

EBA/OP/2026/02

17 February 2026

# Opinion of the European Banking Authority on the draft simplified European Sustainability Reporting Standards (ESRS)

## Introduction and legal basis

1. On 16 December 2025, the European Banking Authority (EBA) received a request<sup>1</sup> from the European Commission (Commission) to provide an opinion on the technical advice on the simplification to the European Sustainability Reporting Standards ‘Set 1’<sup>2</sup> (amended draft ESRS) as prepared by the European Financial Reporting Advisory Group (EFRAG), which was submitted to the Commission on 2 December 2025<sup>3</sup>.
2. Article 49.3(b) of Directive 2013/34/EU (Accounting Directive)<sup>4</sup>, as amended by Directive 2022/2464 (the Corporate Sustainability Reporting Directive CSRD)<sup>5</sup> lays down the conditions for the adoption by the Commission of the delegated acts on the ESRS. In accordance with that Article’s fifth subparagraph, ‘the Commission shall request the opinion, among others, ‘of the European Banking Authority (EBA), the European Securities and Markets

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<sup>1</sup> [Request from the Commission to the EBA](#).

<sup>2</sup> 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 (OJ L, 2023/2772, 22.12.2023, ELI: [http://data.europa.eu/eli/reg\\_del/2023/2772/oj](http://data.europa.eu/eli/reg_del/2023/2772/oj)).

<sup>3</sup> [Amended ESRS](#) and [Letter to Commissioner Maria Luís Albuquerque](#).

<sup>4</sup> 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. 1, ELI: <http://data.europa.eu/eli/dir/2013/34/oj>).

<sup>5</sup> 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: <http://data.europa.eu/eli/dir/2022/2464/oi>).

Authority (ESMA) and the European Insurance and Occupational Pensions Authority (EIOPA) on the technical advice provided by EFRAG, in particular with regard to its consistency with Regulation (EU) 2019/2088<sup>6</sup> and its delegated acts'. The opinions shall be provided by the three European Supervisory Authorities (ESAs) within two months from the date of receipt of the request from the Commission.

3. The EBA competence to deliver an opinion is based on the above-mentioned Article which falls under Article 16a(4) of Regulation EU No 1093/2010<sup>7</sup> (EBA founding regulation), as an opinion was requested by the Commission on a topic which falls within the EBA's area of competence.
4. In accordance with Article 14(7) of the Rules of Procedure of the Board of Supervisors<sup>8</sup>, the Board of Supervisors has adopted this opinion which is addressed to the Commission.

## Scope of the Opinion

5. The EBA is providing an opinion on those parts of the amended draft ESRS that are related to the EBA responsibilities, with particular attention being paid to the institutions' data needs for risk management purposes and to the interoperability both with the ESG-related risks disclosures required under Article 449a of the Capital Requirements Regulation (CRR)<sup>9</sup> as specified in the EBA Pillar 3 Framework<sup>10</sup> and with the international sustainability standards (notably the International Sustainability Standards Board ISSB standards). In this vein, while the package submitted by EFRAG to the Commission is composed of twelve draft ESRS, the EBA's opinion is focused on the cross-cutting standards (ESRS 1 General requirements and ESRS 2 General Disclosures), ESRS E1 Climate change and ESRS E4 (Biodiversity & Ecosystems).
6. The EBA's opinion leverages on the assessment performed during the public consultation phase<sup>11</sup> of the amended draft ESRS, the EBA staff feedback submitted to EFRAG on 29 September 2025, and on the feedback and the key concerns conveyed during the technical discussions within the EFRAG TEG and SRB meetings regarding the incorporation of comments received from the public consultation on the draft amended ESRS.

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<sup>6</sup> Regulation EU 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (OJ L 317, 9.12.2019, p. 1, ELI: <http://data.europa.eu/eli/reg/2019/2088/oi>).

<sup>7</sup> Regulation EU No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC (OJ L 331, 15.12.2010, p. 12, ELI: <http://data.europa.eu/eli/reg/2010/1093/oi>).

<sup>8</sup> Decision adopting the Rules of Procedure of the European Banking Authority Board of Supervisors of 22 January 2020 (EBA/DC/2020/307).

<sup>9</sup> Regulation EU No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation EU No 648/2012 (OJ L 176, 27.6.2013, p. 1, ELI: <http://data.europa.eu/eli/reg/2013/575/oi>).

<sup>10</sup> Commission Implementing Regulation EU 2024/3172 of 29 November 2024 laying down implementing technical standards for the application of Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to public disclosures by institutions of the information referred to in Part Eight, Titles II and III, of that Regulation, and repealing Commission Implementing Regulation EU 2021/637 (OJ L, 2024/3172, 31.12.2024 ELI: [http://data.europa.eu/eli/reg\\_impl/2024/3172/oi](http://data.europa.eu/eli/reg_impl/2024/3172/oi)) (EBA Pillar 3 ITS).

<sup>11</sup> [ESRS simplification - public consultation](#).

## General considerations

7. The EBA is fully aligned with the objectives of the Commission in its endeavour to simplify EU rules, boost competitiveness, and unlock additional investment, and agrees with the principles that should guide the review of the ESRS: their revision should substantially reduce the number of mandatory ESRS datapoints by removing those deemed least important; it should prioritise quantitative datapoints over narrative text; and it should not undermine but should rather further enhance the degree of interoperability with global sustainability reporting standards.
8. The comments and suggestions raised in response to EFRAG's consultation, during the technical discussions after consultation and in these recommendations are provided with the intention of ensuring alignment of the amended standards with those objectives and the objective of providing meaningful information to institutions, as highlighted in the previous section.
9. We are pleased to observe that the final amended draft ESRS comprise several improvements after consultation, including enhanced readability and structure; efforts to maintain or enhance interoperability with the ISSB standards; the more balanced approach adopted in the Double Materiality Assessment (DMA), which now provides greater clarity regarding the 'financial materiality' perspective (reflecting more effectively the context of financial institutions – ESRS 1 AR 27 for para. 49); and the integrated approach between climate-related and biodiversity-related transition plans (E4, AR 1 for para. 10).
10. Furthermore, the EBA supports the general approach that aims to reduce the reporting burden but calls for institutions to keep analysing sustainability-related risks and recommends time-limit for alleviations in a number of areas. This opinion focuses on those aspects – primarily related to the proposed reliefs (particularly those with a permanent nature) and their possible consequences. The EBA views that it is necessary for the Commission to consider the issues described below before the adoption of the amended draft ESRS, especially considering the context where no sector-specific standards will be developed.
11. The EBA's comments underscore the need for a gradual and proportionate approach to improving both the availability and quality of decision-useful sustainability-related data, recognising that such reliable and comparable information is essential for informed risk assessment and, ultimately, for safeguarding financial stability.
12. Indeed, as users of undertakings' information, institutions depend on counterparty-level data to accurately identify, measure, and manage ESG-related financial risks – just as they do with other types of risk. This is key for institutions to be able to provide financial services to the economy in an efficient manner and to ensure financial stability. As already mentioned by the Financial Stability Board (FSB) Task Force on Climate Related Disclosures (TCFD) in their 2016 recommendations<sup>12</sup>, 'inadequate information about risks can lead to a mispricing of assets and misallocation of capital and can potentially give rise to concerns about financial stability since markets can be vulnerable to abrupt corrections'.

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<sup>12</sup> [Recommendations of the Task Force on Climate Related Financial Disclosures](#).

13. Furthermore, the primary objective of the EU prudential framework (CRR/CRD<sup>13</sup> package) is to safeguard financial stability by requiring institutions to remain resilient even in the face of adverse economic conditions. In doing so, institutions are required to effectively manage risks, including ESG-related risks. A lack of, or insufficient access to, decision-useful information on ESG-related risks for banks may eventually have consequences both for financial stability and for the flow of lending to the real economy.
14. Moreover, ensuring the availability and reliability of such data reduces the need for financial institutions to engage in time-consuming bilateral contacts with their counterparties. This, in turn, supports our shared objective of minimising the overall burden for both banks (as user of the information) and preparers.
15. In striking the right balance between the simplification objectives envisaged in the amended draft ESRS and the provision of relevant sustainability-related information by undertakings, the EBA encourages the Commission to consider the combined effect of (i) the significantly reduced scope of application of the amended CSRD<sup>14</sup> and the (ii) set of data to be reported under the amended draft ESRS.

## General comments / proposals

16. Having in mind the above, on 29 September the EBA staff responded to EFRAG's public consultation on the amended draft ESRS highlighting those proposed amendments most concerning for us. In particular:
  - (i) The potential for unintended distorted incentives for undertakings (e.g. greenwashing) linked to some 'reliefs and flexibilities' for the disclosure of quantitative information and metrics, especially given that no phasing-out provisions were considered for some and in many cases the new ESRS reliefs go beyond the comparable IFRS ISSB standards' reliefs;
  - (ii) There is a reduced emphasis on quantitative information in the disclosure of financial effects, which seem contrary to one of the goals envisaged by the Commission for prioritising quantitative data over narrative text;
  - (iii) For financial institutions, alongside other undertakings, material impacts, risks and opportunities (IRO) are concentrated in their value chain, which therefore should be the focus of their disclosures under ESRS. This is particularly relevant after the increased importance in

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<sup>13</sup> Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176, 27.6.2013, p. 338, ELI: <http://data.europa.eu/eli/dir/2013/36/oi>).

<sup>14</sup> On December 2025, co-legislators reached a political agreement on the final 'Omnibus I' simplification package, concerning certain corporate sustainability reporting and due diligence requirements. In this context, the revised CSRD reduces its scope of application to undertakings with a net turnover exceeding EUR 450 000 000 and an average of more than 1 000 employees during the financial year (a reduction of approximately 85% compared with the previous scope).

the revised ESRS of the references to own operations, and in the absence of sector specific standards.

17. While the EBA observes some improvements in the finalisation of the standards as submitted by EFRAG to the Commission, the concerns expressed in the EBA staff response to EFRAG consultation as indicated above remain.
18. The EBA acknowledges that some of the proposed reliefs are intended to address the heightened uncertainty and complexity inherent in forward-looking climate-related matters. They are also aligned with proportionality considerations – a core concern for financial regulators and supervisors – by recognising the burden of exhaustive data collection and the practical limits of what is cost-effective.
19. However, the EBA is concerned about the rationale supporting some reliefs and the cumulative impact of the overall set of reliefs (e.g. ‘undue cost or effort’, quantitative information for ‘financial effects’, ‘relief for metrics’, and ‘acquisitions and disposals’), which may significantly reduce the amount of quantitative information reported by undertakings, against one of the objectives expressed by the Commission when opening this review (i.e. prioritise quantitative data) and shift the burden onto users of the information, including banks. Ultimately, it might compromise the integrity, consistency, and global reliability of the ESRS framework and its role in supporting the sustainable transition.
20. Overall, we encourage the Commission to implement a calibrated approach to the application of the reliefs (i.e. an approach that ensures interoperability with IFRS standards, including time boundaries and guidance). In particular:
  - Simplification should not lead to a situation of permanent unavailability of relevant quantitative sustainability data, which would have negative implications to mispricing of risks and financial stability and to the flow of lending to the real economy.
  - Simplification should not lead either to the situation where the EU standards lag behind and diverge from the ISSB standards, with negative consequences to EU companies’ competitiveness and their access to financial markets. This concern applies, in particular, regarding the extension of the ‘undue cost or effort’ relief to metrics for own operations, or the disclosures on anticipated financial effects, and especially given that undertakings within the scope of the revised CSRD – the largest and generally well-resourced companies – should in principle be fully capable of meeting these requirements.

## Specific comments / proposals

21. As indicated above, the EBA considers that the proposed *reliefs’ framework*, and in particular the permanent nature of some of the reliefs, would create distorted incentives for undertakings to omit relevant information and to delay efforts to advance (e.g. methodologies, access to data sources) in improving disclosures, and would ultimately undermine the integrity and comparability of the disclosures. We refer, in particular, to the following reliefs, for which we encourage the Commission to set reasonable time-boundaries for its use:

## 'Undue cost or effort' relief

22. The 'undue cost or effort' relief as proposed in the final amended draft ESRS, may be used by undertakings notably in the following (wide-range) situations, without time limit:

- partial metrics coverage due to data quality issues (ESRS 1, para. 92), according to which, when the necessary information is not available, the undertaking is permitted to report only partial coverage of the scope in the calculation of value chain and own operations metrics;
- reasonable and supportable information available without undue cost or effort (ESRS 1, para. 94), according to which preparers are expected to only use reasonable and supportable information available at the reporting date without undue cost or effort including for the computation of metrics.

*Partial metrics coverage due to data quality issues (ESRS 1, para. 92)*

23. This relief foresees that if the undertaking can provide, without incurring undue cost or effort, reliable data only for part of its own operations or its value chain, the undertaking shall disclose that it has identified material impacts, risks or opportunities, but that the corresponding metric can currently only be reported for part of its operations or for a subset of the value chain. In this case, it shall also outline actions taken to improve coverage and quality, as well as progress made since the previous period. The only metrics for which prepares of information cannot make use of this relief are those specified in ESRS E1- 8 (Gross scope 1, 2, 3 GHG emissions), as EFRAG considers that these metrics should be sufficiently mature and to ensure interoperability with international standards.

24. While the EBA understands that this new relief, allowing partial reporting for own operations and value chain, is aimed at avoiding unreliable estimates due to poor data quality, our concern is that no time limit is envisaged for it. According to EFRAG, over time the coverage of metrics will increase and the relief will no longer be necessary.

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

26. **EBA Opinion** – Against this background, the EBA encourages the Commission to provide for a three-year time-limit to this relief, which should be applicable only until and including financial year 2029, safeguarding against unintended long-lasting gaps in disclosures. The EBA considers this a proportionate approach, particularly given that the revised CSRD will apply only to large and typically well-resourced undertakings—those with more than 1,000 employees and over €450 million in turnover—which can reasonably be expected to progressively comply with the ESRS requirements.

*Reasonable and supportable information that is available without undue cost or effort (ESRS 1, para. 94)*

27. According to ESRS 1, para. 94, the undertaking shall use all reasonable and supportable information available at the reporting date without undue cost or effort (a) to identify material impacts, risks, and opportunities (IRO); (b) to define the relevant value chain scope; (c) when extending information to that value chain; (d) to prepare information on metrics; and (e) to report current and anticipated financial effects.
28. The EBA notes the introduction by EFRAG of an expanded version of the permanent ‘undue cost or effort’ relief that would apply to all metrics (ESRS 1, para. 94(d)), beyond the scope that this relief has under the IFRS-ISSB framework related to anticipated financial effects (AFE). We understand the rationale of this relief for selected metrics, such as anticipated financial effects, with many factors within/outside the control of the entity to consider. However, for all other metrics and disclosure requirements, which are much more limited in scope, this would risk impairing the quality and usefulness of the information for decision-making purposes.
29. Similarly to the previous permanent relief, the EBA is concerned that this one could as well remove the incentives for companies to invest in improving data quality over time. In our view, the goal of the ESRS standards should be that once the impacts, risks and opportunities (IROs) have been identified, the undertaking should look to progressively equip itself to provide the ESRS information about these IROs.
30. **EBA Opinion** – The EBA encourages the Commission to provide for a three year time limit to this undue cost or effort relief for metrics, which should be applicable only until and including financial year 2029, therefore raising the right incentives for undertakings and safeguarding against unintended long-lasting gaps in disclosures. The EBA considers this a proportionate approach, especially given that undertakings within the scope of the revised CSRD – large and generally well-resourced companies – are expected to be fully capable of progressively meeting these requirements.

### **Reliefs applicable to Anticipated Financial Effects (AFE)**

31. The EBA’s comments on this point should be considered taking into account the following provisions applicable to the AFE:
  - the permanent relief on ‘reasonable and supportable information that is available without undue cost or effort’ (ESRS 1, para. 94) (please refer to previous section);
  - transitional provisions for those companies that had to start reporting from financial year 2024, as per the initial CSRD (‘Wave 1’ companies) (ESRS 1, para. 125);
  - the permanent relief for ‘financial effects not separately identifiable’ (ESRS 2, para. 18).
32. Globally, AFE is the forward-looking information to be prepared and disclosed by the undertaking regarding how it expects its financial position, financial performance, and cash

flows to change over the short, medium and long term (ESRS2, para. 27<sup>15</sup>). In doing so, the undertaking shall take into consideration its announced investment and disposal plans and its planned sources of funding to implement its strategy (ESRS 2, AR 17 for para. 27).

33. Information on AFE is key data for institutions as users of the information. The EBA welcomes the EFRAG's decision to maintain the mandatory requirements for undertakings to provide not only qualitative but also quantitative information on anticipated financial effects (yet allowing omission of quantitative data under specific conditions – ESRS 2, para. 28)<sup>16</sup> given its strategy to manage material risks and opportunities (ESRS 2, para. 27) – which besides being fully in line with the EBA staff position conveyed to EFRAG in the response to the consultation, is consistent with Article 29b(3)<sup>17</sup> of the Accounting Directive, as amended by the CSRD.

*Transitional provisions*

34. The final amended draft ESRS introduce transitional provisions to the reporting of information on AFE (ESRS 1, para. 125), applicable to 'wave 1' companies, according to which these undertakings may omit in their sustainability statement:
  - (ESRS 1, para. 125b) all information about AFE as required in ESRS 2, para. 27 and ESRS E1-11 for their financial years prior to 2027 – except for the carrying amount and respective percentage of assets at material physical (ESRS E1-11 paragraph 38(a)(b)) and the same information as for assets at material transition risk (ESRS E1-11 39 (a)(b), respectively), and
  - (ESRS 1, para. 125c) quantitative information about AFE as required in ESRS 2, para. 27 and ESRS E1-11 for their financial years prior to 2030 – except for the carrying amount and respective percentage of assets at material physical and transition risk (ESRS E1-11 paragraph 38(a)(bR) and 39 (a)(b), respectively).
35. Consequently, 'wave 1' undertakings would be required to provide comprehensive quantitative disclosures on AFE for the first time only for their 2030 financial year, to be reported in 2031.

*Relief for 'financial effects not separately identifiable'*

36. Importantly, even after 2030 (i.e. after the transition period envisaged in ESRS 1, para. 125c) undertakings may still omit – with no time limit – quantitative information about the current or anticipated financial effects. This being the case when resorting to the permanent relief

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<sup>15</sup> ESRS 2, para. 27 states: 'The undertaking shall disclose qualitative and quantitative information on how it expects its financial position, financial performance, and cash flows to change over the short, medium and long term, given its strategy to manage material *risks and opportunities (anticipated financial effects)*.'

<sup>16</sup> ESRS 2, para. 28 states: '(new) The undertaking need not provide quantitative information about the *current financial effects* or *anticipated financial effects* if it determines that:

(a) the effects are not separately identifiable; or  
 (b) the level of measurement uncertainty involved in estimating those effects is so high that the resulting quantitative information would not be useful (see ESRS 1 General Requirements, paragraphs 89 and 90).

<sup>17</sup> According to Article 29b(3) of the Accounting Directive as amended by the CSRD 'The sustainability reporting standards shall specify the forward-looking, retrospective, qualitative and quantitative information, as appropriate, to be reported by undertakings.' This paragraph has not been changed in the text agreed by co-legislators on December 2025.

regarding situations when financial effects cannot be separately identified or measured reliably due to the high level of uncertainty involved (ESRS 2, para. 18). In such cases, qualitative, decision-useful information must be provided instead (ESRS 2, AR 21 for paras. 28 and 29).

37. The EBA acknowledges that this relief exists in the IFRS Accounting Standards, where it supports the practical application of requirements involving significant outcome or measurement uncertainty. While we support the underlying principle – acknowledging high estimation uncertainty and proportionality considerations, including limits on what is practical and cost-effective exhaustive data collection – the permanent nature of this relief is of concern. Given the inherent features of environmental-related factors, where sustainability topics are often causally interconnected (e.g. the climate–nature nexus, with climate change being a key driver of biodiversity loss), this relief should be subject to a reasonable time-limit.
38. Furthermore, the EBA is concerned that the reliefs applicable to the AFE ('reasonable and supportable information that is available without undue cost or effort' and 'financial effects not separately identifiable') combined with the new transitional provisions could undermine the robustness of the requirement in its quantitative dimension.
39. Additionally, the permanent 'undue cost or effort' relief mentioned above (ESRS 1, para. 94(e)) that applies to both quantitative and qualitative disclosures on (current and) anticipated financial effects, and can be compounded with the other reliefs.
40. **EBA Opinion** – The EBA recommends that Commission establish a three-year time-limit, which should be applicable only until and including financial year 2029, for the otherwise permanent reliefs applicable on top of the transitional provision mentioned above to the disclosure of quantitative information on AFE. We refer in particular to the relief for 'financial effects not separately identifiable'. This approach would provide the correct incentives for undertakings to improve their methodologies while still allowing them sufficient time to prepare.
41. The EBA also recommends that the Commission ensures that the relief on 'financial effects not separately identifiable' is kept in line with the ISSB standards and, where applicable, interpretations/guidelines issued by the ISSB. In doing so, the Commission should be particularly mindful about the wording used in the delegated act, to ensure that the requirement is not watered down and remains aligned with ISSB.

#### **Relief for acquisitions and disposals (ESRS 1, paras. 75 and 76)**

42. ESRS 1, paragraph 75 allows preparers the early exclusion of information on disposed subsidiaries or the delayed inclusion of information on acquisitions in the sustainability statement – even in situations where the relevant information is available to the undertaking. ESRS 1, para. 76 outlines that if the undertaking uses the relief of paragraph 75, it shall use available information to disclose significant events that affected during the reporting period the subsidiary or business acquired or sold since acquisition or until disposal, if this has an effect on the group's exposure to material impacts, risks and opportunities.

43. The EBA is concerned that this relief may incentivise 'artificial structuring' of operations. Furthermore, this relief is not in ISSB standards and therefore leads to a loss of interoperability.
44. When applied unconditionally (i.e. even in situations where the relevant information is available to the undertaking), this relief may lead to undesired practices risking facilitating greenwashing, by obscuring poor sustainability performance or postponing the disclosure of negative financial impacts.
45. While ESRS 1, para. 76 mitigates the risks associated with para. 75, the EBA remains concerned about unintended risks and incentives that may arise from the application of this relief.
46. **EBA Opinion** – The EBA recommends that the Commission makes the use of this relief conditional to the absence of data that cannot be obtained without undue cost and effort in order to ensure that it is applied only when necessary and to enhance interoperability with ISSB standards. Moreover, to mitigate the risk of unreliable disclosures, ESRS 1 para. 76 should be modified by adding the reference to 'the undertaking' and not only to 'the group' exposure to material impacts, risks and opportunities ('76 (new) ... if this has an effect on the undertaking or the group's exposure to material impacts, risks and opportunities').

#### Relief for metrics associated to joint operations (ESRS 1, para. 93)

47. Following this relief, the undertaking may permanently omit information on joint operations where the undertaking does not have operational control from the scope of calculation of the environmental metrics reported in accordance with ESRS E2 (Pollution), ESRS E3 (Water), ESRS E4 (Biodiversity and Ecosystems) and ESRS E5 (Resource Use and Circular Economy). The undertaking must disclose if this relief is applied and the information on the joint operation excluded, provide information to allow an understanding of the scope limitations resulting from it, and describe actions taken to improve data coverage and quality, along with progress since the last period.
48. Similarly to the concerns highlighted regarding the relief for acquisitions and disposals in what regards the greenwashing risk, the EBA notes a potential incentive for undertakings to misuse 'joint operation' business structures as a means of circumventing the disclosure of environmental obligations, thereby triggering the use of the reliefs related to data availability.
49. While this concern does not extend to ESRS E1 (Climate), which remains aligned with the IFRS standards, it may lead to misleading or incomplete disclosures particularly in relation to environmental metrics beyond climate.
50. **EBA Opinion** – The EBA recommends that the Commission disregard this new relief, as it would increase the burden on users – such as banks.

#### Need to allow for meaningful disclosures by the financial sector

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

52. Financial institutions should provide transparency on the financial risks linked to their business activities (such as investments, loans, and underwriting), on how they manage those risks and on how those activities may affect the environment and people. For that, they need information that allows them to understand the risk profile of their counterparties or investee companies as a whole, and how ESG factors can impact their activity. This information would be necessary to complement the loan specific information that banks would collect on a bilateral basis (e.g. in the loan origination and monitoring process, being also relevant for EU institutions to assess risks to financial stability).

53. **EBA Opinion** – Against this background, the EBA encourages the Commission to *raise* preparers' awareness on the need to adequately define and disclose metrics covering the value chain, if they have identified material impacts, risks and opportunities there. To that end, for example, a closer or explicit articulation in the standards should be provided between the following provisions (e.g. by mean of a cross reference or in application guidance):

- ESRS E1-11 paras. 38-41 and corresponding AR 29<sup>18</sup>, which sets out guidance for the calculation approaches for the disclosure of AFE, referring to 'own assets' thus excluding from a financial sector's perspective, the disclosure of the information for assets at risk in their value chain, and
- ESRS 1 para. 63 and the corresponding AR 36 (on metrics and value chain) as they explicitly provide that for the understanding of the undertaking's material impacts, risks and opportunities, the reported information shall be extended beyond own operations to cover material impacts, risks and opportunities connected with the undertaking through its direct and indirect business relationships in the value chain. In fact, we understand that AR 36 for para. 63 has been added to illustrate the requirements in ESRS 1 para. 11 on entity-specific disclosures and the expectations of coverage of metrics in the value chain. Given that, with the exception of GHG emission, the metrics defined in ESRS only cover own operations, this AR is key especially for institutions as it emphasises the requirement to cover on entity-specific basis the metrics if this is necessary according to that paragraph.

54. By more explicitly combining this, institutions would have to report information on the assets in their value chain.

55. Finally, we observe that in particular one relevant data point that was included in the ESRS 'Set 1' has been deleted from the draft amended ESRS: *Gross GHG emissions intensity* (ESRS E1-6). To our understanding, its deletion is motivated by the fact that it can be obtained by dividing the information on GHG emission in the sustainability report by the net revenue from the financial report – which to an extent can be considered a simplification measure. However, while net revenues are part of financial reports of undertakings, searching for them induces additional costs for institutions and other analysts and poses the risk of using wrong figures. From an aggregate perspective, the deletion proposed by EFRAG could place a greater cost on

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<sup>18</sup>ESRS E1, AR 29 for paras. 38–41 states: 'When disclosing the information required under paragraphs 38 to 41, the undertaking shall adopt the following approaches: ... (b) include all of the types of the undertaking's own physical assets, including finance-lease / the underlying asset of the right-of-use assets; ([https://www.efrag.org/sites/default/files/media/document/2025-12/November\\_2025\\_ESRS\\_E1.pdf](https://www.efrag.org/sites/default/files/media/document/2025-12/November_2025_ESRS_E1.pdf))'

analysts of CSRD-reports, including institutions, than the relief it would provide to reporting undertakings, which should be negligible.

56. We observe that this is a metric used by market participants for assessing financial climate-related risks, the efficiency and future viability of the reporting undertaking and is thus part of the basis for investment decisions. While it may be an incomplete metric that needs to be put into context, it is nevertheless one of the most easily accessible and widely used metrics.
57. **EBA Opinion** – The EBA encourages the Commission to maintain the metrics on GHG emission intensity in the revised ESRS, as is currently applicable in ESRS E1-6.

This Opinion will be published on the EBA's website.

Done at Paris, 17 February 2026

[signed]

Helmut Ettl  
Vice-Chairperson  
For the Board of Supervisors