]. Under this principle, undertakings must ensure that their sustainability statements give a true, balanced and comprehensive view of material IROs, going beyond mere tick-box compliance. In practice, this requires reporting all relevant information needed for a faithful depiction of sustainability matters – including adding entity-specific disclosures if the standard metrics are insufficient [19].
22. The draft simplified ESRS 1 also provides greater flexibility in reporting structure by allowing a more narrative, principle-based approach to explaining policies, actions and targets, rather than a standardised checklist. Undertakings may present information in the way that best describes how they manage sustainability matters, as long as it is complete and meets the disclosure objectives. This links to the new optional executive summary [20] feature – undertakings can include a high-level overview for senior audiences while moving detailed data into annexes, improving readability. Importantly, ESRS 1 still mandates that if an undertaking has a material sustainability topic not covered by one of the existing ESRS (e.g. a sector-specific issue), it must provide an entity-specific disclosure [21] on that topic. This requirement is maintained to ensure that no material issue is omitted simply because the standards do not explicitly list it.
23. Crucially, the volume of mandatory data points is significantly reduced across the ESRS. EFRAG's draft revisions cut the number of mandatory quantitative metrics and detailed

breakdowns by over 60 %, while suppressing all voluntary data points. In ESRS 1, this is reflected by reducing application requirements (ARs) and guidance, as many prescriptive details are moved to non-mandatory guidance or deleted.

24. Additionally, phase-in provisions and reliefs are built into ESRS 1's requirements, introducing or extending grace periods for particularly complex disclosures, and exemptions for 'undue cost or effort' [22].

Human rights impact and legal analysis

Double materiality

25. Maintaining the double materiality principle is essential for human rights transparency and accountability. ESRS 1's framework requires undertakings to report not only on financially significant sustainability risks, but also on material impacts on people and the environment [23]. This principle operationalises the approach of the UNGPs and the Guidelines for Multinational Enterprises on Responsible Business Conduct devised by the Organisation for Economic Co-operation and Development (OECD) (hereafter 'OECD Guidelines'), and is aligned with the Charter's relevant provisions, for example the prohibition of slavery and forced labour (Article 5), non-discrimination (Article 21), the protection of children's rights (Article 24) and the right to fair and just working conditions (Article 31).
26. Double materiality is therefore essential from a human rights perspective and should neither be further streamlined nor removed. The proposed streamlining of and clarifications to the (double) materiality assessment provide clearer, less burdensome guidance in ESRS 1, enabling undertakings to focus on the most serious and relevant human rights issues, which is consistent with a risk-based approach. In terms of impact materiality, the emphasis on severity (looking at the scale, scope and irremediable character of impacts [24] ensures that issues like fatalities, child exploitation and environmental disasters are considered material regardless of financial magnitude. In particular, including factors that influence the existence of negative impacts in a specific context of the geography such as conflict-affected and high-risk areas, fosters alignment with OECD Guidelines without undue burden on reporting undertakings.
27. However, several legal and substantive risks may arise from the manner in which double materiality is operationalised in the simplified ESRS 1. It should not be used for the summary dismissal of issues as 'non-material', which could result in certain human rights issues receiving insufficient attention. For example, companies may label subtle human rights or environmental impacts (low scale /short term) non-material via business model assumptions, omitting disclosures despite UNGPs alignment needs. Also, newly added 'information materiality' permits omitting some details within material topics, leading to 'fair presentation' claims that exclude impact depth (see paragraphs 32–35). Specifically, the simplified ESRS 1 deletes the blanket requirement to consider all ESRS topics and now explicitly allows a 'top-down' materiality approach focusing on obviously material topics [25]. This top-down approach permits undertakings to determine at a high level whether a sustainability topic is material – without requiring an assessment of specific

subtopics or data points unless the broader topic is flagged as material through the undertaking's own materiality assessment process. While this adds flexibility, it risks overlooking human rights risks that may not be visible at the aggregate level. For example, under this approach an undertaking may deem 'workers in the value chain' immaterial overall and thereby avoid reporting on serious human rights concerns such as child labour (Article 24 of the Charter), freedom of association (Article 12 of the Charter), migrant worker abuse and labour exploitation (Articles 5 and 31 of the Charter) or gender-based violence and discrimination (Articles 1 and 21 of the Charter) – all of which may exist within specific suppliers or contexts but remain hidden when viewed from a high level. This may create conflict with international standards, including the UNGPs and the OECD Guidelines, which require businesses to identify and address salient human rights impacts.

28. Furthermore, the parallel simplification of the CSDDD narrows due diligence obligations in ways that may result in a *de facto* concentration of attention at Tier 1. Specifically, although the final CSDDD text does not mandate a strict Tier 1 focus, it permits undertakings to prioritise direct partners, apply risk-based scoping without comprehensive mapping and rely on 'reasonably available information' rather than deep data requests. In practice, these flexibilities may lead undertakings to conduct more limited due diligence processes overall, which then feed into their ESRS materiality assessments and may create a negative feedback loop. A robust, ongoing due diligence process can significantly simplify and reinforce the materiality assessment, making it more targeted, data-driven, and practical while reducing overall complexity. It facilitates value chain mapping and improves DMA quality [26]. Weaker CSDDD due diligence may lead undertakings to identify fewer material human rights impacts, which in turn reduces ESRS disclosure obligations under the double materiality approach. This undermines the intended complementarity between the two frameworks and may result in reduced human rights reporting – not because impacts have lessened, but because identification processes have been scaled back. The United Nations Children's Fund (UNICEF) has cautioned that the revised standards must continue to stress the linkage between due diligence and materiality – that is, undertakings should identify impacts by following the due diligence processes set out in frameworks like the UNGPs and the OECD Guidelines, and then determine material topics. When an undertaking conducts thorough human rights due diligence (engaging with stakeholders, assessing risks), it will be less likely to unjustifiably dismiss serious issues as not material [27].

29. Moreover, the simplified ESRS 1 – may inadvertently further weaken – —requirements for meaningful stakeholder engagement with affected rightsholders. While the original ESRS 1 already lacked an explicit obligation to consult affected stakeholders as part of the materiality assessment, it contained more detailed references to aligning materiality determinations with due diligence processes under the UNGPs and OECD Guidelines, including stakeholder involvement. The simplification process has further diluted these references. Specifically, the simplified ESRS 1 does not appear to mandate or emphasise consultation with potentially affected communities, workers or their representatives as a prerequisite for materiality determinations. This creates a risk that undertakings conduct top-down materiality assessments primarily through internal processes or investor-focused analyses, bypassing the voices of those most directly impacted. This is contrary to

UNGP 18, which stresses that the assessment of human rights impacts should involve 'meaningful consultation with potentially affected groups and other relevant stakeholders'. Without explicit requirements to engage affected stakeholders in identifying and assessing material impacts, undertakings may overlook context-specific harms or dismiss certain groups' concerns as immaterial, particularly where those impacts do not translate into obvious financial risks. This would be inconsistent not only with the UNGPs but also with the expectations under the OECD Guidelines and the due diligence expectations of the CSDDD (Article 13), which require undertakings to engage with stakeholders in identifying, preventing and addressing adverse impacts across their operations and value chains.

Fair presentation

30. The simplified ESRS 1 introduces an overarching fair presentation principle, aligning it with international reporting norms such as the ISSB standards. It requires undertakings to faithfully represent their sustainability performance and not mislead or omit material facts [28]. This principle requires the application of the qualitative characteristics of information defined in Appendix B of the simplified ESRS 1. Moreover, when the application of ESRS requirements is not sufficient to enable users to understand the undertaking's material IROs and how they are managed, the undertaking must also disclose entity-specific information [29].
31. The fair presentation principle aligns conceptually with available guidance on reporting under international human rights standards. The UNGPs emphasise meaningfuldisclosure of how undertakings address their human rights impacts. In particular, UNGP 21 emphasises form and frequency of information, and calls for communications that are accessible to affected stakeholders and sufficient to evaluate the adequacy of an undertaking's response to its impacts. By requiring a fair and faithful account of material impacts, ESRS 1 supports the UNGPs approach – namely, that businesses must know their impacts and demonstrate how they address them. It also reinforces the OECD Guidelines expectation that undertakings transparently communicate on due diligence and impacts to facilitate accountability. If robustly applied, this principle also supports the right to information and transparency enshrined in instruments such as Article 11 of the Charter (freedom to receive information) and Article 10 of the ECHR (freedom of expression). These are provisions that also safeguard the public's ability to scrutinise corporate conduct, as evidenced in Guerra v. Italy in 1998, where the European Court of Human Rights (ECtHR) found that withholding information on industrial risks violated residents' rights [30].
32. By compelling undertakings to report fairly on material human rights issues, the principle can close gaps in disclosure and prevent undertakings from omitting significant human rights impacts under the guise of simplification. Focusing on what is relevant and material rather than a compliance checklist may drive more candid reporting of salient human rights risks (e.g. forced labour in supply chains or community land conflicts), thereby enhancing accountability.
33. Although the fair presentation principle has the potential to bolster transparency and align ESRS 1 with global human rights reporting norms, its success will depend on rigorous application and on balancing the perspectives of stakeholders with those of enterprises. It

should be paired with guidance to ensure that undertakings understand that fairness in sustainability reporting means comprehensiveness and honesty about impacts on people and the environment – consistent with the spirit of UNGP 21.

Relief measures

34. The simplified ESRS 1 and related standards introduce a series of relief provisions aimed at reducing reporting burdens. These include clauses allowing undertakings to omit or delay disclosures under certain conditions, such as when data gathering would incur 'undue cost or effort' and during various phase-in periods for new requirements. These provisions allow flexibility to use estimates or industry averages instead of hard data and even the deferral of some value chain reporting. While these measures improve practicality for undertakings, taken together they raise concerns about a cumulative reduction in transparency, particularly regarding human rights and vulnerable groups.
35. Undue cost or effort exemption. The simplified ESRS have introduced this relief for all the elements of reporting, from identifying material IROs to calculating metrics, in line with IFRS S1 and S2. In addition, the relief is applicable to metrics both in an undertaking's own operations and in upstream and downstream value chains. This relief does not exempt an undertaking from providing a disclosure, but it allows disclosure of a calculation that includes only a partial scope, when reliable direct or estimated data are not available. When using this relief, the undertaking must disclose actions it will take to improve the coverage of its calculation in future periods. This transparency is expected to provide sufficient incentive to improve data quality and achieve a more complete scope in the calculation of metrics [31].
36. This general relief appears across multiple standards and is not time-bound, meaning an undertaking could potentially invoke it year after year for the same disclosure. In the absence of clear guardrails, stakeholders warn [32] that the exemption could be misused and could become a de facto loophole for chronic under-reporting, with essential information on high-risk supply chains or community impacts never surfacing. From a fundamental rights perspective, such opacity may undermine accountability and impede the ability of affected rightsholders and oversight actors to detect harm or seek remedy, in breach of Article 47 of the Charter.
37. Value chain data flexibility. A major simplification is the elimination of the former preference for direct supplier data. Undertakings are now explicitly permitted to use estimates, proxies or industry average data for value chain information [33]. This reduces pressure to obtain precise data from suppliers, addressing corporate complaints about the data collection burden. Undertakings may draw on publicly available sources or industry benchmarks in lieu of obtaining metrics from each supplier, provided they disclose their estimation methodology.
38. Meanwhile, the Omnibus I package significantly narrows the personal and material scope of the CSRD: only undertakings with over 1 000 employees and a turnover of more than EUR 450 million will be required to report. Listed small and medium-sized enterprises (SMEs) are to be exempt entirely. In practice, this means that thousands of medium-sized companies will no longer fall under the sustainability reporting regime. Many of these

undertakings have significant regional or global operations where human rights issues (e.g. in mid-tier suppliers or local labour practices) can arise. Furthermore, a 'value chain information cap' has been introduced as part of the CSRD post Omnibus I. This cap limits how much sustainability data that in-scope undertakings can demand from smaller value chain partners. In practice, SME suppliers (below certain size thresholds) gain a statutory right to refuse or limit data provision beyond what is covered by simplified voluntary SME standards.

39. These changes ease administrative burdens but they may limit the granularity and reliability of value chain data available for risk analysis [34]. If an SME supplier declines to provide emissions data or information on labour conditions, the focal company must rely on sector averages or generic estimates for that supplier's segment. While this avoids overburdening the SME, it means the reported picture of the supply chain is based on assumptions. Serious abuses such as child labour or land grabs often occur in specific localities or sub-tiers; these issues may remain undocumented if the undertaking has access to only high-level information. Together, the value chain information cap and ESRS reliefs mark a shift towards a more flexible, issuer-friendly reporting regime. Yet, there is a risk that human rights issues go unreported or even undetected, running counter to the aims of sustainability reporting [35]. Thus, while this relief may seem justifiable in isolation, taken together with other amendments introduced by Omnibus I it poses a systemic risk of under-reporting if not accompanied by clear guidance and safeguards.

Interoperability

40. The draft simplified ESRS 1 has been adopted with a strong focus on interoperability with global sustainability standards, particularly the ISSB's IFRS S1 and S2 and the GRI Standards. Wherever possible, the revision employs the same wording as IFRS S1 ('General Requirements for Disclosure of Sustainability-related Financial Information') and IFRS S2 ('Climate-related Disclosures') for provisions common to both frameworks, including in ESRS 1 (General requirements), ESRS 2 (General disclosures) and ESRS E1 (climate change). Although the revised ESRS retain their double materiality perspective (in contrast to the ISSB's financial materiality focus), alignment on general requirements has been enhanced by explicitly embedding a fair presentation framework, mirroring IFRS S1 and S2. The concept of materiality has also been reinforced.

Conclusions

41. The draft simplified ESRS 1 reflects a deliberate recalibration of the general requirements around three organising principles: double materiality as the gateway to reporting, an overarching fair presentation principle, and increased flexibility in structure and evidence. They are intended to streamline reporting, improve clarity and enhance interoperability with the ISSB/IFRSs baseline while preserving the breadth of the EU framework.
42. The reaffirmation of double materiality remains the most significant safeguard for human rights transparency within the simplified ESRS 1. By maintaining impact materiality alongside financial materiality, the framework preserves the requirement to disclose

significant impacts on people and the environment, operationalising a risk-based approach consistent with international standards. However, there are concerns about how double materiality may be operationalised under the simplified ESRS 1, particularly due to the deletion of the blanket requirement to consider all ESRS topics and the explicit permission to apply a 'top-down' topical approach. This flexibility, while potentially reducing burdens, could allow undertakings to deem broad themes immaterial and thereby avoid disclosure of context-specific harms that are obscured at the aggregate level. Furthermore, by diluting the requirements for meaningful stakeholder engagement, there is a risk that undertakings conduct materiality assessments as top-down, internally driven exercises, bypassing the voices of those most directly affected.

43. These amendments raise the risk that due diligence becomes a 'compliance mapping' exercise rather than a genuine, continuous assessment of the risk of harm [36] . Materiality determinations – especially where a topical screening approach is used – should be explicitly anchored in robust human rights due diligence processes, so that 'top-down' judgements do not substitute for the identification of salient impacts. In addition, undertakings should be expected to demonstrate – through their materiality assessments and fair presentation logic –that reliance on Tier 1 visibility does not become a de facto ceiling for identifying and reporting severe impacts beyond direct suppliers, particularly for risks that are structurally more likely to arise deeper in the value chain. Furthermore, the application of severity in impact materiality (scale, scope and irremediable character) should be reinforced in practice as a safeguard against superficial non-materiality conclusions for grave harms, ensuring that the most serious impacts are not screened out on the basis of aggregation or perceived business irrelevance.
44. The introduction of an overarching fair presentationprinciple has the potential to strengthen human rights reporting by requiring a true, balanced and comprehensive depiction of material IROs, moving beyond tick-box compliance and, where necessary, compelling entity-specific disclosures to avoid misleading omissions.
45. Relief measures, particularly the 'undue cost or effort' exemption, may reduce transparency in contexts where rightsholders most need visibility. Without strict guardrails or time limits, the 'undue cost or effort' exemption could be invoked repeatedly for the same disclosures, enabling chronic and persistent under-reporting, while partial-scope calculations may not provide sufficient insight into high-risk areas.
46. The increased flexibility with regard to value chain information can weaken the granularity and reliability of information available for human rights risk analysis, since severe abuses are often concentrated in sub-tiers and may therefore not be detectable in high-level averages. This must be read in combination with the changes in personal and material scope introduced by Omnibus I, and the new 'value chain information cap'. Furthermore, where estimates or proxies are used, undertakings should be expected to disclose sufficient methodological detail to allow users to understand the basis, limitations and uncertainty of the reported picture, including how estimation choices may affect the visibility of salient human rights risks. In parallel, the overall risk should be framed and treated as cumulative: simplification and scope reductions may be administratively defensible in isolation, but their combined effect on transparency for high-risk value chains should be monitored and

addressed through disciplined application of double materiality, robust fair presentation and appropriate use of entity-specific disclosures to ensure that salient human rights harms are not rendered invisible by structural flexibility.

FRA Opinion 1

In the context of adopting 'ESRS 1 – General Requirements' as delegated act, the European Commission should have due regard to the following considerations.

1. **Double materiality** remains essential for human rights accountability. The European Commission should, at a minimum, maintain the proposal of EFRAG. Further changes will upset the balance between feasibility for companies and usefulness for investors and other stakeholders. The revised ESRS should retain double materiality as the reporting gateway and preserve the severity lens for impact materiality (scale, scope, irremediability). The new "top-down" approach to the DMA comes with a risk of excluding impact material issues on the basis of company internal logics. To avoid this, the approach should remain anchored in the materiality criteria and the relevance of HRDD as an input for DMA should be preserved or reinforced. Stakeholder engagement in materiality assessments must involve meaningful consultation with affected rightsholders (UNGP 18; CSDDD, Article 13), preventing default to internal or investor-centric processes.
2. The **fair presentation** principle can enhance transparency and align ESRS 1 with related UNGP 21 companies' communication responsibilities. The European Commission could consider requesting EFRAG to issue interpretative guidance with practical examples to ensure the comprehensiveness and accuracy of reporting of impacts on people and the environment and to prevent subjective justifications resulting in disproportionately light disclosures.
3. The delegated act should include minimum safeguards against the potential misuse of the **reliefs (especially 'undue cost or effort'),** which create a risk of under-reporting without controls. It could, for example, require a time-bound application with progress expectations, meaningful justifications for omissions, and materiality overrides for severe human rights impacts.
4. **Value chain reliefs** (estimation/proxies, information caps) risks undercutting the materiality lens by creating visibility gaps for serious human rights abuses. The delegated act should provide for an obligation to disclose sufficient and transparent methodological detail (basis, sources, assumptions, limitations) while applying double materiality and covering the value chain impacts regardless of data gaps. The issue should be treated as **cumulative** in implementation: that is, ensure that the combination of flexibility and reliefs does not, in practice, reduce the ability to identify and report severe harms beyond direct (Tier 1) relationships.

2.2. ESRS 2 – General Disclosures

47. The simplified ESRS 2, 'General Disclosures', introduces substantial changes from its 2023 version. One of the most consequential changes is the clarification that undertakings may choose to report either at the level of IROs or at the broader topic level, depending on what best reflects the nature of the IROs and how they are managed.
48. The Basis for Preparation (BP-1) and the accompanying phasing-in disclosure (BP-2) have been substantially simplified. BP-1 now reflects a simplified 'comply or 'explain' model, requiring undertakings to declare compliance with ESRS 1 and provide deviations only where applicable.
49. Governance disclosures (GOV) also underwent structural consolidation. The five original requirements were reduced to four, with GOV-1 absorbing elements of GOV-2 and GOV-5. GOV-3, relating to due diligence, remains mandatory and is aligned with the principal adverse impact (PAI) indicators of the Sustainable Finance Disclosure Regulation (SFDR), although simplified in form.
50. In terms of strategy and business model (SBM) disclosures , SBM-1 was reduced and clarified. SBM-2 now focuses solely on key stakeholders, removing prior requirements to disclose strategy amendments based on stakeholder engagement [37] . SBM-3 has been narrowed to address only how material IROs interact with the undertaking's strategy and business model.
51. The IRO section was also revised. IRO-1 saw the deletion or aggregation of several requirements detailing the double materiality assessment process, including how it integrates into the broader risk management process.
52. Across the General Disclosure Requirements (GDRs) for policies (GDR-P), actions (GDR-A), targets (GDR-T) and metrics (GDR-M), EFRAG introduced additional flexibilities. The terminology has been revised to allow disclosure at topic, subtopic or cross-referenced levels.

Human rights impact and legal analysis

Governance disclosures

53. The simplified ESRS 2 introduces substantial simplification and restructuring of a significant portion of the standard. However, the reduction in detail raises concerns about transparency and accountability. By merging and abbreviating the governance requirements, the draft could weaken the assessment of human rights risks.
54. Notably, the explicit obligation to explain 'whether, by whom and how frequently' boards are informed about materialimpacts has been removed. In practical terms, this means that stakeholders (including affected workers or communities) will have less assurance that boards are systematically briefed on environmental and human rights issues. The 2023 ESRS 2 made information flows transparent, whereas the new standard relies on less explicit, narrative reporting, thus, departing form earlier good practice. In addition, removing this requirement means that boards are no longer required to receive direct information on the views and interests of affected stakeholders (as distinct from general sustainability

impacts), which is a missed opportunity to strengthen governance accountability for human rights. Boards may now rely on aggregated sustainability reports or risk dashboards without hearing directly from, or about, affected communities, workers or their representatives, weakening the link between those experiencing impacts and those exercising decision-making authority, and reducing the likelihood that issues raised by affected stakeholders are prioritised [38].

Strategy, impacts, risks and opportunities, and engagement

55. In relation to strategy and business model disclosures, the revised SBM-2 now focuses solely on 'key stakeholders', (a newly introduced term which is not defined) and removes the prior requirement to disclose strategy or business model changes resulting from stakeholder engagement. [39] Under the previous ESRS 2, paragraphs 43–45 required undertakings to disclose how stakeholders' interests and views were taken into account in the strategy and business model; how these views informed strategic choices; and how the outcomes of stakeholder engagement had been reflected. In the revised text, these prescriptive disclosures have been removed. The only remaining reference is framed as an objective of SBM-2 (paragraph 21 (44 amended)), indicating that disclosure should show how stakeholder input influenced strategy. However, this formulation does not enshrine an obligation, thereby weakening enforceability and accountability. This shift significantly impacts human rights, because under the original ESRS 2 SBM-2, undertakings had to explain not only how stakeholder interests informed strategy, but also, where relevant, what concrete changes were made (including timelines and next steps), which is especially important for affected stakeholders whose rights could be impacted. The shift also weakens the connection between rightsholder input and corporate responsiveness [40].
56. Regarding revised IRO-related provisions and information on stakeholderengagement [41], these need to be read together with ESRS 1, since both standards refer to stakeholder engagement in the materiality process but stop short of giving prescriptive guidance on when and how affected stakeholders (as opposed to financial stakeholders) must be consulted. The simplified ESRS 2 may exacerbate this gap by reducing narrative detail on how stakeholder input informed the identification and assessment of IROs, with no clear requirements to engage affected stakeholders – especially those without existing relationships with the company but who may be affected by its value chain (e.g. indigenous communities affected by land use, informal workers in supply chains or migrants facing labour exploitation). The deletion of more detailed process requirements in IRO-1 may further reduce transparency about whether and how affected stakeholders were consulted, making it harderto assess the credibility of materiality determinations [42].
57. While new paragraph 35(c) in simplified ESRS 2 IRO-1 helpfully encourages undertakings to leverage existing stakeholder engagement from due diligence processes, the undertakings could be also required to disclose a summarised description of their stakeholder engagement, including information about the key stakeholders with which their engaged, with reference to typical categories of affected stakeholders defined in ESRS 1 General Requirements, AR 21, and the purpose of the engagement. This would be in line with In line with GRI 2-29-a-i. [43]

General Disclosure Requirements

58. A critical revision to the December 2025 draft of ESRS 2 concerns the removal of the mandatory data point that required undertakings to specify whether they are involved with material impacts through their own activities or through their business relationships, and to describe the nature of these activities or relationships (former paragraph 48(c)(iv) of the 2023 version [44]. This deletion affects a core due-diligence accountability metric (cause/contribute/directly linked) and has raised concern among stakeholders, including the GRI [45], which noted that the replacement language in paragraph 37(a) – requiring disclosure of 'how and where impacts, risks and opportunities are connected to its own operations and its upstream and downstream value chain' – is significantly more general and may result in more vague, less actionable reporting. From a human rights perspective, this change weakens the accountability mechanism at the heart of due diligence and creates a risk that undertakings may obscure their connection to salient harms – such as forced labour or environmental degradation in supply chains – by providing generalised disclosures, thereby undermining interoperability with international frameworks.
59. The simplified ESRS 2 also raises a critical concern regarding the removal of a stand-alone mandatory data point that previously required undertakings to disclose the key actions taken to provide for, cooperate in or support the provision of remedy for those harmed by actual material impacts. This data point, originally captured in paragraph 68(d)[78], ensured visibility of remedial efforts and enabled stakeholders to easily assess whether undertakings addressed the consequences of their adverse impacts. Its deletion, and the subsequent integration of references to remediation into a broader provision alongside prevention and mitigation measures (paragraph 45 [46], introduces ambiguity about whether remedial actions remain an explicit and mandatory DR. This integration risks undermining the clarity and prominence of remediation within the sustainability reporting framework[80]. It also risks undermining harmonisation with the CSRD. Specifically, Article 19(a)2(f)(iii) of the CSRD requires undertakings to describe actions taken to prevent, mitigate, remediate or bring an end to actual or potential adverse impacts, along with the results achieved. Given the central role of prevention, mitigation and remediation actions in the CSRD, it would be beneficial if these actions were explicitly required in GDR-A for the avoidance of doubt and to ensure that they are not overlooked for any material impact, including entity-specific impacts.
60. From a human rights perspective, this development is problematic. Remediation is one of the three pillars of the UNGPs framework, which calls on businesses to remediate harms linked to their activities, and the states to ensure that victims of corporate human rights abuses can access justice. In particular, under UNGP 22 and Article 47 of the Charter, undertakings are expected to provide for or cooperate in remediation when they identify that they have caused or contributed to adverse impacts: they 'should provide for or cooperate in their remediation through legitimate processes'. Similarly, the OECD Guidelines call for transparent disclosure of the steps taken to remediate harms (Chapter III 'Disclosure'). Reporting frameworks that obscure or omit clear references to remedial actions fail to support these obligations. Furthermore, GRI Standard 3–3(d) explicitly

requires companies to report on how they address actual negative impacts, including the actions taken to remediate them. The deletion of a clear, stand-alone reference to remedy therefore results in a misalignment between ESRS 2 and internationally recognised standards, in particular UNGPs (Principles 22-25 on remediation) and GRI 3-3(d) (explicit actions to remediate actual negative impacts).

61. Finally, the revised standards relocate human rights policy disclosures from the individual social standards (S1–S4) to a single, cross-cutting item in ESRS 2 (GDR-P). While this may reduce duplication and improve comparability, it risks reframing human rights as a generic theme. In practice, this may result in undertakings producing a single, high-level policy statement that does not distinguish between the specific commitments, governance arrangements and due diligence processes appropriate to different rightsholder groups – own workforce, value chain workers, affected communities and consumers. The result is reduced granularity and specificity, making it harder to assess whether policies are adequately tailored to salient risks and particular rightsholders.

Conclusions

62. The simplified ESRS 2 delivers substantial simplification and restructuring of the standard, but the reduction in detail carries tangible risks for transparency and human rights accountability.
63. First, a material concern arises from the merging and abbreviation of governance requirements. The simplified ESRS 2 removes the explicit obligation to explain 'whether, by whom and how frequently' boards are informed about material impacts. In practical terms, this deprives stakeholders, including affected workers and communities, of clear assurance that boards are systematically briefed on environmental and human rights issues.The 2023 ESRS strengthened accountability by making internal information flows transparent; by contrast, the removal of this data point in the simplified ESRS 2 risks obscuring whether governance structures are genuinely engaged with material impacts. ESRS 2 should reinstate a clear, mandatory disclosure expectation regarding board-level information flows on material impacts, including the mechanisms by which boards are kept informed and the frequency of that engagement. This is not a formality: it is a necessary precondition for credible oversight of human rights risks and for stakeholder confidence that governance arrangements are more than nominal.
64. Furthermore, the ESRS 2 should reinstate an explicit, mandatory governance disclosure requirement, obliging undertakings to explain the channels through which perspectives from affected communities, workers or their representatives reach the administrative, management and supervisory bodies - and how this information informs decision-making on material impacts and related actions. This would restore a direct accountability nexus between those experiencing human rights impacts and decision-makers, reducing the risk that stakeholder concerns are diluted into generic dashboards and strengthening the likelihood that boards identify, prioritise and respond to issues raised by affected stakeholders.
65. The deletion of the mandatory data point requiring undertakings to specify whether they are involved with material impacts through their own activities or through business

relationships is also significant. The draft introduces more general language in paragraph 37(a), requiring disclosure of 'how and where impacts, risks and opportunities are connected' to operations and the value chain, which is less precise and risks producing more vague, less actionable reporting. From a human rights perspective, this change dilutes an accountability mechanism that sits at the heart of due diligence. The specificity of involvement is essential to understanding whether an undertaking is causing, contributing to or directly linked to harm through business relationships. The draft should be amended to restore explicit disclosure requirements that require undertakings to describe the nature of their involvement in material impacts, distinguishing between impacts arising from their own activities and those connected through business relationships, and describing the relevant activities or relationships with sufficient specificity to support scrutiny. This would also mitigate the risk that the deletion undermines interoperability with internationally recognised approaches that require clarity on how an undertaking is involved with an impact.

66. The narrowing of SBM-2 to 'key stakeholders', together with the deletion of the requirement to disclose whether and how stakeholder engagement resulted in strategy or business model amendments, weakens accountability for human rights violations. ESRS 2 should reinstate a clear disclosure expectation within SBM-2 requiring undertakings to explain, where applicable, what specific strategy or business model adjustments were made in response to engagement with affected stakeholders, which is central to credible human rights engagement and adaptive management.
67. The revised IRO disclosures and stakeholder engagement expectations must be read alongside ESRS 1, yet both standards remain non-prescriptive on when and how affected stakeholders (as distinct from financial stakeholders) should be consulted in the materiality process. The simplification of ESRS 2 – particularly the reduced narrative detail and the deletion of more explicit process elements in IRO-1 – risks enabling materiality assessments driven by desktop research, internal workshops or investor / business partner input, potentially missing context-specific human rights impacts. Accordingly, ESRS 1 and 2 should require – or at a minimum clearly guide – engagement with affected stakeholders where human rights impacts are likely, including those without existing relationships but potentially impacted through the value chain. In addition, IRO-1 should require sufficiently specific disclosure of whether and how such engagement informed IRO identification and assessment so that users can judge the credibility of materiality determinations.
68. A further concern relates to the removal of a stand-alone mandatory data point that previously required disclosure of the key actions taken to provide for, cooperate in or support remedy for those harmed by actual material impacts. The deletion of this discrete data point and the integration of remediation references into a broader provision alongside prevention and mitigation creates ambiguity as to whether remedial actions are clearly mandatory. Critically, it also reduces the prominence of remedy within the reporting architecture, generating misalignment with international frameworks, of which remedy is a core pillar [47]. The draft ESRS 2 should be amended to reintroduce a standalone mandatory data point requiring disclosure of the key actions taken to provide for and support remediation for those harmed by actual material impacts. If a standalone

data point is not reinstated, paragraph 37 could be revised to include an explicit sub-point on remedial actions, ensuring remedy is not subordinated within a broader narrative that may, in practice, prioritise prevention and mitigation and leave remediation under-specified.

69. Finally, relocating human-rights policy disclosures from the topic-specific social standards (S1–S4) into a single cross-cutting ESRS 2 item (GDR-P) may reduce duplication and aid comparability, but it risks flattening human rights into a generic theme. Accordingly, ESRS 2 should require that the cross-cutting human-rights policy disclosure remains explicitly disaggregated by rights-holder group, so undertakings set out group-specific commitments and the associated governance and due-diligence approaches, rather than relying on a single undifferentiated statement.

FRA Opinion 2

In the context of adopting 'ESRS 2 – General Disclosures' as delegated act, the European Commission should have due regard to the following considerations.

- **Governance simplification** reduces accountability for board-level oversight of human rights risks. The delegated act should reinstate the removed requirement (paragraphs 24–26 of GOV-2 in the 2023 ESRS 2), which mandated undertakings to explain 'whether, by whom and how frequently' boards are informed about material impacts. This would restore transparent information flows and credible oversight.
- The removal of paragraph 48(c)(iv) from the 2023 ESRS 2 weakens **due diligence transparency,** enables vague reporting and reduces comparability and precision. The delegated act should reinstate the requirement (in IRO 2 37) for undertakings to specify whether impacts arise **through their own activities or business relationships** and to describe the nature of those activities/relationships, rather than relying solely on the more general replacement wording in paragraph 37(a) ('how and where impacts, risks and opportunities are connected to its own operations and its upstream and downstream value chain').
- **SBM-2** no longer ensures accountability for responsiveness to stakeholder engagement in strategy and business model decisions. The delegated act should reinstate the prescriptive 'shall disclose' requirements previously contained in paragraphs 43–45 (how stakeholder views were taken into account, how they informed strategic choices and how stakeholder engagement outcomes had been reflected). This includes disclosure – where relevant – of concrete amendments, timelines and next steps for affected stakeholders (own workforce, value chain workers, affected communities and consumers).
- **IRO-1** simplification compounds the gap in ESRS 1 and 2 on affected stakeholder consultation, undermining the credibility of materiality/IRO determinations. While new paragraph 35(c) in simplified ESRS 2 IRO-1 helpfully encourages undertakings to leverage existing stakeholder engagement from due diligence processes, the delegated act could also restore certain process transparency in IRO-1 by requiring

specific disclosure of whether and how affected stakeholders were consulted and how their input informed IRO identification and assessment. ESRS 1 and 2 should require, or at a minimum clearly guide, engagement with affected stakeholders where human rights impacts are likely, including those without existing relationships but potentially impacted through the value chain.

- Removing the stand-alone **remedy data point** in paragraph 68(d) obscures remediation efforts and risks misalignment with CSRD and international standards. The delegated act should reintroduce the stand-alone mandatory data point on key actions to provide for / cooperate in / support remedy for those harmed by actual material impacts. If this data point is not reinstated, paragraph 37 should be revised to include an explicit subpoint on remedial actions, and GDR-A should explicitly require prevention, mitigation and remediation actions for all material impacts to avoid ambiguity and support CSRD Article 19(a)2(f)(iii).
- Relocating human rights policy disclosures to a single, cross-cutting item (**GDR-P**) risks reducing human rights to generic statements. The delegated act should require GDR-P disclosures to remain explicitly disaggregated by rightsholder group (own workforce, value chain workers, affected communities and consumers), setting out group-specific commitments and the associated governance and due diligence approaches, rather than a single, undifferentiated policy statement.

3. Social Standards

3.1. Cross-cutting

70. The Social Standards have been substantially revised in the simplified ESRS, with reductions in data points driven by the various simplification levers applied across the ESRS framework. In line with the double materiality assessment, Social Standards are reported only if material (see Definition: double materiality). Where they are not, paragraph 30 of ESRS 1 applies – requiring that 'when a material impact, risk or opportunity concerns a sub-topic, the undertaking shall report only the material information for that sub-topic concerned' [48]. The revision redefines the link between ESRS 2 (now 'General Disclosure Requirements') and the topical standards, centralising common disclosures in ESRS 2 and removing most cross references.
71. The simplified ESRS also separate binding provisions from guidance, removing voluntary disclosures from all ESRS. These voluntary disclosures have been either deleted or, if considered appropriate, moved to Non-Mandatory Implementation Guidance (NMIG). Coupled with the general deletion of contextual information and repeated information, and the deletion of certain ARs (e.g. where key terms and concepts like discrimination, human rights incident, grievance mechanism and remedy/remediation have been moved to the glossary), this contributes to the overall reduction in data points and word count.

Human rights impact and legal analysis

72. The structural changes centralising former DRs SX-1 to SX-4 in ESRS 2 favour 'more concise, less duplicative and more effective reporting' and promote a 'more principle-based reporting framework' [49]. While still aligned with the UNGPs, which urge companies to publicly commit to respecting human rights as a foundation for due diligence [50], this approach carries the overall risk of losing granularity and detail on the identification and assessment of impacts and policy commitments related to specific stakeholder groups, as explicitly recognised by EFRAG [51]. The combined effect of centralising disclosures and reframing human rights as a cross-cutting theme may therefore dilute topic-specific accountability: it risks transforming human rights from a set of concrete, traceable obligations into a general issue dispersed throughout the reporting framework, thereby weakening transparency and accountability regarding how different rights are affected. The combination of principle-based GDRs, reduced ARs and reliance on company self-assessment creates a heightened risk that undertakings could deem entire social standards (S1–S4) 'non-material' based on high-level desktop analysis, without meaningful stakeholder engagement or due diligence. This potential behaviour warrants close monitoring and, where available, should be assessed against emerging empirical findings or consultation feedback to determine its prevalence and inform preventive measures. This could see systematic under-reporting of structural risks (e.g. modern slavery, indigenous rights) that affect vulnerable groups but may not appear 'material' under issuer-centric

assessments. In this context, 'structural risks' refer to persistent, systemic patterns of harm (e.g. discrimination, exclusion and power imbalances within supply chains) that stem from underlying social or institutional structures, as opposed to isolated incidents. These risks are often obscured when materiality is assessed solely through financial or enterprise-centric lenses.

73. The removal of DRs related to ESRS 2 SBM-3 – "Material impacts, risks and opportunities and their interaction with strategy and business model – from each social standard results in a regrettable loss of relevant information on specific stakeholder groups – such as the particular subgroup(s) impacted, the coverage of the impact or other contextual details. For example, for workers in the value chain, undertakings are no longer required to disclose geographies or commodities where there is a significant risk of child labour [52]. Moreover, this substantial reduction, including of the ARs, means that the ESRS provide less guidance to undertakings on conducting due diligence and targeting specific groups [53]. Consequently, this downgrades the level of ambition in meeting the objectives of the UNGPs and OECD Guidelines, and may translate into weaker protection for vulnerable groups.
74. The merger of previous DRs on stakeholder engagement procedures (SX-2) and procedures for remediation and grievance channels (SX-3) into a single, combined DR aims to reflect their connection and reduce duplication. This diverges from the UNGPs approach, which clearly distinguishes stakeholder engagement procedures from grievance mechanisms and remediation procedures as distinct operational requirements (UNGPs 18, 22 and 29–31). These fulfil distinct and complementary functions under the UNGPs – stakeholder engagement is aimed at prevention, whereas grievance mechanisms enable early identification of harm and remediation addresses adverse impacts. While grouping these aspects under one heading may seem an abstract issue, for stakeholder engagement it risks conflating consultation with complaints processes or suggesting that the former is required only in the context of the latter. This merger entails the risk that undertakings treat engagement as remedial only, rather than preventive – contrary to the UNGPs, which prioritise proactive dialogue [54].

Conclusions

75. The revised Social Standards in the draft simplified ESRS represent a substantial simplification and restructuring effort, creating a more concise and principles-based reporting framework. Centralising former topical DRs in ESRS 2, harmonising disclosures along the policies–actions–targets architecture and eliminating duplicative or overly granular data points have significantly reduced narrative disclosures while retaining core metrics. This redesign improves coherence, comparability and auditability, while maintaining overall alignment with the UNGPs and OECD Guidelines. However, these gains come at the cost of reduced granularity – particularly regarding the identification and articulation of impacts on specific stakeholder groups, transparency of due diligence processes, and visibility of risks affecting vulnerable populations.
76. From a human rights perspective, the revised architecture risks weakening the practical operability of reporting as a tool to assess compliance with international standards. The removal of topic-specific disclosures on material impacts and the consolidation of human

rights policies into generic reporting may result in overly abstract narratives that fail to capture the differentiated nature of risks and impacts across worker groups and value chains. Similarly, merging stakeholder engagement, grievance mechanisms and remediation into a single DR risks obscuring whether undertakings have effective, accessible and standards-compliant mechanisms in place, and may inadvertently conflate prevention, consultation and remedy functions, which the UNGPs treat as distinct.

77. To mitigate these risks while preserving the benefits of simplification, the following targeted corrective measures are recommended: (i) reinstating a limited number of key data points and AR elements to restore granularity and detail (particularly on the identification and assessment of impacts and policy commitments related to specific stakeholder groups), ensuring visibility of high-risk contexts and affected stakeholder groups where international standards require specificity; and (ii) developing detailed NMIG showing how to structure DR 2 disclosures, clearly separating preventive engagement, grievance mechanisms and remediation processes, with concrete examples tailored to different stakeholder groups and risk contexts. Such adjustments would preserve clarity, accountability and human rights effectiveness without reintroducing unnecessary complexity or duplication.

78. Additionally, the double materiality assessment process for Social Standards should be complemented by requiring undertakings to briefly disclose (i) whether/how affected stakeholders were consulted when deeming Social Standards non-material and (ii) any contrary views from rightsholders or credible external sources. Second, authorities should indicate sector-specific enforcement priorities and 'red flag' indicators for social disclosures, including minimum evidential thresholds for claims of non-materiality (e.g. proof of due diligence and stakeholder views sought), with worked examples of acceptable versus inadequate responses. Third, undertakings should disclose (i) the top 3–5 value chain countries/commodities with known or plausible severe human rights risks (per international benchmarks) and (ii) whether/how these informed materiality assessment – preserving basic risk visibility without granular reporting.

FRA Opinion 3

In the context of adopting 'Social Standards – Cross-cutting' in the ESRS delegated act, the European Commission should have due regard to the following considerations.

- The shift to centralised, **principle-based disclosures in ESRS 2** risks a loss of granularity where it is needed. Consequently, the European Commission should provide guidance to support robust identification and assessment of impacts on specific stakeholder groups (own workforce, value chain workers, affected communities, consumers).
- Consolidating **human rights policy requirements** into cross-cutting disclosures risks reducing topic- and group-specific articulation of commitments. In the delegated act, former data points and ARs on **policy commitments** related to specific stakeholder groups should be included as guidance (S1-1, former

paragraph 20 and 24; S2-1, former paragraph 17; S3-1, former paragraph 16; and S4-1, former paragraph 16).

- Deleting data points on **grievance channel** effectiveness risks driving tick-box disclosures on existence of grievance mechanisms with little to no consideration of their effects. In order to avoid this, the delegated act could reinstate the data points on how the undertaking ensures **the effectiveness of the grievance channels**, including through the involvement of stakeholders who are the intended users (S1-1, former paragraph 32(e); S2 and S3, former paragraph 27(d); and S1-4, former paragraph 25(d)).
- Merging **stakeholder engagement, grievance mechanisms and remediation** into a single disclosure risks obscuring whether preventive engagement and remedy are effectively in place, which are functions that the UNGPs treat as distinct. To prevent this, the European Commission or EFRAG should develop detailed NMIG demonstrating how to structure **DR 2 disclosures**, clearly separating (i) engagement efforts with the respective stakeholder group, (ii) grievance mechanisms and (iii) remediation processes, with concrete examples tailored to different stakeholder groups and risk contexts.

3.2. S1 – Own Workforce

79. The revised ESRS S1 ('Own Workforce') Standard reduces data points by 56.7 %, reflecting the broader simplification approach applied to all Social Standards, including reduced granularity, deletion or re-prioritisation of certain metrics, enhanced clarity in definitions and examples, and standardised formulas. The following provides an analysis of the human rights impact of the key modifications by each DR.

Human rights impact and legal analysis

Employee headcount

80. DR S1-5 now requires country-specific data for the 10 largest countries by employee count, provided that each has at least 50 employees, replacing the prior rule covering any country with ≥ 10 % of the total workforce. This change is mirrored in DR S1-7 ('Collective Bargaining Coverage and Social Dialogue'), which requires undertakings within the European Economic Area to report collective bargaining data for countries meeting the same '10 largest, ≥ 50 employees' criterion. The 50-employee de minimis threshold remains unchanged to align with the EU Information and Consultation of Employees Directive, which triggers employee consultation rights at that level [55].
81. The adjustment seeks to enhance transparency by capturing more meaningful country-level information. Previously, the 10 % threshold often limited multinationals to reporting on just a few large countries, obscuring workforce data from many locations [56]. By switching to the top 10 countries, ESRS S1 ensures that disclosures cover where most employees

work – especially for undertakings with highly distributed workforces. A public consultation found that over half of respondents supported this new threshold, citing that it would provide better visibility and that undertakings already have these data readily available [57].

82. Yet, the use of a fixed numerical threshold creates inherent blind spots. Limiting detailed reporting to the top 10 countries leaves smaller operations or outlying subsidiaries below the radar of mandatory disclosure. For a large undertaking operating in, say, 20 countries, any country ranked 11th or lower by headcount will not get a dedicated breakdown in S1-5. This raise concerns that certain workforce characteristics in these smaller locations – which may include demographic data (e.g. gender or age composition) or contract types – will not be transparent. Notably, the streamlined ESRS revisions already remove some granular breakdowns (e.g. age distribution and various gender-disaggregated metrics) to reduce complexity. Thus, if an undertaking's minor locations have unique issues (e.g. an overwhelming gender imbalance or predominantly temporary workers), stakeholders might not learn this from the standard disclosures.
83. Workforce size is not a reliable proxy for risk. Smaller, high-risk sites—such as manufacturing or mining operations in countries with weak labour protections—may employ fewer than 50 people yet pose significant human rights risks. A headcount-based focus risks overlooking precisely those contexts where vulnerable workers or severe labour issues persist. The challenge lies in balancing the pursuit of concise, comparable data against the need to capture salient human rights impacts wherever they occur.
84. Furthermore, considering the CSRD's significant reduction in scope (now limited to undertakings with over 1 000 employees and a net turnover of more than EUR 450 million), the continued need for this threshold is debatable such that it would be worth reassessing whether these thresholds should be relaxed or complemented by a risk-based override, based on, for example, whether the sector (or location) of the activity is high risk, in line with the OECD Guidelines, which recommend that enterprises undertake risk-based due diligence.

Non-employee

85. The definition of non-employee is largely unchanged but clarified, with former AR 62 now moved into the objectives of S1. New paragraph 7 provides examples of non-employees, namely self-employed people and those supplied by entities primarily engaged in employment activities. The draft simplified ESRS retain the original examples of self-employed persons but drop important guidance on people provided by such entities, notably former AR 62's reference to third-party workers under the undertaking's direction was deleted, along with the example of "people performing regular work at the same site as employees." This definition is also narrower than GRI Standards, which define non-employees as 'those who perform work for the organization but are not in an employment relationship with the organization' [58]. The GRI Standards reflect a functional approach that relies on whether the work of non-employees is effectively controlled by the undertaking, thus reflecting a broader understanding and allowing a fairer presentation of non-employee.
86. While retaining the obligation to report on the total number of non-employees, which is

helpful for tracking the scale of precarious labour, the revised ESRS S1-6 removes all voluntary data points for non-employees. This loss of contextual information reduces transparency and undermines scrutiny of these workers' conditions. However, disclosing the most common types of non-employees and the type of work performed would provide relevant data to understand the undertaking's labour force composition and vulnerabilities.

Adequate wages

87. The requirement for undertakings to disclose whether all employees receive an adequate wage serves as an important safeguard for workers' fundamental human rights. Adequate remuneration lies at the heart of ensuring a dignified existence for workers and their families – enabling them to meet basic needs (including children's needs) and to live with dignity [59]. This aligns with established international human rights standards. For example, Article 23(3) of the Universal Declaration of Human Rights recognises everyone's right to 'just and favourable remuneration' that guarantees 'an existence worthy of human dignity' for themselves and their family. Likewise, Article 7 of the International Covenant on Economic, Social and Cultural Rights and Article 4(1) of the European Social Charter affirm the right to fair wages sufficient for a decent living. By mandating transparency on wage adequacy, the ESRS align corporate disclosures with the human right to a living wage, reinforcing that undertakings have a responsibility to respect workers' right to an adequate standard of living.
88. Importantly, the ESRS Glossary defines "adequate wages" as "a wage that provides for the satisfaction of the needs of the worker and their family in light of national economic and social conditions', consistent with Principle 6 of the European Pillar of Social Rights, which has been reflected in recital 5 of the EU Directive on Adequate Minimum Wages [60]. Hence, this DR is firmly grounded in, and reinforces, these international and European norms. Requiring undertakings to report on adequate wages thus serves a clear human rights purpose: it shines a light on whether employers are upholding a basic right of workers to earn enough for a life of dignity. This transparency can drive improvements, as undertakings will be encouraged to ensure that all employees are paid at least a decent, adequate wage in line with human rights standards.
89. The manner in which an undertaking must assess adequate wages – especially for employees outside the EU – has been the subject of debate in developing these standards. In the simplified ESRS S1, the previous AR 73(b) three-step hierarchy has been deleted and replaced with a more flexible, principle-based approach to determine adequate wages outside the EU. Instead of a rigid hierarchy that might have overly relied on local minimum wage laws, the new approach provides a specific framework for undertakings to assess what wage level is needed for a decent standard of living, anchored in the International Labour Organization (ILO) principles for estimating a living wage. The ILO's 2024 principles for estimating a living wage set out the methodology for calculating a sound living wage [61]. These principles are effectively built into the ESRS's new approach to adequate wages. In summary, any determination of a living or adequate wage should be evidence-based and grounded in an objective estimation of workers' needs (for nutritious food, decent housing, healthcare, education, etc.), rather than arbitrary figures. The process should also be

transparent, relying on robust data and involving consultation and social dialogue – meaning that employers and worker representatives (unions) should be consulted in developing the wage benchmark, to ensure buy-in and to reflect real local conditions [62].

90. This shift to an ILO living wage framework is a significant improvement from a human rights perspective. It addresses the criticism that statutory minimum wages – which formed a baseline in the old method – often fall far short of any adequate or living wage threshold. By referencing living wage estimates rather than just legal minima, the standard pushes undertakings to be more ambitious in their commitments to workers, discouraging a 'lowest common denominator' approach. In effect, it urges undertakings to measure their lowest-paid employees' wages against what it actually costs to live decently in a given country or region, not merely against the legal floor, which in many places may be inadequate. This is a positive development that should be maintained: it aligns corporate practice with the widely endorsed principle that workers should earn enough to support themselves and their families above the poverty line. It also helps harmonise reporting with global initiatives advocating for a living wage. Some stakeholders proposed eliminating the EU/non-EU distinction [63], but this overlooks harmonised EU rules on adequate minimum wages, which are not applicable outside the EU, as well as differing socioeconomic realities. In terms of human rights impacts, maintaining the EU/non-EU distinction allows the standard to be grounded in existing law where available, while still demanding that undertakings pursue the underlying human right (a living wage) for all their workers.

91. To improve comparability and accountability, the ESRS S1-9 also adds a requirement that undertakings disclose the benchmark or reference used to determine what counts as an adequate wage [64]. This directly addresses concerns that, without a common reference, data would be difficult to compare across companies or countries [65]. Now, an undertaking must state, for example, whether it uses a particular living wage index, a percentage of median income or a national poverty line as the yardstick for adequacy.

92. However, simply naming a benchmark is insufficient – the disclosure should explain how that benchmark was applied and calculated. While the NMIG issued with the ESRS lacks detailed instructions on this (which would be most welcome), the general transparency principles in ESRS 2 GDR-M require undertakings to explain methodologies and sources for metrics. In practice, to comply with DR S1-9, a company cannot merely assert 'all our employees are paid an adequate wage' (using, say, the XYZ living wage as a benchmark). It must also disclose how that XYZ benchmark was determined – for example which country's data and what year was used, what constituted a decent living standard in that calculation – and how the undertaking assessed its own wage data against it. This detail is necessary for verification and understanding: without it, neither auditors nor stakeholders would be able to verify that the undertaking meets the adequate wage threshold or grasp any gaps. ESRS 2 GDR-M indeed calls for disclosure of calculation methodologies, input parameters and context for any reported metrics, so undertakings must be transparent about their wage adequacy assessments.

93. Ensuring this transparency serves a clear human rights rationale: it compels undertakings to rigorously engage with the concept of a living wage and provides stakeholders with the information needed to hold undertakings accountable for respecting workers' right to fair

pay. A cursory statement would undermine the standard's effectiveness, so disclosures must be sufficiently detailed and evidence-based.

94. Overall, the adequate wages DR in ESRS S1 meaningfully integrates human rights principles into corporate reporting. It forces undertakings to confront the question 'Are we paying our workers enough to live in dignity?', thereby aligning with international standards on living wages.

Gender equality

95. Gender equality is a human rights issue that deserves particular attention in the simplified ESRS. Three clusters of changes are noteworthy: (i) the revision of S1-15; (ii) the deletion of several data points requiring a breakdown by gender; and (iii) the replacement of the term 'parental leave' with 'maternity leave' in S1-10. All are relevant in light of international and European frameworks protecting and promoting gender equality and non-discrimination [66], with the revision of S1-15 being especially significant for equal pay and gender pay gap standards [67].
96. To understand and apply S1-15 and the obligation to report on the gender pay gap, the glossary's definition of the term 'pay' is key: 'the ordinary basic or minimum wage or salary and any other remuneration, whether in cash or in kind, which the worker receives directly or indirectly ("complementary or variable components"), in respect of his/her employment from his/her employer'. This definition matches that in the 2023 ESRS and the Pay Transparency Directive (with the only difference that it refers to 'remuneration' rather than 'consideration').
97. Although gender pay gap is not defined in the glossary, the DR understands it as the 'difference in average pay levels between female and male employees, expressed as a percentage of the average pay level of male employees'. This is in line with the definition in the Pay Transparency Directive [68]. The revised DR clarifies how the gender pay gap must be calculated, with new ARs 32 and 33 listing the elements to be considered when calculating the gender pay gap.
98. The retention of the DR on the gender pay gap is a very positive aspect of the simplified ESRS. Gathering data on the gender pay gap in undertakings is essential because it provides objective evidence of structural gender inequalities in pay outcomes, enables transparency and accountability, and is a prerequisite for tracking compliance with the abovementioned obligations on equal pay and non-discrimination.
99. However, DR S1-15 requires only the disclosure of the unadjusted gender pay gap – that is, the raw percentage difference in average pay between all male and all female employees – without any obligation to present an adjusted analysis or a more detailed breakdown in accordance with the SFDR PAI indicators [69] and the environmental, social and governance benchmarks [70]. By contrast, the GRI framework goes further, requiring disclosure of the ratio of the basic salary and remuneration of women to men for each employee category and by significant locations of operation [71]. In practice, under DR S1-15 in the simplified ESRS, undertakings merely report the overall pay gap and, if they choose, voluntarily provide additional context (e.g. by age group or country) to 'complement' the unadjusted figure. This approach contrasts sharply with EU equal pay laws and the Pay Transparency Directive:

Directive (EU) 2023/1857 specifically requires employers to report gender pay differentials and to analyse any unexplained gaps, obliging them to 'take action' (e.g. conduct a joint pay assessment) when the gap exceeds 5 % [72] . By excluding the requirement for adjusted data or explanatory analysis, the ESRS simplification undermines the level of transparency that the directive seeks to guarantee. It also appears misaligned with the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) and ILO standards. CEDAW guarantees 'the right to equal remuneration … for work of equal value' (Article 11(1)(d)), while the ILO Equal Remuneration Convention, 1951 (No 100) stipulates that pay rates must be established 'without discrimination based on sex' (Article 1(b)). By mandating only a single aggregate figure, the simplified ESRS arguably fall short of these benchmarks: undertakings may achieve formal compliance while lacking the granular analysis necessary to identify potential discrimination or systemic bias in pay structures.

100. Similarly, the simplification withdraws gender disaggregation from several workforce metrics, weakening insight into gender-specific outcomes. Specifically, the simplified ESRS delete mandatory gender breakdowns from several data points: non-guaranteed-hours employees (S1-5), percentage of participation in performance and career development reviews and average hours of training (S1-12), and percentage of employees entitled to family-related leave who actually took such leave (S1-14). Together with the deletion of voluntary data points, the simplified standards obscure information on gender gaps and structural barriers particularly affecting women – diverging from GRI requirements on the collection of gender breakdown data across several metrics (i.e. employees per employee category, including non-guaranteed-hours employees, governance body composition, entry-level wage, new employees and turnover, training hours and percentage of employees receiving performance reviews) [73] .

101. The deletion of the obligation to disclose the breakdown by gender of non-guaranteed-hours employees in S1-5 removes insight into the most precarious category of employees and contributes to masking increased vulnerabilities, as is the case of women working in more precarious situations. While not contravening relevant legal instruments, it undermines the efforts to achieve equal treatment between women and men and to bridge the gender pay gap.

102. The S1-14 deletion of the obligation to report on the percentage of employees entitled to family-related leave who actually took such leave is similarly concerning. While the data point on reporting the percentage of employees entitled to take family-related leave has been retained, this does not require a breakdown by gender. Having both the metrics broken down by gender would be important to assess gender equality in access and exercise of parental leave, which is a well-documented structural equality issue across Europe and internationally, weighing heavily on women [74] .

103. The shift from 'parental leave' to 'maternity leave' in S110 ('Social Protection') likewise reflects a notable narrowing of focus. Under the simplified S110, undertakings must disclose whether employees lack social protection during four 'major life events': sickness, unemployment, workplace injury/disability and maternity leave. The 2023 ESRSESRS (DR S1-11) referenced parental leave instead of maternity leave, aligning more closely with the EU's Work–Life Balance Directive (Directive (EU) 2019/1158), which guarantees parental

leave for both parents (see DR S1-10, paragraph 30 (74 amended). EU law actively promotes shared caregiving responsibilities: Directive (EU) 2019/1158 entitles each parent to at least four months of parental leave (two of which are non-transferable and must be paid). By replacing 'parental' with 'maternity', the simplified ESRS risk implying that only maternity leave – typically understood as the time off related to pregnancy and childbirth – falls within the scope of a social protection event, thereby sidelining paternal leave and broader parental entitlements. This adjustment works against the EU's overarching gender-equality objectives: it obscures the availability of leave for fathers and reinforces the stereotype that childcare remains primarily a 'women's issue'. In practical terms, undertakings may limit their reporting to maternity leave coverage alone, without addressing whether they provide parental leave, or tracking uptake rates or return-to-work patterns by gender. These gaps impede meaningful transparency on work–family balance and potential discrimination, undermining the intent of both EU law and international standards (e.g. CEDAW advocates for 'supporting services to combine family obligations with work responsibilities').

104. Taken together, these revisions weaken the ESRS' ability to expose and address structural gender disparities. Companies will possess less robust data to pinpoint patterns, such as women's over-representation in variable-hour or part-time roles, or their under-representation in leadership development opportunities. Without mandatory gender-disaggregated metrics, intersectional inequalities remain invisible – even as the EU places new emphasis on intersectionality in areas like pay gaps and disability-inclusive reporting. The Pay Transparency Directive, for example, breaks new ground by requiring scrutiny of 'multiple forms of inequality' (e.g. the interplay of gender with ethnicity or disability) within pay structures. Should ESRS disclosures stay confined to aggregate figures, undertakings will struggle to evaluate how intersecting factors (like immigrant status, age or disability) disproportionately impact women across their operations or supply chains. This is especially problematic for supply chain due diligence: without gender-disaggregated indicators in their core reporting, undertakings have little incentive to collect comparable data from suppliers, thereby diluting the broader aims of sustainability reporting.

Human rights / discrimination incidents

105. The simplified S1-16 substantially narrows the scope of reportable human rights incidents compared with the 2023 standard. A welcome improvement is the removal of the 'severe' qualifier, avoiding confusion with the terminology of the UNGPs and the OECD guidelines ('severe human rights impacts'). Yet, under the 2023 S1-16, undertakings were required to disclose the number of 'work-related incidents and/or complaints' (including those involving severe human rights impacts) affecting their own workforce, alongside details on related fines and remediation outcomes. Specifically, this encompassed (i) all incidents of discrimination (covering listed grounds, including harassment), (ii) the number of complaints filed through operational grievance channels (e.g. OECD national contact points) and (iii) total fines, penalties and compensation arising from those incidents.

106. By contrast, the revised, simplified S1-16 limits mandatory disclosures to (i) the number of 'incidents of discrimination at work' based on specified grounds (gender, race, disability,

age, sexual orientation, etc.) and (ii) the number of other 'human rights incidents' linked to the workforce (excluding those discrimination incidents already captured under paragraph 42(a)) – together with (iii), the total amount of fines for those incidents (DR S1-16, paragraph 42 ((103(a)(c) and 104(a)(b) amended)). Crucially, the updated standard eliminates any requirement to disclose complaints or grievance filings. There is no equivalent in the amended S1-16 to the original mandate for reporting 'complaints filed through channels (including grievance mechanisms)', meaning that undertakings face no obligation to reveal how many concerns were raised by workers, whether internally or through external mechanisms.

107. Even more significant is the revised S1-16 imposition of a substantively higher threshold for reporting: only 'substantiated' incidents qualify for disclosure. The application guidance (AR 36–38) defines reportable incidents as 'substantiated instances' – namely either judicial or non-judicial proceedings (e.g. court cases, arbitration or OECD national contact point complaints) or cases 'registered by the undertaking' through its processes that relate to violations of 'internationally recognised human rights' (as per Article 29(2)(b)(iii) of the CSRD). This replaces the 2023 standard's broader concept of 'work-related incidents' and 'severe human rights impacts'. In plain terms, only events validated by the undertaking or an authority must now be disclosed.

108. The term 'substantiated' is not defined in the mandatory text, creating legal ambiguity: undertakings may interpret it broadly, potentially excluding allegations still under investigation or worker-reported incidents not (yet) internally validated. While this approach arguably exempts undertakings from disclosing frivolous, unverified or ill-intentioned allegations, which is in line with due process principles, without additional guidance and parameters it risks becoming an additional layer to exempt reporting. Such guidance would be all the more relevant considering the given power imbalances and information asymmetries between undertakings and potentially injured parties [75] .

109. This new focus on substantiation, combined with the removal of complaint data, also means that the standard's treatment of grievance mechanisms and remediation is considerably narrowed. The 2023 framework required undertakings to report not only the raw number of grievances submitted through established channels, but also those deemed 'substantiated' and 'resolved through remediation'. The simplified S1-16 eliminates such quantitative grievance metrics from the mandatory requirements. Consequently, an undertaking could receive numerous worker complaints (or even credible allegations of abuse) without triggering any disclosure obligation, so long as the undertaking has not yet formally 'substantiated' them. Moreover, there is no requirement to disclose the status of investigations or remedial actions taken: the simplified S1-16 makes no mention of remediation plans, outcomes or even the ongoing or closed status of incidents. This represents a shift away from process-oriented transparency towards a narrower focus on conclusive findings.

110. The legal implications of these changes are significant when measured against international norms. The UNGPs stress remediation and comprehensive reporting: UNGP 22 mandates that where a company causes or contributes to adverse impacts, it 'should provide for or cooperate in their remediation through legitimate processes'. The UNGPs

commentary further underscores that human rights reporting 'should cover topics and indicators concerning how enterprises identify and address adverse impacts on human rights' [76]. Yet, the revised S1-16 permits undertakings to omit from their report any adverse impact allegations that are not formally verified, diverging from the proactive ethos of due diligence. Similarly, the OECD Guidelines for Multinational Enterprises (Part IV.6 on Human rights) explicitly urge enterprises to carry out human rights due diligence and 'provide for or co-operate through legitimate processes in the remediation of adverse human rights impacts' that they cause or contribute to. By focusing solely on substantiated incidents and omitting remediation or even complaint data, the new ESRS language risks weakening these accountability principles. In effect, stakeholders will see only the tip of the iceberg (i.e. the incidents that the company itself has 'confirmed'), rather than the broader spectrum of worker grievances and human rights concerns that the enterprise has encountered.

111. In summary, the simplified S1-16 introduces problematic ambiguities: it eases the reporting load on undertakings at the cost of eroding transparency on adverse impacts, and it risks creating accountability gaps. Without further clarification or complementary requirements, the revised provisions could significantly weaken the alignment of the ESRS with the UNGPs, OECD guidelines and the EU's commitments to fundamental rights.

Other reductions in data points

112. The deletion of the obligation to disclose the absolute number of employees who have left the company (S1-5) warrants note. While the turnover rate may be more informative, raw numbers enable easier year-on-year comparisons and provide additional insight to assess the scale and context of workforce churn. Importantly, undertakings already maintain these data, so reporting imposes no additional burden.

113. The deletion of age distribution of workers (S1-8) and social protection for retirement (S1-10) also reduces attention to vulnerable groups, particularly older workers. The deletion regarding retirement specifically – justified as 'reducing granularity', with no further explanation – is problematic. The right to social protection includes protection in old age [77]. Workers' rights extend beyond active employment, as career-long social security contributions entitle workers to old-age protection upon retirement and are directly linked to a dignified and secure income in old age. Principle 15 of the European Pillar of Social Rights recognises this, stating that 'workers and the self-employed in retirement have the right to a pension commensurate to their contributions and ensuring an adequate income' and that 'everyone in old age has the right to resources that ensure living in dignity'. Removing retirement as one of the life events covered by social protection seems unwarranted and not in line with legal standards.

Health and safety metrics

114. The terms used in S1-13 have been revised in the glossary. The DR no longer uses the term 'work-related injuries' but 'work-related accidents'. The term 'recordable work-related accident' is defined in the glossary, along with 'recordable work-related ill health'. The first is

inspired by EU legislation [78], while the second term follows guidance from the European Agency for Safety and Health at Work. While the revision of the terms employed can be seen as a positive development, improving consistency and comparability and aligning the ESRS more closely with OSH regulation, it is not sufficient to eliminate implementation doubts and difficulties arising from the DR.

115. Revised paragraph 36(b) now requires undertakings to report only the sum of the number of fatalities from (i) recordable work-related accidents among all people in the undertaking's own workforce plus workers on the undertaking's sites (though not part of its own workforce) and (ii) recordable work-related ill health among employees. Requiring the reporting of only the sum of both, rather than each number individually, dilutes the degree of transparency of the types of occupational health and safety impacts across the undertaking's own workforce [79]. This may complicate the monitoring of compliance with Article 31 of the Charter, which protects fair and just working conditions. It also diverts from the GRI standards, which require separate reporting of work-related injuries and work-related ill health, for both employees and non-employees [80].

116. The data point on the days lost to fatalities has been deleted [81] – reportedly due to lacking methodology [82]. Data reported on fatalities due to work-related ill health among non-employees are also no longer required [83], although no specific explanation has been provided. Both exclusions weaken visibility of fatalities and worker protection, diverging from the SFDR PAIs and GRI standards. The number of days lost to fatalities is an indicator under the SFDR [84]. The GRI standards require the disclosure of information on the number of fatalities as a result of work-related ill health for all workers who are not employees, but whose work and/or workplace is controlled by the organisation [85].

117. Conversely, data on the number of fatalities from recordable work-related accidents now cover not only 'all people in the undertaking's own workforce', but also 'workers who work on the undertaking's sites, but are not part of its own workforce'. This is a very positive development, as it introduces a safety net covering any other worker present at the workplace who may be exposed to work-related risks, regardless of contractual status. Notwithstanding, further clarity should be provided to undertakings on how to implement this data point.

Work–life balance

118. The obligation to report on the percentage of employees entitled to family-related leave who actually took such leave (S1-14) has been deleted and moved to the NMIG as optional contextual information. UNICEF opposed this, arguing that undertakings should disclose actual uptake, not just the percentage of employees entitled to take family leave [86]. This change, among others, contributed to one of the dissenting votes to the approval of ESRS S1 [87]. Actual uptake is an important metric for assessing whether the undertaking's workers exercise this right – protected by the Charter (Article 33) and specific EU legislation [88]. The share of workers taking family-related leave may be an indicator of the undertaking's reluctance to allow workers to take such leave or workers' fear of retaliation or being discriminated against for having requested or taken leave. The current formulation is also not consistent with the GRI standards (401-3-b).

119. S1-14 is another DR where the ESRS could have been more ambitious, as it remains limited to the metric on family-related leave. Notwithstanding, there are other aspects of work–life balance, recognised in international and EU instruments [89], that merit consideration – such as flexible working time, access to daycare facilities for all employees, and the novel right to disconnect. In the 2023 ESRS, Appendix A.2 of S1 provided examples of policies on work–life balance, including flexible working time and access to daycare facilities for all employees. This has now been deleted from the ESRS but should inform future NMIG and standards revisions.

Persons with disabilities

120. The new AR 21 in DR S1-11 ('Persons with disabilities') clarifies that data on persons with disabilities must only be reported if they can be lawfully collected. This is a positive development, clarifying that the reporting obligations do not override other rules, such as data protection and the right to privacy protected under EU and international law [90]. In fact, under EU law [91], health-related data, such as data on disabilities, qualify as sensitive personal data, meaning that their collection and processing is subject to stricter rules. Notwithstanding, clear guidance is essential to prevent misinterpretation of this data point and to avoid under-reporting.
121. While the *Basis for Conclusions* report accompanying the draft amended ESRS calls for further reducing or making voluntary the DR on persons with disabilities due to legal concerns [92], it is essential that this data point is retained. Transparency on the efforts to employ, and integrate, persons with disabilities aligns with international and European standards pushing for the integration of persons with disabilities [93].

Conclusions

122. Overall, the simplified ESRS S1 demonstrates clear positive developments in terms of simplification, clarity and, in some areas, strengthened conceptual alignment with international standards. The significant reduction in data points and word count, alongside clearer definitions and standardised formulas, aims to ease reporting burdens while improving usability. Positive elements include the revised threshold for significant employment, which better focuses disclosures on where most of the workforce is located, and the retention and clarification of the gender pay gap disclosure. Further welcome changes are the extension of health and safety fatality reporting to all workers present on the undertaking's sites (regardless of contractual status) and the clarification that data on persons with disabilities must be reported only where lawfully collectible, respecting data protection and privacy rules. The revised methodology for assessing adequate wages outside the EU is a step forward, aligning the ESRS with ILO living wage principles and discouraging reliance on low statutory minimum wages as the main benchmark. This can materially strengthen protection of the right to a decent living wage if implemented with sufficient transparency.
123. At the same time, the analysis of the revised S1 reveals several concerning elements. The shift from a ≥ 10 % workforce threshold to country-specific reporting for the 10 largest

countries by employee headcount (each with at least 50 employees) will, in many cases, enhance visibility for undertakings with distributed workforces by bringing more meaningful country-level data into scope and avoiding the prior situation where multinationals reported only on a small number of large countries. However, a fixed 'top 10, ≥ 50 employees' rule inevitably generates blind spots: smaller operations outside the top 10 may fall entirely outside mandatory country breakdowns, even where workforce characteristics (including contract types or demographic patterns) are atypical, and the simultaneous streamlining of granular breakdowns heightens the risk that such issues remain invisible. Crucially, headcount is not a proxy for human rights risk: higher-risk sites (such as small-scale mines in conflict zones, garment factories in countries with weak labour laws, or agricultural operations reliant on migrant workers) may be small or fall below the 50-employee threshold, yet present disproportionate labour rights concerns. In light of the CSRD's reduced scope (undertakings with over 1 000 employees and a turnover of more than EUR 450 million), the continuing need for strict thresholds is questionable. This approach could be complemented with a risk-based override so that country- or site-level disclosure is required where salient workforce risks are plausible, including in smaller operations or high-risk sectors and contexts, and to reassess whether the thresholds remain justified given the reduced reporting population.

124. The requirement to disclose whether all employees receive an adequate wage is a strong human rights safeguard, as it operationalises the principle that remuneration must support a life of dignity, and is anchored in recognised international and European norms, as well as the ESRS glossary definition. Replacing the earlier rigid non-EU hierarchy with a more flexible, principle-based approach anchored in the ILO living wage principles is a meaningful improvement, responding to criticism that statutory minimum wages are often an inadequate proxy for a living wage, and strengthening the likelihood that undertakings assess wages against objective needs rather than legal minima. The added requirement to disclose the benchmark or reference used further strengthens comparability, but the analysis shows that naming a benchmark or reference alone is insufficient for accountability: without explaining how it was determined and applied, stakeholders and auditors cannot properly assess or verify adequacy claims. The corresponding recommendation is to retain the ILO-anchored approach and the benchmark disclosure while ensuring that undertakings provide sufficiently detailed, evidence-based explanations of the methodology, data sources, parameters and application of the benchmark – consistent with the broader methodology transparency expectations in ESRS 2 GDR-M – so that adequate wage statements are verifiable and meaningful rather than conclusory.

125. The retention of the gender pay gap disclosure is a clear positive in the simplified ESRS, and clarification of the calculation elements improves comparability. Nonetheless, limiting the requirement to a single, unadjusted, aggregate gender pay gap, without any obligation for adjusted analysis or more granular breakdowns, reduces the standard's capacity to reveal discrimination and systemic bias in pay structures. More generally, the removal of gender disaggregation across several workforce metrics weakens insight into gender-specific outcomes, obscuring patterns of precarity, unequal access to training and progression, and unequal take-up of family-related leave – issues that are central to tackling structural

gender inequality. The shift from ‘parental leave’ to ‘maternity leave’ further narrows the lens in a way that risks sidelining broader parental entitlements and reinforcing stereotypes that caregiving is primarily a women’s responsibility, thereby reducing transparency on work–family balance and potential discrimination. Taken together, these revisions weaken the ESRS’s ability to expose structural gender disparities and render intersectional inequalities harder to detect. The corresponding recommendation is that, while maintaining the streamlined approach, the standard should be complemented by reinstated – or at least explicitly promoted – gender-disaggregated reporting for key metrics where gendered vulnerability is well established (including precarious work, part-time work, training and performance reviews, and uptake of family-related leave). In addition, the framing of leave-related social protection should avoid narrowing reporting to maternity leave alone, so that the availability and use of parental leave for all parents is not rendered invisible.

126. With respect to human rights and discrimination incidents, the simplified S1-16 improves clarity in some respects, including by dropping the qualifier ‘severe’ and thereby reducing confusion with the terminology used in the UNGPs and OECD guidelines. However, the overall narrowing is substantial and raises transparency and accountability concerns. The removal of mandatory disclosure on complaints and grievances (including those raised through operational grievance channels) means that undertakings may be made aware of numerous concerns without any obligation to report them. Combined with the shift to reporting only ‘substantiated’ incidents – without a definition in the mandatory text – this creates legal ambiguity and enables undertakings to exclude credible allegations that are still under investigation or have not yet been validated through internal processes. The focus on substantiated determinations and the omission of remediation-related disclosure also represent a clear retreat from process-oriented transparency, weakening visibility of how undertakings identify, track, address and remedy harms, and leaving users with ‘only the tip of the iceberg’ rather than an honest picture of encountered risks and grievances. The corresponding recommendation is to restore minimum transparency elements that allow users to assess the robustness of due diligence and remedy in practice, including (at minimum) disclosure of complaint and grievance volumes and clearer parameters or guidance on what counts as ‘substantiated’ and how pending allegations are treated, taking into account the power imbalances and information asymmetries between undertakings and potentially injured parties. In parallel, reporting should not be confined to finalised proceedings alone: disclosures should enable stakeholders to understand whether the undertaking is identifying issues early, investigating them and taking action to address and remediate harms, rather than only reporting those cases that have already been formally confirmed.

127. Caution against further reductions is warranted, as such reductions could undermine the integrity and meaningfulness of the standards and would not be in line with the level of ambition that the EU has committed to achieve. In this regard, it is imperative to keep in mind the revised personal scope of undertakings that will be bound to provide sustainability reporting under the adopted Omnibus. The CSRD scope is now limited to large undertakings (> 1 000 employees and > EUR 450 million turnover), meaning entities with capacity for robust internal data systems. Raising the level of ambition reflected in the simplified ESRS

by requiring a higher degree of transparency from these undertakings would encourage other undertakings, not subject to these obligations, to apply this benchmark. This would generally contribute to promoting public accountability.

128. Further guidance is needed for consistent and meaningful implementation, for example on assessing and evidencing whether incidents are 'substantiated'; on applying the materiality filter in S1-16; on lawfully collecting and reporting data on persons with disabilities; and on implementing revised health and safety metrics following the deletion of certain indicators. Additional guidance would also be beneficial on adequate wage benchmarks, particularly to support comparability and reduce burdens associated with living wage calculations, and on how undertakings should contextualise disclosures where data points have been moved to the NMIG. Without such guidance, there is a risk that simplification could translate into under-reporting. Another suggestion to limit risks from the new simplified approach is to include a sunset clause for EFRAG to review certain revised DRs (e.g. on the employee headcount) in the Commission delegated act adopting the new ESRS. The timeline for such revision should consider the amendments now introduced to the CSRD.

FRA Opinion 4

In the context of adopting 'Social Standards – S1 – Own workforce' in the ESRS delegated act, the European Commission should have due regard to the following considerations.

- The current '**non-employee**' framing is too narrow and risks under-capturing workers whose work is controlled by the undertaking. To prevent this risk, the delegated act should introduce a broader understanding of non-employees based on the undertaking's control of their work. Alternatively, further examples of non-employees, such as apprentices, contractors, home workers, interns, subcontractors and volunteers should be included (S1 objectives, paragraphs 6 and 7).
- The revised **adequate wage** methodology anchored in ILO living wage principles is a meaningful improvement over reliance on statutory minima. The delegated act should retain the reliance on the ILO living wage framework as the appropriate benchmark to assess adequate wages for employees outside the EU (DR S1-9 and AR 20(b)). The European Commission, or EFRAG, should provide guidance on the disclosure of the application of the benchmark, in line with the requirement for undertakings to explain methodologies and sources for metrics under ESRS 2 GDR-M.
- Limiting **gender pay gap reporting** to an unadjusted aggregate figure weakens the standard's capacity to reveal discrimination and systemic bias in pay structure. The delegated act should remedy this by complementing the disclosure on the unadjusted gender pay gap with a mandatory disclosure of the adjusted gender pay gap (DR S1-15, paragraph 40).

  Removing **gender disaggregation** across key workforce metrics obscures gendered

- vulnerability and weakens visibility of structural inequality. The delegated act should reinstate the mandatory gender breakdowns: non-guaranteed-hours employees (S1-5, paragraph 19(iii)(b)), percentage of participation in performance and career development reviews and average hours of training (S1-12, paragraph 34(a) and (b)), and percentage of employees entitled to family-related leave who actually took such leave (S1-14, former paragraph 93(b)).
- Replacing **'parental leave'** with 'maternity leave' narrows the lens and risks rendering broader parental entitlements and fathers' leave invisible. The delegated act should reinstate the reference to parental leave – replacing the narrower reference to maternity leave – or, at least, the reference to paternity leave should be included (S1-10, paragraph 30(d)).
- Requiring disclosure only of **'substantiated' incidents** – without a definition in mandatory text – creates ambiguity and may exclude credible allegations still under investigation. The delegated act should remove the requirement to report only 'substantiated' incidents or, at least, the European Commission or EFRAG should provide further guidance as to what incidents are considered to meet the substantiation threshold.
- Deleting the absolute number of **employees who have left** reduces contextual understanding of workforce churn despite low reporting burden. The delegated act should reinstate the obligation to disclose the absolute number of employees who have left the company (S1-5, former paragraph 50(c)). The former voluntary data point on non-employees as part of the NMIG should be included (S1-6, former paragraph 56).
- Excluding retirement from **social protection life events** reduces attention to older worker vulnerability and is not aligned with protection in old age. The delegated act should reinstate retirement as one of the life events covered by social protection (S1-10, former paragraph 74(e)). The obligation to disclose the distribution of employees per age group should be reinstated (S1-8, former paragraph 66(b)).
- Aggregating and deleting **key fatality indicators** reduces transparency on the nature and scale of occupational harms and weakens comparability of OSH performance across undertakings. The delegated act should reinstate the obligation to report separately the number of fatalities from recordable work-related accidents and those resulting from recordable work-related ill health (S1-13, paragraph 36(b)). The data point on the days lost to fatalities should be reinstated (S1-13, former paragraph 88(e)). The obligation to report on fatalities due to work-related ill health among non-employees should be reinstated (S1-13, paragraph 88(b)).
- Moving leave uptake and **practical supports** out of mandatory reporting reduces visibility of whether workers can exercise family-related leave in practice and whether workplaces enable work–family balance. The delegated act should reinstate the obligation to report on the percentage of employees entitled to family-related leave who actually took such leave (S1-15, former paragraph 93(b)). Other

metrics on work–life balance, such as flexible working time and access to daycare facilities, should be included in the NMIG.

- Weakening **disability reporting** would undermine transparency on inclusion, while unclear lawful collection expectations risk inconsistent practice and under-reporting. The data point on the percentage of persons with disabilities should be retained (S1-11, paragraph 32). The European Commission or EFRAG should provide guidance on the legal requirements applicable to the collection of data on persons with disability (AR 21).

3.3. S2 – Workers in the Value Chain, S3 – Affected Communities, and S4 – Consumers and End-users

Human rights impact and legal analysis

129. The specific amendments in S2, S3 and S4 produce no significant human rights impacts, although several positive and negative aspects of their revision merit attention.
130. In S2, the definition of value chain – while generally aligned with the CSDDD and the UNGPs interpretative guide – uses different terms and slightly varied wording that may create ambiguity and impair interoperability.

Definition: value chain

Under the ESRS, the value chain refers to 'the full range of activities, resources and relationships related to the undertaking's business model and the external environment in which it operates'.

As the **value chain** covers both upstream and downstream actors, workers in the value chain may be impacted by the undertaking without having any contractual relationship.

Note that EFRAG's draft simplified ESRS have retained the definition adopted in 2023.

Source: EFRAG, Annex II – Acronyms and Glossary of Terms, EFRAG, Brussels, 2025; Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards.

131. S2-1 positively retains explicit policy coverage of forced labour, child labour and trafficking, maintaining alignment with international and European legal standards [94]. Requiring undertakings to explicitly state whether their policies in relation to workers in the value chain address forced labour directly supports the Forced Labour Regulation (Regulation

(EU) 2024/3015 [95], which prohibits companies from placing and making available products made using forced labour on the EU market. This covers any use of forced labour at any stage of production, manufacture, harvest, extraction or processing, meaning, affecting workers along the value chain.

132. Nevertheless, the draft simplified ESRS have deleted the obligation to disclose other relevant information on forced-labour risks. This may include, for example, information on any geographies or commodities for which there is a significant risk of forced labour among value chain workers, previously in S2, paragraph 11(b); widespread or systematic material negative impacts in specific contexts, exemplified by forced labour in particular commodity supply chains in specific countries or regions, previously listed in S2, paragraph 11(c); and the consideration of reputational risks where value chain workers are found to be subject to forced labour, as per the former AR 40. This dilution of the topical information undermines its objectives. The information reported by undertakings may be relevant to both identifying risks of forced labour and supporting investigations under the regulation. Therefore, the deleted content should be restored in the NMIG to maintain transparency without reinstating mandatory disclosures.

133. S3 reveals particular strengths in indigenous rights protection. The explicit reference to the UN Declaration on the Rights of Indigenous Peoples clarifies applicable standards, including indigenous people's right to the lands, territories or resources traditionally owned, occupied or otherwise used or acquired (Article 26) and the prohibition on forcible removal from their lands and territories, with relocation requiring their free, prior and informed consent (FPIC) and just compensation (Article 10). The retention of FPIC in S3-2 remains a core procedural safeguard of corporate due diligence with respect to indigenous peoples.

134. The possibility now established in DR-3 of all social standards except S1 – allowing undertakings to aggregate human rights incidents rather than list them individually – is concerning from a human rights perspective. The change suggests a different expected level of granularity. However, undertakings are only required to report on these standards if the impact on these groups is material. The incidence of human rights incidents is a particularly relevant indicator of materiality. If an undertaking reports on these standards, it should disclose incidents with the same degree of detail as in S1 – which, as mentioned above, may already be considered insufficient. The current formulation is likely to raise further doubts, since the draft S1 requires only the number of incidents (not a list thereof) [96]. Considering the specificities of the groups in S2, S3 and S4, undertakings should provide even more detailed data in these cases. Therefore, requiring undertakings to list the incidents would be a better approach.

Conclusions

135. Amendments to S2, S3 and S4 have been significantly streamlined, and, while the reduced data points simplify reporting and reduce the burden – a change generally welcomed by businesses – EFRAG's prior report on the implementation of the ESRS indicates that a growing number of undertakings already disclose information on affected communities as a material topic, often using entity-specific metrics beyond minimum DRs. The same trend applies to consumer-related disclosures, which are increasingly structured, expansive and

supported by entity-specific metrics to demonstrate impacts from products, services or brand platforms [97]. The implementation of the revised ESRS should thus be closely monitored to assess whether undertakings are actually retracting from these beneficial practices.

136. Notwithstanding the above, the amendments to S2 (workers in the value chain), S3 (affected communities) and S4 (consumers and end-users) streamline disclosures but risk omitting key human rights details. Aggregation in DR-3 (except S1) reduces granularity on incidents like forced labour and community displacement, potentially obscuring severity for vulnerable groups. Entity-specific metrics on impacts – already growing per EFRAG's 2025 report – are not reinforced, allowing retraction from voluntary best practices. As such, the recommendation is to delete the option for undertakings to aggregate human rights incidents and instead require them to list each incident individually.

FRA Opinion 5

In the context of adopting the 'Social Standards – S2 – Workers in the Value Chain, S3 – Affected Communities, and S4 – Consumers and End-users' in the ESRS delegated act, the European Commission should have due regard to the following considerations.

- Deleting the former S2 **forced-labour risk disclosures** undermines the transparency needed to identify and address forced-labour risks in value chains and may dilute the objectives of the Forced Labour Regulation. The European Commission should provide, or request that EFRAG provide, specific guidance on identifying and disclosing forced-labour risks in value chains, including geographical/commodity hotspots and systemic impacts.
- Allowing the aggregation of human rights incidents in **DR-3 for S2–S4** reduces incident-level granularity and may obscure severity and materiality for vulnerable groups. The delegated act should delete the option for undertakings to aggregate human rights incidents, requiring undertakings to list incidents individually rather than reporting combined totals.

4. Environmental Standards

137. Environmental standards cover DRs related to climate change (ESRS E1), pollution (ESRS E2), water (ESRS E3), biodiversity and ecosystems (ESRS E4), and resource use and circular economy (ESRS E5). The amendments proposed by EFRAG significantly reduce mandatory data points. They also enhance flexibility in disclosure and extend the use of phase-ins and relief mechanisms. Amendments to environmental disclosure requirements may indirectly impact fundamental rights protection by influencing the transparency and information needed to identify, prevent, and address adverse impacts on people. This chapter analyses risks and potential impacts on fundamental rights of the proposed ES amendments.

Human rights impact and legal analysis

138. Environmental impacts are closely intertwined with the enjoyment of several fundamental rights recognised under EU and international law, including the rights to health; safe and healthy working conditions; clean water; an adequate standard of living; and respect for private and family life [98]. Further, both the UNGPs [99] and the OECD Guidelines [100] require enterprises to identify and assess adverse impacts arising from environmental harm. The proposed amendments to environmental DRs may impact fundamental rights protection by limiting the transparency and information needed to identify, prevent and address adverse impacts on people.

Climate transition plans

139. The simplification of climate transition plan disclosures under ESRS E1 is relevant from a fundamental rights perspective. The amended standard reduces prescriptive requirements on how transition plans are to be structured. The organisation Shift stated that these 'loosened requirements for climate transition plans' are 'problematic in their own right' [101], while civil-society organisations urged that they be retained during outreach events, stating that they are the most important disclosure within E1 [102].
140. Climate transition measures significantly affect workers and communities through employment shifts, working conditions, skills needs and regional socioeconomic stability. Less transparency on planning and managing these social dimensions of the climate transition may hinder stakeholders' ability to assess transition-related risks to workers and communities, including risks to the right to fair and just working conditions under Article 31 of the Charter and to broader socioeconomic rights linked to an adequate standard of living as recognised in international human rights law. From a business and human rights perspective, reduced disclosure also impedes the effective implementation and assessment of human rights due diligence in line with the UNGPs and the OECD Guidelines. Yet, these choices made regarding transition plans reflect a compromise between simplification and transparency of disclosures. Positively, despite some stakeholders calling for its deletion, EFRAG decided to preserve the requirement to disclose when no transition plan exists, in order to maintain transparency [103].

141. The prior Article 22 dual obligation to adopt and implement climate transition plans marked a significant step beyond the disclosure-focused logic of the CSRD, by converting reporting commitments into operational duties. While the CSRD creates a transparency framework – requiring disclosures on sustainability information, climate strategies and due diligence processes – the CSDDD operationalises these by imposing concrete due diligence obligations. The deletion of the climate transition plan requirement therefore weakens the complementarity between the two instruments, reducing the CSDDD's role in ensuring that disclosed climate commitments are underpinned by binding implementation measures.
142. Overall, the combined effect of the simplification of ESRS E1 disclosures and the removal of the climate transition plan obligation under the CSDDD represents a significant recalibration of the EU sustainability framework. Simplification eases administrative burdens, but risks eroding transparency and accountability for how undertakings plan and manage the social and environmental consequences of the climate transition. Notably, the absence of a binding obligation to adopt and implement climate transition plans reduces the operational strength of the EU's corporate climate governance, potentially compromising policy coherence, legal certainty and alignment of corporate conduct with long-term climate objectives.

Phase-ins and reliefs as regards reporting on pollution

143. The extensive phase-ins and reliefs introduced in ESRS E2 on Pollution – particularly E2-5 (metrics related to substances of concern (SoCs) and substances of very high concern (SVHCs)) – are particularly relevant for workers' health.
144. The amendments to ESRS E2-5 aimed to clarify requirements and reduce complexity, while preserving transparency on substances posing risks to human health and the environment. A key change narrows the reporting scope on SoCs: the revised standard now clearly distinguishes undertakings placing chemicals on the market from those primarily using them. Manufacturers, formulators and importers must report on SoCs, with the scope clarified through NACE (general industrial classification of economic activities within the European Union) codes, while downstream users focus solely on SVHCs – which are easier to identify and already well defined under EU legislation. This reflects differences in access to information and responsibilities along the chemicals value chain [104].
145. EFRAG retained SoC DRs, given their relevance for health, environmental protection and risk assessment, amid strong legislative backing. To ease implementation challenges, it introduced a phase-in for SoCs reporting through the simplified ESRS 1, allowing undertakings additional time to adapt. In parallel, the definition of SoC was narrowed by removing substances that are merely subject to ongoing regulatory processes. To further reduce burden and complexity, information is reported by hazard class rather than by individual substance, and general ESRS principles and reliefs continue to apply. Due to time constraints, EFRAG did not develop additional methodological guidance specifically for substances and pollutants outside the EU [105].
146. Like many of the 2025 ESRS changes, these balance disclosure transparency against reporting simplification. Nonetheless, because pollution-related disclosures are intrinsically linked to the prevention of occupational and public health risks, the reduced scope and

delayed application of SoCs reporting may raise concerns. In particular, they risk limiting undertakings' ability to identify, assess and disclose potential adverse impacts on workers and local communities [106] .

147. Exposure to hazardous substances is a well-established risk factor for occupational disease and environmental health harm. Delayed or reduced disclosures may therefore affect the effective protection of the right to fair and just working conditions under Article 31 of the Charter, which encompasses the protection of workers' health. At the level of the ECHR, environmental pollution and exposure to toxic substances have been recognised by the ECtHR as potentially engaging Article 8 of the ECHR (right to respect for private and family life), particularly where such exposure adversely affects individuals' health or living conditions [107] . From a due diligence perspective, limitations in disclosure also weaken the capacity of undertakings and public authorities to identify and address risks to workers and communities in line with the UNGPs and the OECD guidelines.

148. Moreover, the differentiated treatment of actors in relation to the disclosure of SoCs and SVHCs has important value chain implications [108] . While restricting downstream users' disclosures to SVHCs addresses practical constraints, it may also reduce visibility of upstream pollution risks linked to SoCs, particularly where hazardous substances are manufactured or processed in segments of the value chain with limited data availability or weaker regulatory oversight. This is especially relevant for vulnerable workers and communities in upstream and non-EU contexts, where exposure risks may be significant but are less likely to be captured through downstream reporting. Moreover, the absence of dedicated methodological guidance for substances and pollutants outside the EU reinforces the EU-centric focus of ESRS E2-5 disclosures. As a result, pollution-related impacts occurring in global supply chains may remain insufficiently visible. These limitations are relevant from a due diligence perspective, as they may constrain undertakings' ability to identify and assess all actual or potential adverse impacts across their value chains, as required under the UNGPs, notably Principle 17.

149. Overall, while the simplified ESRS E2-5 balances feasibility and transparency, its phase-ins and reliefs merit careful monitoring to ensure that simplification does not compromise the timely identification and management of pollution-related risks to workers' and public health.

Conclusions

150. The amended Environmental Standards reflect a clear policy choice prioritising simplification, flexibility and burden reduction. While these amendments do not directly interfere with fundamental rights obligations, they may indirectly affect the protection of such rights by limiting the availability, granularity or timeliness of information on environmental impacts closely linked to workers' health, community well-being and social outcomes.

151. In particular, the simplification of climate transition plandisclosures under ESRS E1, combined with the removal of the corresponding obligation under the CSDDD, weakens the link between transparency and operational accountability, potentially impacting workers, communities and other rightsholders affected by the climate transition. Likewise, the

extensive use of phase-ins and reliefs across the environmental standards – notably on pollution and hazardous substances – reflects legitimate feasibility concerns but risks delaying the identification and management of risks to workers' health and to the living conditions of affected communities. In this context, effective monitoring of the implementation of phase-ins and reliefs is essential [109]. The practical application of ESRS E2-5 should be tracked, including through field testing, to ensure that reliefs on SoCs do not undermine existing voluntary reporting practices developed under the 2023 ESRS and remain aligned with the OECD guidelines, particularly regarding the protection of workers' health.

152. ESRS Considering the above, the revised ESRS represent the outer limit of acceptable simplification. The risks identified here arise cumulatively from the combined effect of multiple simplification levers — including materiality filtering, estimation practices, and value-chain limitations — which, taken together, amplify systemic vulnerabilities. Further dilution of environmentally relevant disclosures would be difficult to justify and could undermine the standards' coherence with EU sustainability objectives and the protection of fundamental rights.

FRA Opinion 6

In the context of adopting the 'Environmental Standards' as delegated act, the European Commission should have due regard to the following considerations.

1. The amended Environmental Standards aim to simplify, and prioritise flexibility and burden reduction, delivering a substantial decrease in mandatory data points and extended phase-ins, while preserving alignment with ESRS 1 and ESRS 2.

2. However, the simplification of ESRS E1 climate transition plan disclosures weakens the link between transparency and operational accountability, and reduces clarity on how undertakings manage the social and labour impacts of the climate transition. Moreover, it represents a significant recalibration of the EU sustainability framework. The delegated acts should retain the requirements on how transition plans are to be structured.

3. Phase-ins and reliefs under ESRS E2-5, particularly for SoC, reflect feasibility constraints but risk delaying the identification and management of pollution-related risks to workers' health and affected communities, including in value chains. The European Commission and responsible national supervisory authorities should closely monitor their implementation to ensure that disclosures on SoC and SVHC remain sufficient and aligned with existing voluntary practices and international due diligence standards.

Endnotes

[1] Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC Text with EEA relevance, OJ L 182, 29.6.2013.

[2] see FRA, 'A Human Rights Approach to Due Diligence: Reflections on key principles', October 2025.

[3] United Nations, 'Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" framework', 2012, in particular principles 11 and 13 and the commentaries thereon. The UNGPs are a soft law instrument, and do not create legally binding obligations.

[4] See EFRAG, Draft Simplified ESRS at Draft Simplified ESRS | EFRAG

[5] European Commission, 'Corporate sustainability reporting', European Commission website, 9 December 2025.

[6] Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting (OJ L 322, 16.12.2022, p. 15, ELI: https://eur-lex.europa.eu/eli/dir/2022/2464/oj/eng).

[7] Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (OJ L 182, 29.6.2013, p. 19, ELI: https://eur-lex.europa.eu/eli/dir/2013/34/oj/eng).

[8] See https://www.efrag.org/en/news-and-calendar/news/press-release-efrag-shares-revised-esrs-exposure-drafts-and-launches-60day-public-consultation. EFRAG website.

[9] See European Financial Reporting Advisory Group (EFRAG), 'Draft simplified ESRS', EFRAG website, November 2025.

[10] See EFRAG,Simplified ESRS Factsheets, EFRAG website, November 2025 .

[11] https://www.europarl.europa.eu/doceo/document/TA-10-2025-0324_EN.html.

[12] This is an estimate based on secondary analyses, not an official Commission number. See Danish Institute for Human Rights, 'Danish Institute for Human Rights calls for strong implementation of EU sustainability rules after Omnibus I', Danish Institute for Human Rights website, 17 December 2025; European Sustainable Investment Forum (Eurosif), 'Omnibus: Setback for sustainable finance rules, but damage control on transition plans', Eurosif website, 14 October 2025; ESG Today, 'EU Parliament approves Omnibus agreement to cut sustainability reporting and due diligence requirements', ESG Today website, 16 December 2025.

[13] Eurosif, 'Omnibus: Setback for sustainable finance rules, but damage control on transition plans', Eurosif website, 14 October 2025.

[14] ESRS, Draft simplified ESRS 1 – General Requirements, par. 58.

[15] see Article 29b CSRD

[16] Chetan, H., Hong TW., (2023), The European Sustainability Reporting Standards v. International Sustainability Standards Board: What are the differences?, September 2025.

[17] See GRI 1: Foundation 2021 at Global Reporting Initiative (GRI), 'Universal standards (GRI 1, GRI 2, GRI 3)', GRI website.

[18] See International Financial Reporting Standards (IFRS) Foundation, IFRS S1: General requirements for disclosure of sustainability-related financial information, London, paragraphs 11–16.

[19] EFRAG, Draft ESRS 1: General requirements – November 2025, Brussels, 2025, Section 2 as amended.

[20] EFRAG, Draft simplified ESRS 1- General requirements, para 111 as amended.

[21] EFRAG, Draft ESRS 1: General requirements – November 2025, Brussels, 2025, paragraph 11 as amended.

[22] EFRAG, Draft simplified ESRS 1- General requirements, Section 7.4 as amended.

[23] EFRAG, Draft ESRS 1: General requirements – November 2025, Brussels, 2025, paragraph 2 as amended.

[24] EFRAG, Draft ESRS 1: General requirements – November 2025, Brussels, 2025, Section 2.1 and application requirement 20 as amended.

[25] EFRAG, Draft ESRS 1: General requirements – November 2025, Brussels, 2025, Section 2.1 and application requirement 17 as amended.

[26] Frank Bold, Delivering on Sustainability: Evidence from the First Year of CSRD Implementation, October 2025, p. 41

[27] United Nations Children's Fund (UNICEF), The amended ESRS Exposure Drafts: A Summary of UNICEF's Response', UNICEF website, 29 September 2025.

[28] EFRAG, 'Simplified ESRS Factsheets', EFRAG website, November 2025.

[29] EFRAG, Draft ESRS 1: General requirements – November 2025, Brussels, 2025, Section 2.1 as amended.

[30] European Court of Human Rights (ECtHR), 19 February 1998, Guerra and others v. Italy, ECLI:CE:ECHR:1998:0219JUD001496789.

[31] EFRAG, Draft ESRS 1: General requirements – November 2025, Brussels, 2025, Section 7.4 as amended.

[32] Shift, Shift statement on the Revised European Sustainability Reporting Standards (ESRS)'Shift statement on the revised European sustainability reporting standards (ESRS)', Shift website, 3 December 2025.

[33] EFRAG, 'EFRAG provides its technical advice on draft simplified ESRS to the European Commission', EFRAG website, 3 December 2025.

[34] EFRAG, Outreach Summary, Final Results, 9 October 2025.

[35] European Network of National Human Rights Institutions (ENNHRI), ENNHRI statement on the Omnibus I proposal to inform trilogue negotiations, Belgium, 2025.

[36] ENNHRI, ENNHRI statement on the Omnibus I proposal to inform trilogue negotiations, Belgium, 2025.

[37] EFRAG, Draft simplified ESRS 2 para 21(44 amended) and para 22(45) amended.

[38] See also Frank Bold, 'Delivering on Sustainability: Evidence from the First Year of CSRD Implementation', October 2025, p.34

[39] EFRAG (2025), Draft Simplified ESRS 2 para 21(44 amended) and para 22(45) amended.

[40] EFRAG, Amended ESRS Exposure Draft – July 2025 - Basis for Conclusions – ESRS 2, page 43.

[41] EFRAG (2025), Draft simplified ESRS 2 para 34(52 amended) and para 35(53 amended).

[42] Simon Taylor, (2023), Unlocking the power of stakeholders in the ESRS Double Materiality Assessment, (27 April, 2023).

[43] GRI, Annex. GRI response to public consultation on the amended ESRS exposure drafts, p. 7, 24 September 2025

[44] Paragraph 48(c)(iv) of the 2023 ESRS 2 read: 'whether the undertaking is involved with the material impacts through its activities or because of its business relationships, describing the nature of the activities or business relationships concerned;'

[45] See GRI's feedback on the amended ESRS exposure drafts and proposed wording suggestions, page 4, point 5.

[46] Paragraph 45 of the draft simplified ESRS 2 read: 'When the undertaking implements key actions to manage material impacts, risks and opportunities, it shall disclose: (a) a description of the key actions taken in the reporting year and those planned for the future, including their scope and timeframe.'

[47] see also UNGPs Principle 22; Article 47 of the EU Charter, OECD Chapter III, Disclosure.

[48] Except for certain elements in S1. See Draft simplified ESRS – S1, par. 1.

[49] EFRAG, Basis for conclusions – Draft amended ESRSBasis for Conclusions: Draft amended ESRS – December 2025, Brussels, 2025, p. 22, paragraphs 99 and 100.

[50] UNGP 15.

[51] EFRAG, Basis for conclusions – Draft amended ESRSBasis for Conclusion: Draft amended ESRS – December 2025, Brussels, 2025, p. 93, paragraph 457.

[52] 2023 ESRS, paragraph 11b.

[53] Danish Institute for Human Rights, 'The revised European sustainability reporting standards are here, now it's time to shift attention back ensuring to their meaningful implementation', Danish Institute for Human Rights website, 3 December 2025.

[54] UNGP 18.

[55] Directive 2002/14/EC of the European Parliament and of the Council of 11 March 2002 establishing a general framework for informing and consulting employees in the European Community (OJ L 80, 23.3.2002, p. 29, ELI: http://data.europa.eu/eli/dir/2002/14/oj), Article 3(1)(a).

[56] EFRAG, Basis for conclusions – Draft amended ESRSBasis for Conclusions: Draft amended ESRS – December 2025, Brussels, 2025, p. 95, paragraph 467.

[57] EFRAG, Basis for conclusions – Draft amended ESRSBasis for Conclusions: Draft amended ESRS – December 2025, Brussels, 2025, p. 95, paragraph 467.

[58] See GRI, GRI 2 – General disclosures 2021, Disclosure 2-8, 'Workers who are not employees', Guidance to 2-8-a.

[59] UNICEF, The Amended ESRS Exposure Drafts: – A summary of UNICEF's response'The amended ESRS exposure drafts: A summary of UNICEF's response', UNICEF website, 29 September 2025.() UNICEF, The Amended ESRS Exposure Drafts: – A summary of UNICEF's response', UNICEF website, 29 September 2025.

[60] Directive (EU) 2022/2041 of the European Parliament and of the Council of 19 October 2022 on adequate minimum wages in the European Union (OJ L 275, 25.10.2022, p. 33, ELI: http://data.europa.eu/eli/dir/2022/2041/oj).

[61] Draft simplified ESRS – S1, application requirement 20(b)(i).

[62] See International Labour Organization (ILO), ILO principles on estimating a living wage'ILO principles on estimating a living wage', ILO website.

[63] UNICEF (2025), The Amended ESRS Exposure Drafts – A summary of UNICEF's response.

[64] Draft simplified ESRS – S1, paragraph 27, application requirement 18. See also EFRAG, Issue paper – To support SRB directions after the consultation on adequate wages , 2025, p. 7, paragraph 27.

[65] EFRAG, Issue paper – To support SRB directions after the consultation on adequate wages , p. 7, paragraph 27.

[66] Universal Declaration of Human Rights, Articles 2 and 7; United Nations Convention on the Elimination of All Forms of Discrimination against Women, Article 2; Treaty on European Union, Article 2; Treaty on the Functioning of the European Union, Article 8; Charter of Fundamental Rights of the European Union, Articles 21 and 23.

[67] Universal Declaration of Human Rights, Article 23(2); International Covenant on Economic, Social and Cultural Rights, Article 7; United Nations Convention on the Elimination of All Forms of Discrimination against Women, Article 11(1)(d); ILO Convention No 100 – Equal Remuneration; ILO Convention No 111 – Discrimination (Employment and Occupation); European Social Charter (Revised), Articles 4(3) and 20; Treaty on the Functioning of the European Union, Article 157; Directive 2006/54/EC of the European Parliament and of the Council of 5 July 2006 on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation (OJ L 204, 26.7.2006, p. 23, ELI: http://data.europa.eu/eli/dir/2006/54/oj); Directive (EU) 2023/970 of the European Parliament and of the Council of 10 May 2023 to strengthen the application of the principle of equal pay for equal work or work of equal value between men and women through pay transparency and enforcement mechanisms (OJ L 132, 17.5.2023, p. 21, ELI: http://data.europa.eu/eli/dir/2023/970/oj); European Pillar of Social Rights, Principle 2; 2020–2025 EU gender equality strategy.

[68] Article 3(1)(c): '"gender pay gap" means the difference in average pay levels between female and male workers

of an employer expressed as a percentage of the average pay level of male workers'.

[69] Indicator No 12 in Table I of Annex I to Commission Delegated Regulation (EU) 2022/1288.

[70] Indicator 'Weighted average gender pay gap' in Sections 1 and 2 of Annex II, Regulation (EU) 2020/1816.

[71] See GRI Disclosure 405-2.

[72] European Council, 'Gender pay gap: Council adopts new rules on pay transparency', European Council website, 24 April 2023.

[73] See GRI Disclosures 2-7, 2-9, 401-1, 401-3, 404-1, 404-3, 405.

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[83] 2023 ESRS – S1, paragraph 88(b); draft simplified ESRS, paragraph 36(b)(i).

[84] Corrigendum to Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of 'do no significant harm', specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports (Official Journal of the European Union L 196 of 25 July 2022) (OJ L 332, 27.12.2022, p. 1, ELI: http://data.europa.eu/eli/reg_del/2022/1288/corrigendum/2022-12-27/oj), Table 3.

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[90] European Convention on Human Rights, Article 8; Charter of Fundamental Rights of the European Union, Article 7.

[91] Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (OJ L 119, 4.5.2016, p. 1, ELI: http://data.europa.eu/eli/reg/2016/679/oj).

[92] EFRAG, Basis for conclusions – Draft amended ESRS – December 2025, Brussels, 2025, p. 98, paragraph 482.

[93] United Nations Convention on the Rights of Persons with Disabilities, Article 27; Charter of Fundamental Rights of the European Union, Article 26; European Pillar of Social Rights, Principle 17.

[94] International Covenant on Civil and Political Rights, Article 8; International Covenant on Economic, Social and Cultural Rights, Article 10(3); ILO Convention No 29 – Forced Labour; ILO Convention No 105 – Abolition of Forced Labour; ILO Convention No 138 – Minimum Age Convention; ILO Convention No 182 – Worst Forms of Child Labour; European Convention of Human Rights, Article 4; Charter of Fundamental Rights of the European Union, Articles 5 and 32; Regulation (EU) 2024/3015 of the European Parliament and of the Council of 27 November 2024 on prohibiting products made with forced labour on the Union market and amending Directive (EU) 2019/1937 (OJ L, 2024/3015, 12.12.2024, ELI: http://data.europa.eu/eli/reg/2024/3015/oj).

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[98] See, inter alia, Charter of Fundamental Rights of the European Union, Articles 7, 31 and 35; European Convention on Human Rights, Article 8; International Covenant on Economic, Social and Cultural Rights, Articles 11 and 12.

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[102] EFRAG, Summary of Outreach Events: Comments and suggestions , 2025, p. 28.

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[104] EFRAG, Basis for Conclusions: Draft amended ESRS – December 2025, Brussels, 2025, p. 80.

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[107] See, inter alia, ECtHR, 6 May 2025, Case of L.F. and others v. Italy, ECLI:CE:ECHR:2025:0506JUD005285418. See also Radina, A., ‘Is Article 8 enough? L.F. and others v. Italy and the sidelining of Article 2 in environmental cases’, Strasbourg Observers website, 30 July 2025.

[108] See also EFRAG, Outreach Summary: Final results, 2025, p. 17, where it is mentioned that according to civil-society organisations the value chain dimension seems weakened in E2 standards.

[109] More generally on the importance of meaningful implementation, see Danish Institute for Human Rights, ‘The revised European sustainability reporting standards are here, now it’s time to shift attention back ensuring to their meaningful implementation’, Danish Institute for Human Rights website, 3 December 2025: ‘due to the many new principles and flexibilities introduced, implementation guidance and other efforts to support meaningful implementation need to be given utmost priority including in the mandate given for the next stage of EFRAG’s sustainability reporting work.’

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Schwarzenbergplatz 11 – 1040 Vienna – Austria

T +43158030-0– F +43 158030-699

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