

## Assessment framework for opinions on ESRS technical advice

### 1 Introduction

#### *Purpose of the assessment framework*

1. ESMA uses the present assessment framework as a basis for preparing opinions to the European Commission on EFRAG's technical advice on draft European Sustainability Reporting Standards (ESRS). The framework was developed in 2022 with reference to the Accounting Directive as amended by the Corporate Sustainability Reporting Directive (CSRD) to establish a clear methodology for how EFRAG's technical advice should be assessed and, as such, to ensure that ESMA delivers robust opinions to the European Commission. It was updated in 2026 to reflect the revisions introduced by the Omnibus I Directive.
2. In accordance with Article 49(3b), fifth subparagraph of the Accounting Directive<sup>1</sup>, ESMA's role of opinion-giver is a continued one: each time EFRAG submits technical advice on draft ESRS to the European Commission, the European Commission shall request ESMA's opinion and ESMA shall provide its opinion within two months of receiving the request. The assessment framework therefore also serves the purpose of ensuring consistency in ESMA's successive opinions on EFRAG's technical advice.

#### *Terminology*

3. For simplicity, the remainder of the framework refers to 'ESRS'; this should be understood as 'the technical advice on draft ESRS which EFRAG submits to the European Commission'.
4. All references to the Accounting Directive are to the Accounting Directive as amended by the Corporate Sustainability Reporting Directive<sup>2</sup> and the Omnibus I Directive<sup>3</sup>.

### 2 Overall objective of the assessment

5. The overall objective of ESMA's assessments of ESRS is to ensure that the ESRS are conducive to investor protection – in particular by being consistent with the Sustainable

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<sup>1</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. 19.

<sup>2</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. 15–80.

<sup>3</sup> Directive (EU) 2026/470 of the European Parliament and of the Council of 24 February 2026 amending Directives 2006/43/EC, 2013/34/EU, (EU) 2022/2464 and (EU) 2024/1760 as regards certain corporate sustainability reporting requirements and certain corporate sustainability due diligence requirements, OJ L 2026/470, 26.2.2026, p. 1-35.

Finance Disclosure Regulation<sup>4</sup> and its delegated acts – and do not undermine financial stability.

6. The overall objective was defined with reference to Article 49(3b), fifth subparagraph of the Accounting Directive which establishes ESMA's role of opinion-giver. The objective reflects ESMA's mission of enhancing investor protection and promoting stable and orderly financial markets which is enshrined in ESMA's founding Regulation<sup>5</sup>.

### 3 Criteria for the assessment

7. The overall objective in section 2 is further operationalised by the four criteria in this section.
8. Each criterion is split into sub-criteria which are accompanied by assessment indicators. While non-exhaustive, the assessment indicators are concrete illustrations of what ESMA looks for when assessing whether the ESRS meet each sub-criterion.
9. ESMA does not assess the criteria, sub-criteria and assessment indicators in a binary fashion. Rather, with the aim of informing a balanced assessment of the ESRS, ESMA looks at *the extent* to which the ESRS are capable of addressing the pre-defined criteria, sub-criteria and assessment indicators based on the following scale: fully capable, broadly capable, partly capable, not capable. The absence of any issues on the ESRS result in them being considered as *fully capable* of addressing the assessment criteria. Where issues are identified, *broadly capable* or *partly capable* are used depending on the significance of the issues and the extent and urgency of the measures needed to address them. Finally, *not capable* is used in case the issues identified are so pervasive as to require extensive changes to the ESRS.
10. Furthermore, the criteria, sub-criteria and assessment indicators are not considered in isolation from one another but as elements to reach an overall assessment of the ESRS. As such, each of ESMA's opinions are based on a global view of the extent to which the ESRS, on balance, meet the criteria and sub-criteria beyond the mere satisfaction of each individual indicator and, therefore, are aligned with the overall objective in section 2. Where the assessment against one or more of the individual indicators suggests any potential areas for improvement of the ESRS, ESMA reflects those in its opinion.
11. In assessing the disclosure requirements of the ESRS, ESMA was mindful that an undertaking may omit information from its sustainability disclosure when one of the Accounting Directive's conditions related to sensitive information applies.<sup>6</sup>

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<sup>4</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.

<sup>5</sup> Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC, OJ L 331, 15.12.2010, p. 84.

<sup>6</sup> Article 19a(3), eighth subparagraph and 29a(3), eighth subparagraph of the Accounting Directive.

### **Criterion 1: Do the ESRS promote disclosure of material sustainability information of high quality?**

12. The purpose of criterion 1 is to assess whether the ESRS require disclosure which will be relevant and helpful for users. With reference to the overall objective of the assessment (section 2), this criterion is closely connected to ensuring that the ESRS are conducive to investor protection. Furthermore, sub-criterion 1b relates to identifying, assessing and managing risks which are important elements to ensure the ESRS do not undermine financial stability.
13. Criterion 1 is divided into four sub-criteria – 1a to 1d – which are described below along with their assessment indicators.

#### **Sub-criterion 1a: Do the ESRS ensure that undertakings report in line with the sustainability matters and reporting areas identified in the Accounting Directive?**

##### Assessment indicators:

- i. The ESRS require disclosure on the information mentioned in the following articles of the Accounting Directive, as relevant to the standard in question<sup>7</sup>:
  - i) 19a(2)
  - ii) 19a(3)
  - iii) 29a(2)
  - iv) 29a(3)
  - v) 29a(4)
  - vi) 29b(2), second subparagraph
  - vii) 29b(3)
  - viii) 29b(4)
  - ix) 29ca(2)
  - x) 29ca(3)
  - xi) 40a(1), first and third subparagraphs
- ii. The ESRS do not require disclosure on a significantly wider array of sustainability matters or reporting areas than those identified by the co-legislators in the articles mentioned under point i.
- iii. The ESRS do not place distinctive new conduct requirements on undertakings (as opposed to requirements on the disclosure they should make).

<sup>7</sup> Depending on the set of standards, only some of these articles will be relevant.

**Sub-criterion 1b: Do the ESRS promote disclosure which reflects the way undertakings internally identify, assess and manage impacts, risks and opportunities related to sustainability matters and which enables a forward-looking identification of material impacts, risks and opportunities by users?**

Assessment indicators:

- i. The ESRS require disclosure on how undertakings identify, assess and manage material impacts, risks and opportunities, both actual and potential, related to their business, strategy and financial performance arising from sustainability matters.
- ii. The ESRS require that the disclosure in point i. be distinguished into short-, medium- and long-term impacts, risks and opportunities. The ESRS provide guidance on how undertakings should present their long-term assessment of impacts, risks and opportunities. *For example, by requiring that undertakings make use of scenario analysis.*
- iii. The ESRS require disclosure of targets.
- iv. The ESRS specify the nature of the most relevant qualitative and / or quantitative forward-looking information that undertakings should disclose.

**Sub-criterion 1c: Do the ESRS promote disclosure which is understandable, relevant, comparable and represented in a faithful manner?**

Assessment indicators:

- i. The ESRS are structured around overarching disclosure objectives and more specific disclosure requirements.
- ii. The ESRS use materiality of information as a fundamental guiding principle. As such, they require that undertakings only disclose material information and that they disclose material information related to the overarching disclosure objectives even if it is not covered by a specific disclosure requirement.
- iii. The ESRS prevent duplication by permitting cross-references between disclosure made under different parts of the ESRS and provide guidance on how to make such cross-references.
- iv. The ESRS promote disclosure of information that is entity-specific. *For example: they require undertakings to justify their assertions (such as when an undertaking declares that it is 'resilient to physical climate risk' or that it 'takes into account climate risk as part of its strategy'); they require undertakings to explain what the information they disclose says about their impact, development, performance and / or position (if an undertaking discloses total water consumption, it should explain the environmental impact of this water consumption).*

- v. The ESRS (or accompanying material) illustrate that the level of granularity and technicality which they require is aligned with the needs and expectations of users. *For example, when very granular or lengthy disclosure on certain items (such as metrics, value chain) is required, the basis for conclusions explains why this is needed.*
- vi. The ESRS require disclosure of comparative / retrospective information, in particular for key performance indicators (potentially after a period of first-time application with no requirement for comparative / retrospective information).
- vii. The ESRS require that the comparative / retrospective information in point vi. is prepared consistently over time and that qualitative and quantitative explanations are provided if the undertaking changes the methodology or the metrics for this information.
- viii. The ESRS facilitate a similar presentation of disclosures across undertakings.
- ix. The level of detail of the disclosure requirements in the ESRS is carefully assessed to adequately reflect the underlying fact patterns while avoiding unnecessary complexity for users targeted by the Corporate Sustainability Reporting Directive.

#### **Sub-criterion 1d: Do the ESRS support coherence in undertakings' reporting, including between their sustainability reporting and their financial reporting?**

##### Assessment indicators:

- i. The ESRS clarify that duplication of information already included elsewhere in the annual financial report should be avoided. *For example, the disclosure required by the ESRS on the undertaking's business model could be covered via a reference to the existing disclosure in the management report.*
- ii. The ESRS provide guidance on how undertakings should insert references to, and additional explanations of, other information included in the management report and amounts reported in the annual financial statements in the sustainability statement.<sup>8</sup> *For example, undertakings could be required to refer to the section of the annual financial report that identifies risk factors or to the financial impacts of a decarbonisation plan.*
- iii. The ESRS require undertakings to use consistent inputs for the preparation of their sustainability information and their financial information. *For example, in terms of projections.*
- iv. When undertakings are not able to use consistent inputs as mentioned in point iii., the ESRS require them to explain and justify the differences. *For example, conceptual, technical or operational differences.*

<sup>8</sup> As required by Article 19a(3), seventh subparagraph of the Accounting Directive.

- v. The ESRS permit undertakings to incorporate information into the sustainability report from other sources when such information is made subject to at least the same assurance and digitalisation regime and published with the same timing as the sustainability report. *This may for example include information from the corporate governance report, the remuneration report and regulatory information on ESG risks from credit institutions.*

**Criterion 2: Are the ESRS conducive to consistent application in terms of both content and format?**

14. The purpose of criterion 2 is to assess whether the ESRS are formulated in a sufficiently precise and clear way to promote consistent application by undertakings, to facilitate assurance by auditors / independent assurance services providers and supervision and enforcement by national competent authorities and to permit electronic reporting by undertakings. With reference to the overall objective of the assessment (section 2), each of these aspects is central to ensuring that the ESRS contribute to investor protection. Ensuring consistent application by undertakings as well as facilitating assurance and supervision and enforcement are additionally fundamental to making sure the ESRS do not undermine financial stability.
15. Criterion 2 is divided into two sub-criteria – 2a and 2b – which are described below along with their assessment indicators.

**Sub-criterion 2a: Do the ESRS facilitate undertakings' understanding of how their disclosure should be prepared and promote reporting which can be subjected to assurance by the statutory auditor / audit firm / an independent assurance services provider and to supervision and enforcement by national competent authorities?**

Assessment indicators:

- i. The ESRS are clear and precise. *For example, language is succinct, concepts are explained, terminology is defined, standards are internally consistent.*
- ii. The ESRS establish disclosure requirements which set clear expectations for the type of information undertakings should provide. *For example, 'undertakings shall disclose their gross indirect Scope 3 greenhouse gas emissions in metric tons of CO2 equivalent' rather than 'undertakings shall disclose their Scope 3 greenhouse gas emissions'.*
- iii. The ESRS explain, where possible, how undertakings should apply the disclosure requirements. *For example, application guidance with descriptions, clarifications and examples.*

- iv. Where possible, the ESRS prescribe the methodological principles undertakings should use to prepare certain complex information. *For example, by referring to established methodologies for conducting scenario analysis.*
- v. The ESRS promote transparency on the methodology and assumptions undertakings have used to prepare their disclosure.
- vi. The ESRS have a structure which permits undertakings to easily identify the disclosure requirements related to a given topic.

**Sub-criterion 2b: Do the ESRS ensure that reporting can be effectively delivered and marked-up in accordance with the European single electronic format (ESEF) Regulation<sup>9</sup>?**

Assessment indicator:

- i. The ESRS contain clear disclosure requirements which make it easy for undertakings to understand what their disclosure should look like to enable it to be marked up according to the relevant (sustainability) taxonomy. *For example, the ESRS clearly define whether the disclosure requirement should be met with quantitative or qualitative information, clearly define which metrics to use for quantitative disclosure (e.g., tons of emissions, number of employees), clearly express when there is no particular limitation for presenting the information (e.g., narrative disclosures).*

**Criterion 3: Are the ESRS consistent and interoperable with other EU legislation within ESMA's remit?**

- 16. The purpose of criterion 3 is to assess whether the ESRS are aligned, and can be applied in combination, with other EU legislation within ESMA's remit, in particular the Sustainable Finance Disclosure Regulation and its delegated acts.
- 17. Such features are important to ensure the robustness of the EU sustainable finance framework and – with reference to the overall objective of the assessment (section 2) – are as such crucial to investor protection. Criterion 3 reflects the content of Article 29b(5)(b), (c) and (d) of the Accounting Directive<sup>10</sup>.

<sup>9</sup> Commission Delegated Regulation (EU) 2019/815.

<sup>10</sup> "When adopting delegated acts pursuant to paragraph 1, the Commission shall, to the greatest extent possible, take account of: (b) the information that financial market participants need in order to comply with their disclosure obligations laid down in Regulation (EU) 2019/2088 and the delegated acts adopted pursuant to that Regulation; (c) the criteria, indicators and methodologies set out in the delegated acts adopted pursuant to Regulation (EU) 2020/852, including the technical screening criteria established pursuant to Article 10(3), Article 11(3), Article 12(2), Article 13(2), Article 14(2) and Article 15(2) of that Regulation and the reporting requirements set out in the delegated act adopted pursuant to Article 8 of that Regulation; (d) the disclosure requirements applicable to benchmark administrators in the benchmark statement and in the benchmark methodology and the minimum standards for the construction of EU

18. Criterion 3 is divided into four sub-criteria – 3a to 3d – which are described below along with their assessment indicators.

**Sub-criterion 3a: Do the ESRS cover the information that financial market participants need from their investee companies to meet their own reporting obligations under the Sustainable Finance Disclosure Regulation and accompanying delegated acts?**

Assessment indicators:

- i. The ESRS cover information which financial market participants need for the purposes of disclosing the climate and other environment-related principal adverse impact indicators regarding investments in investee companies which are listed in Commission Delegated Regulation (EU) 2022/1288, Annex I, Table 1 and Table 2.
- ii. The ESRS cover information which financial market participants need for the purposes of disclosing the principal adverse impact indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters regarding investments in investee companies which are listed in Commission Delegated Regulation (EU) 2022/1288, Annex I, Table 1 and Table 3.

**Sub-criterion 3b: Are the ESRS consistent and interoperable with the Disclosure Delegated Act<sup>11</sup> adopted pursuant to Article 8 of the Taxonomy Regulation<sup>12</sup>?**

Assessment indicators:

- i. The ESRS clarify how the information required under the Disclosure Delegated Act interacts with the information required under the ESRS.
- ii. The ESRS do not duplicate or pre-empt requirements from the Disclosure Delegated Act.

Climate Transition Benchmarks and EU Paris-aligned Benchmarks in accordance with Commission Delegated Regulations (EU) 2020/1816, (EU) 2020/1817 and (EU) 2020/1818;”

<sup>11</sup> Commission Delegated Regulation (EU) 2021/2178.

<sup>12</sup> Regulation (EU) 2020/852.

**Sub-criterion 3c: Do the ESRS cover the information that benchmark administrators need to meet their own ESG obligations under the EU benchmarks regime?**

Assessment indicators:

- i. The ESRS cover information which benchmark administrators need for the purposes of disclosing the ESG factors required by Commission Delegated Regulation (EU) 2020/1816, Annex II.
- ii. The ESRS cover information which benchmark administrators need for the purposes of applying the minimum standards for the construction of EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks established in Commission Delegated Regulation (EU) 2020/1818.

**Sub-criterion 3d: Are the ESRS consistent with other relevant EU legislation within ESMA's remit?**

Assessment indicator:

- i. The ESRS require disclosure that is consistent with other relevant EU legislation within ESMA's remit, for example the disclosure on directors' remuneration which undertakings are required to provide under Article 9b of the Shareholders' Rights Directive<sup>13</sup> and related guidelines.

**Criterion 4: Do the ESRS promote interoperability with global standard-setting initiatives for sustainability reporting to the greatest extent possible (and taking account of the EU's sustainability requirements and objectives)?**

19. The purpose of criterion 4 is to assess whether the ESRS permit users to easily compare information prepared under the ESRS with information prepared under the two main global standard-setting initiatives for sustainability reporting, i.e., the IFRS sustainability standards and the GRI standards. This assessment is made while bearing in mind the conditions under which the ESRS were developed, namely, the need to be consistent with the objectives the EU has adopted in relation to sustainability, the need to be aligned with other EU legislation and the requirement to reflect a double materiality perspective (this is referred to below as 'EU specificities'). Similarly, this assessment takes account of the circumstances under which the IFRS sustainability standards and the GRI standards are established, e.g. in terms of scope and timing.

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<sup>13</sup> Directive 2007/36/EC of the European Parliament and of the Council of 11 July 2007 on the exercise of certain rights of shareholders in listed companies, OJ L 184 14.7.2007, p. 17-24.

20. Linking this criterion to the overall objective of the assessment (section 2), it is important for EU users of sustainability reporting to be able to compare disclosure provided under the ESRS as easily as possible with disclosure provided under the IFRS sustainability standards and the GRI standards. Lack of international comparability and consistency results in complexities for investors in detecting and understanding material information across actual or possible investee companies which in turn affects price formation and creates a risk of fragmentation in securities markets. Criterion 4 is, therefore, closely linked to investor protection. Furthermore, criterion 4 is consistent with Recital 43<sup>14</sup> of the CSRD and Article 29b(5)(a)<sup>15</sup> of the Accounting Directive. In addition, interoperability is helpful for EU undertakings who, currently, are already applying international standards and for EU undertakings who, in the future, may apply international standards due to their reporting obligations in other jurisdictions, an aspect which is equally highlighted in Recital 43.
21. Criterion 4 is divided into two sub-criteria – 4a and 4b – which are described below along with their assessment indicators.

**Sub-criterion 4a: Do the ESRS cater to the greatest extent possible for interoperability with the disclosure requirements of the IFRS sustainability standards and the GRI standards?**

Assessment indicators:

- i. When EU specificities or the circumstances under which the IFRS sustainability standards and the GRI standards were developed do not necessitate a different approach, the disclosure requirements of the ESRS are substantially interoperable with the disclosure requirements of the IFRS sustainability standards and the GRI standards.
- ii. When EU specificities or the circumstances under which the IFRS sustainability standards and the GRI standards were developed do necessitate a different approach, the ESRS (or accompanying material) clearly identify the substantial differences between their disclosure requirements and the disclosure requirements of the IFRS sustainability standards and the GRI standards.
- iii. When EU specificities or the circumstances under which the IFRS sustainability standards were developed do not necessitate a different approach, the structure

<sup>14</sup> "Sustainability reporting standards should be proportionate and should not impose unnecessary administrative burden on companies that are required to use them. In order to minimise disruption for undertakings that already report sustainability information, sustainability reporting standards should take account of existing standards and frameworks for sustainability reporting and accounting where appropriate. [...] To avoid unnecessary regulatory fragmentation that could have negative consequences for undertakings operating globally, Union sustainability reporting standards should contribute to the process of convergence of sustainability reporting standards at global level, by supporting the work of the International Sustainability Standards Board (ISSB). Union sustainability reporting standards should reduce the risk of inconsistent reporting requirements for undertakings that operate globally by integrating the content of global baseline standards to be developed by the ISSB, to the extent that the content of those baseline standards is consistent with the Union's legal framework and the objectives of the Green Deal."

<sup>15</sup> "When adopting delegated acts pursuant to paragraph 1, the Commission shall, to the greatest extent possible, take account of: (a) the work of global standard-setting initiatives for sustainability reporting, and existing standards and frameworks for natural capital accounting and for greenhouse gas accounting, responsible business conduct, corporate social responsibility, and sustainable development;"

of the ESRS is substantially aligned, or at least easily reconcilable, with the structure of the IFRS sustainability standards.

- iv. When EU specificities or the circumstances under which the IFRS sustainability standards were developed do necessitate a different approach, the ESRS (or accompanying material) clearly identify the substantial differences between their structure and the structure of the IFRS sustainability standards.

#### **Sub-criterion 4b: Are the terminology and definitions of the ESRS interoperable with the terminology and definitions of the IFRS sustainability standards and the GRI standards to the greatest extent possible?**

Assessment indicators:

- i. When EU specificities or the circumstances under which the IFRS sustainability standards and the GRI standards were developed do not necessitate a different approach, the terminology and definitions of the ESRS are interoperable with the terminology and definitions of the IFRS sustainability standards and the GRI standards.
- ii. When EU specificities or the circumstances under which the IFRS sustainability standards and the GRI standards were developed do necessitate a different approach, the ESRS (or accompanying material) clearly identify the differences between their terminology and definitions and the terminology and definitions of the IFRS sustainability standards and the GRI standards.

## **4 Use of the assessment framework across time**

22. ESMA will take account of developments that take place after the framework was initially developed in 2022 and may adjust the assessment framework accordingly.
23. When developing opinions on draft ESRS, ESMA will – in addition to the criteria in the assessment framework – consider any other relevant aspects that come to its attention during the assessment. Moreover, even though ESMA intends to apply the criteria in the framework to ensure the consistency and thoroughness of its assessment, ESMA cannot exclude that deviations from the criteria will be considered where necessary to deliver ESMA's opinion.
24. During each assessment, ESMA will only apply the parts of the assessment framework that are relevant to the substance of the draft ESRS in question, while always performing its assessment in the context of the ESRS as a whole.