International Association of Oil & Gas Producers

POSITION STATEMENT | JANUARY 2026

Delivering on the Omnibus I simplification mandate: IOGP Europe position on the draft Sector-Agnostic European Sustainability Reporting Standards (ESRS)

EXECUTIVE SUMMARY

The Omnibus I simplification package was intended to materially reduce sustainability reporting burden while preserving decision-useful information. Despite a simplified structure, streamlining of general disclosure requirements and the introduction of reliefs, **the November 2025 draft Sector Agnostic ESRS, as reflected in EFRAG's technical advice of 3 December 2025,[1] does not deliver meaningful simplification.** Instead, the **cumulative effect of the following changes has increased reporting burden and legal and implementation risks, rather than simplification:**

- New reporting concepts and datapoints have been introduced
- Requirements across ESRS 1, ESRS 2 and several topical standards have become more prescriptive
- Misalignment with global frameworks, including ISSB has widened, increasing duplication for globally operating undertakings
- Reporting scope, documentation demands and assurance exposure remain largely unchanged

The draft ESRS continue to rely on unstable materiality boundaries, expansive value chain expectations and highly granular environmental disclosures, alongside reconciliation requirements with financial reporting and other frameworks. New disclosure obligations have also been introduced in areas where methodologies and assurance practices are not yet sufficiently mature.

Headline reductions in datapoints cited in the cost-benefit analysis[2] are largely driven by consolidation and voluntary "may" provisions and are therefore unlikely to translate into a meaningful reduction in reporting scope, effort or cost.

Proposed way forward

Meaningful simplification under Omnibus I requires proportionality and relief mechanisms to operate as binding design constraints, not discretionary features. While references to feasibility and the use of reasonable and supportable information represent one of the few areas of tangible simplification, these reliefs remain vulnerable to erosion through assurance and supervisory interpretation. Without explicit protection, they risk incentivising defensive documentation and conservative over-reporting.

Reliefs alone cannot compensate for disclosure requirements that are structurally over-prescriptive or insufficiently mature. Simplification therefore requires protecting materiality and scoping decisions in practice and avoiding speculative modelling, forward-looking disclosures, un-auditable methodologies, and open-ended scoping.

IOGP Europe therefore calls for further enhancements in the final Delegated Act adopting the simplified ESRS, with a clear focus on information that is material, decision-useful and operable.

1 https://www.efrag.org/en/draft-simplified-esrs
2 https://www.efrag.org/sites/default/files/media/document/2025-12/Cost-benefit%20Analysis%20on%20Draft%20Amended%20ESRS.pdf

This position paper sets out a focused set of priority adjustments that should be addressed before adoption of the revised ESRS, to ensure legal certainty, auditability and practicable implementation in line with the policy objectives of the Corporate Sustainability Reporting Directive (CSRD). The order in which these priorities are presented reflects the structure of the ESRS and does not imply an order of importance:

1) **Fair presentation requirement (NEW)[3]**
   The binding fair presentation requirement should be removed from ESRS 1, with compliance instead assessed against the qualitative characteristics of information, in line with the CSRD and a limited assurance context. If retained, fair presentation must be narrowly defined and applied only in relation to the information needs of primary users, without reopening materiality or scoping decisions.

2) **Aggregation and disaggregation expectations**
   Disaggregation should only be required when it enhances user understanding and should not reopen or override materiality conclusions reached through a top-down double materiality assessment.

3) **Value chain feasibility and proportionality**
   Value chain scoping under the draft ESRS should be, by default, limited to direct value chain partners unless higher-tier impacts are demonstrably material.

4) **Anticipated financial effects**
   Mandatory disclosure of anticipated financial effects should be removed, as it extends sustainability reporting into speculative financial modelling outside established reporting and assurance frameworks. If retained, disclosures should be voluntary and limited to qualitative information.

5) **CapEx and OpEx resource allocation disclosures**
   Mandatory CapEx and OpEx disclosures should be limited to high-level narrative information, avoiding quantified financial reporting unless such information is already produced for financial reporting purposes.

6) **GHG accounting methodology and ISSB interoperability**
   Draft ESRS E1 methodologies should be fully aligned with the GHG Protocol and interoperable with IFRS S2, explicitly allowing the use of operational or equity-share boundaries where appropriate and deferring to the GHG Protocol in case of methodological conflict. Equivalent flexibility in the application of reporting boundaries should also be clarified and ensured across the other environmental topical standards.

7) **Pollutant scoping under ESRS E2**
   Pollutant scoping should be clarified and constrained through explicit safe harbours allowing reliance on permitting and compliance data, and flexibility for undertakings to define material pollutants centrally based on their activities and risk profile.

8) **Secondary microplastics (NEW)[4]**
   The secondary microplastics disclosure requirement under ESRS E2 should be removed. Any future consideration should be addressed through an appropriate legislative process, once valid and internationally recognised methodologies that are available.

9) **Substances of Concern disclosures**
   Substance-based disclosure requirements under ESRS E2 should be limited to Substances of Very High Concern as defined under REACH. The definition of Substances of Concern should be removed from the ESRS glossary and ESRS E2-5 § 17(a)–(d) deleted to ensure feasibility, comparability and alignment with EU chemicals legislation.

3 Denotes disclosure requirements or binding concepts absent from the original Sector-Agnostic ESRS, which have been newly introduced in the November 2025 draft. These run counter to the simplification mandate under Omnibus I.
4 Ibid.

10) **Severity of human rights**

Human rights incident disclosures across ESRS S1–S4 should be limited to confirmed breaches or to cases that are material primarily due to severity. Initiated judicial and non-judicial proceedings, complaints and internally registered cases should not in themselves trigger mandatory aggregation.

Further detail and technical analysis supporting these priorities is set out in the following section, ***Detailed Rationale and Technical Analysis*** below.

DETAILED RATIONALE AND TECHNICAL ANALYSIS

One of the core objectives of the Omnibus I simplification package is to revise the Sector Agnostic ESRS " to substantially reduce the number of mandatory ESRS datapoints by (i) removing those deemed least important for general purpose sustainability reporting, (ii) prioritising quantitative datapoints over narrative text and (iii) further distinguishing between mandatory and voluntary datapoints, without undermining interoperability with global reporting standards and without prejudice to the materiality assessment of each undertaking. [...] The revision will clarify provisions that are deemed unclear, [...] improve consistency with other pieces of EU legislation, [...] provide clearer instructions on how to apply the materiality principle [...] and reduce the risk that assurance service providers inadvertently encourage undertakings to report information that is not necessary or dedicate excessive resources to the materiality assessment process. [...] It will simplify the structure and presentation of the standards [...] and further enhance the already very high degree of interoperability with global sustainability reporting standards. [...]."[5]

The draft Sector Agnostic ESRS presented by EFRAG do not achieve this objective. Despite being framed as a simplification exercise, they retain, and in some cases intensify, core structural complexity, introduce new reporting concepts and datapoints, and make foundational requirements across ESRS 1, ESRS 2 and several topical standards more prescriptive. Reporting scope, documentation requirements and assurance exposure therefore remain largely unchanged, while legal and implementation risks have increased.

In practice, the draft ESRS deliver only marginal reductions in reporting effort. Key challenges persist, including unstable materiality boundaries, expansive value-chain expectations, highly granular environmental disclosures and reconciliation with financial reporting and other global frameworks. At the same time, new requirements have been introduced, including datapoints without mature methodologies and concepts such as "fair presentation", further increasing interpretative and audit uncertainty. The result is not simplification, but a redistribution and amplification of burden, particularly for asset-intensive and globally operating undertakings.

Simplification must therefore operate as a binding design objective, not narrative framing. This requires explicit limits on scope expansion, the removal of datapoints with limited decision-usefulness, effective protection of materiality and scoping decisions once made, and proportionality mechanisms that withstand assurance and supervisory scrutiny. Without these structural changes, targeted technical adjustments will not deliver the intended reduction in cost and complexity, and the credibility of the Omnibus I mandate will be undermined.

Reliefs and proportionality as binding design constraints

The draft ESRS introduces a number of important reliefs and proportionality mechanisms that are essential to making sustainability reporting operable for complex and globally operating undertakings. These include explicit references to the use of reasonable and supportable information available without undue cost or effort, the ability to focus disclosures on what is decision-useful for users, and flexibility where data can only be partially estimated or is structurally constrained. These elements represent a meaningful improvement to the operability of the framework and must be preserved.

However, the effectiveness of these reliefs is highly sensitive to how they are framed, interpreted, and applied in practice. Where reliefs are implicitly treated as transitional, narrowly scoped or subject to progressive erosion through assurance and supervisory expectations, they fail to provide legal certainty and do not deliver real burden reduction. In practice, undertakings are often required to demonstrate extensive data-gathering efforts to justify reliance on relief, shifting the focus from the legitimacy of structural constraints to the intensity of effort expended. This dynamic incentivises defensive behaviour, expanded documentation and conservative over-reporting, undermining the very purpose of proportionality mechanisms.

5 https://commission.europa.eu/publications/omnibus-i_en

Reliefs must be recognised as ongoing feasibility safeguards where underlying structural constraints persist, rather than as temporary exemptions to be phased out by default. They must also be explicitly protected from narrowing through interpretation, assurance or supervisory practice, particularly in areas such as value chain data, forward-looking information and emerging methodologies. Without such protection, reliefs risk failing to deliver meaningful burden reduction in practice, and the ESRS will continue to drive expanded reporting scope despite formal references to proportionality.

To ensure proportionality operates in practice, the Commission should explicitly preserve and protect the reliefs introduced in the draft ESRS, confirm that they apply on an ongoing basis, and ensure that their use cannot be progressively restricted through assurance or supervisory interpretation.

1. Fair presentation introduces disproportionate legal and assurance risk

The introduction of a binding fair presentation requirement in draft ESRS 1 (§ 19) is intended to reduce boilerplate disclosures and provide undertakings with greater flexibility to focus on what is material. While this objective is understood, its implementation in sustainability reporting creates significant legal, assurance and interpretive risk. Unlike financial reporting, sustainability disclosures are inherently judgement-based, forward-looking, supported by evolving methodologies and are prepared within a double materiality framework that requires consideration of a wide and diverse set of stakeholders. The boundaries of fair presentation in this context are not clearly defined, leaving undertakings responsible for determining what constitutes a fair depiction for multiple user groups, without clear or consistent criteria.

The fair presentation requirement operates as an overarching compliance test that goes beyond adherence to explicitly defined ESRS disclosure requirements. It allows materiality, completeness and balance judgements to be reopened during reporting, assurance or supervision, even where a robust double materiality assessment has been performed and all applicable datapoints have been disclosed. This risk is reinforced by the requirement for information to be "complete" under the fair presentation framework, which creates tension with proportionate, judgement-based reporting. The result is defensive over-reporting, expanded documentation and unstable reporting boundaries over time, with limited improvement in decision-usefulness.

These challenges are amplified by the absence of clear guidance on how limited assurance should be performed within a fair presentation framework in a double materiality context. Interpretations are likely to diverge across jurisdictions, increasing audit costs and the risk of inconsistent outcomes. Unlike ISSB standards, which operate within a single materiality regime, the application of fair presentation under ESRS creates a substantial grey area for preparers, auditors and boards.

Additionally, the CSRD does not require a fair presentation conclusion, nor does the assurance framework provide a basis for expressing an opinion on fair presentation of the sustainability statement as a whole. Introducing this concept without corresponding safeguards exceeds the current legal mandate and creates an asymmetry between reporting expectations and limited assurance, undermining legal certainty and operability.

→ **To maintain legal clarity, the Commission should remove fair presentation as a binding requirement from draft ESRS 1 and rely instead on compliance with the existing qualitative characteristics of information as the basis for completeness and balance.** If fair presentation is nevertheless retained, it should be strictly constrained. In particular, it should be assessed only against the information needs of clearly defined primary users of sustainability reporting and not function as an overarching test that reopens materiality, completeness or scoping decisions once ESRS requirements are met.

2. Aggregation and disaggregation requirements override materiality conclusions

The draft ESRS place increased emphasis on aggregation and disaggregation of information by geography and, in some cases, at site level, without sufficiently clear safeguards linking these expectations to the outcomes of a top-down double materiality assessment. While the DMA process itself has been streamlined compared to earlier drafts, the draft ESRS remain unclear on how far disaggregation is expected to go, both for materiality assessment and for topical disclosures. Repeated references to geographic and site-level breakdowns, particularly in Chapter 3.3.2 of ESRS 1, create a default pressure for increasingly granular reporting that is not anchored to decision-usefulness.

This approach also departs from the framing adopted in global sustainability reporting standards such as the ISSB Standards, where disaggregation is explicitly intended to enhance understandability and is applied in a manner that is proportionate to the overall volume of information reported, without driving excessive volume or unnecessary granularity. Under IFRS S1, disaggregation is applied in a principles-based manner, allowing entities to exercise judgement on when additional granularity is necessary to meet user information needs, rather than being driven by prescriptive or default breakdowns. In the absence of similarly explicit safeguards in the ESRS, aggregation and disaggregation requirements risk being interpreted as default expectations rather than judgement-based tools, encouraging a "more detail is safer" approach in reporting and assurance.

In practice, mandatory aggregation and disaggregation expectations can override materiality conclusions that have already been reached through a top-down approach. Undertakings are required to revisit and rework reporting boundaries after the DMA has been completed to justify why information has not been disaggregated further. This dynamic undermines the logic of top-down materiality, drives disclosure of non-material information, and increases documentation, cost and assurance burden without a corresponding benefit for users. The risk is compounded by the absence of clear limits, as assurance practice is likely to default to highly granular, site-level expectations that would not be considered proportionate or feasible even in financial reporting.

By decoupling aggregation and disaggregation requirements from materiality outcomes, the draft ESRS risk obscuring truly material information with excessive detail. Excessive disaggregation can also undermine understandability by inflating the volume of reported information and diverting attention away from the drivers and management of material impacts, risks and opportunities. Flexibility to determine the appropriate level of aggregation based on the nature of the impacts, risks and opportunities is essential to preserve clarity, comparability and proportionality, particularly for asset-heavy operating models with diverse regulatory and geographic footprints.

→ **We call on the Commission to confirm that disaggregation is required only where it demonstrably enhances user understanding, is proportionate to the volume of information reported, and does not reopen or override materiality conclusions reached through a top-down double materiality assessment. In line with the approach adopted under the ISSB Standards, site-specific disclosure should be required only where it is essential to understand the nature or severity of a material impact, risk or opportunity.**

3. Value chain feasibility and the "reasonable and supportable" duty require clarification

The revised framing of value chain obligations in ESRS 1, read together with the horizontal requirement in Chapter 7.4 to rely on reasonable and supportable information, strengthens expectations around value chain mapping, data collection and evidentiary support. In particular, §66, which governs the identification of material impacts, risks and opportunities in the upstream and downstream value chain, allows the use of estimates and proxies but does not provide clear limits on how far such assessments are expected to extend. The interaction between these provisions risks shifting value chain scoping from a risk-based exercise to an evidence-driven one, increasing implementation burden for undertakings with complex contractor, logistics and supply chain structures. This approach is also misaligned with the risk-based framework underpinning the Omnibus I amendments to the Corporate Sustainability Due Diligence Directive (CSDDD).

In practice, this can incentivise expansive mapping and data-gathering across multiple tiers of the value chain in order to justify exclusions, even where impacts, risks or opportunities are not material. For large and globally operating undertakings, escalating expectations for Tier 2 and beyond can quickly become disproportionate, given limited operational control and structurally constrained access to data or where available information is incomplete, highly uncertain or not verifiable.

These challenges can be addressed if proportionality is applied consistently in practice. A risk-based, tiered approach to value chain scoping, focused primarily on direct value chain partners (Tier 1) and extended only where higher-tier impacts are clearly material, would preserve decision-usefulness while maintaining feasibility and legal certainty. This approach would also ensure consistency with the risk-based due diligence model set out under the CSDDD. Without such clarification, there is a risk that value chain obligations will continue to expand by default through assurance and supervisory practice.

→ **We call on the Commission to clarify that value chain scoping under ESRS should be, by default, limited to direct value chain partners (Tier 1) unless higher-tier impacts are demonstrably material and that appropriate ongoing reliefs should apply where data is unavailable, unrealiable or subject to high uncertainty.**

4. Anticipated financial effects remain a major burden amplifier

Mandatory disclosure of anticipated financial effects under ESRS 2 SBM-3 and ESRS E1 introduces finance-grade modelling, forward-looking assumptions and audit scrutiny into sustainability reporting, materially amplifying burden and legal risk rather than improving decision-useful transparency.

Under ESRS E1, the level of prescriptiveness and granularity goes beyond the approach adopted in global sustainability reporting standards such as the ISSB Standards, which rely on a more principles-based framework allowing entities to focus on the most relevant financial effects of climate-related risks and opportunities. These requirements force undertakings to estimate monetary impacts, asset exposures and potential liabilities that are not recognised in financial statements, are not governed by established financial reporting controls and often extend well beyond strategic planning horizons. As projections move into the medium and long term, they become increasingly speculative, commercially sensitive and unreliable, undermining their relevance for users.

The obligation to identify affected financial statement line items, totals and subtotals further reinforces this problem by creating false precision, audit disputes and an implied quasi-reconciliation with IFRS-based reporting, despite the absence of recognised methodologies or assurance standards.

In addition, these disclosures risk compelling the publication of forward-looking strategic assumptions and asset-level exposures in circumstances where such information is neither required under financial reporting standards nor subject to established confidentiality or governance safeguards.

The proliferation of conditional reliefs does not resolve these flaws but instead demonstrates that the disclosure requirement itself remains immature and difficult to apply consistently in assurance. Anticipated financial effects rely on subjective assumptions and evolving methodologies, are not auditable using established standards and risk misleading users by implying financial accuracy where none exists, particularly when combined with fair presentation expectations. Forward-looking financial estimates also conflict with the recognition and measurement bases applied in financial statements.

By contrast, the ISSB Standards avoid mandating quantified forward-looking financial effects and instead allow entities to exercise judgement in highlighting areas of greatest financial exposure. Financial impacts that are sufficiently reliable and decision-useful at entity level are already addressed through financial statements, while sustainability reporting should focus on explaining the nature and drivers of material risks and opportunities.

→ **The Commission should remove mandatory anticipated financial effects disclosures from the ESRS**. If these disclosures are retained, they should be voluntary or limited to qualitative narrative information only. Financial reporting of this nature should remain within the scope of the financial statements.

5. Mandatory CapEx and OpEx resource allocation disclosures create duplication and audit risk

Mandatory disclosure of sustainability-related capital and operational expenditure under ESRS 2 §46 requires finance-grade attribution and reconciliation across sustainability reporting, financial reporting and, in many cases, EU Taxonomy reporting. This significantly expands reporting scope and audit exposure, creating substantial administrative burden without clear incremental decision-useful value for users of sustainability information.

In practice, attributing CapEx and OpEx to sustainability actions requires detailed allocation methodologies, reconciliation to financial statements and ongoing tracking over long investment cycles. These disclosures intersect directly with asset valuation, provisioning and impairment considerations, yet are prepared outside established financial reporting governance and control frameworks. The result is duplication of effort, heightened audit scrutiny and increased risk of inconsistencies between sustainability disclosures and financial statements and the creation of a parallel financial reporting regime specific to sustainability.

The requirement also risks driving the development of parallel finance-grade reporting systems for sustainability purposes, contrary to the stated objective of simplification. Quantified disclosures of financial resources allocated to sustainability actions provide limited insight into the effectiveness or outcomes of those actions and are of limited comparability across undertakings operating in different sectors, sizes and geographic contexts. For many undertakings, sustainability-related investment decisions are integrated into broader capital allocation processes and cannot be meaningfully or reliably

disaggregated into discrete sustainability categories without creating artificial distinctions and misleading precision or raising persistent scoping challenges as to what should be included or excluded.

→ **To avoid duplication and audit inconsistency, the Commission should limit mandatory CapEx and OpEx disclosures to a high-level narrative description and to avoid requiring quantified financial allocation unless such information is already produced for financial reporting purposes.**

6. GHG accounting methodology and ISSB interoperability

The draft ESRS introduce prescriptive application requirements under ESRS E1, notably the application requirements on emissions reporting boundaries and methodological hierarchy (AR19 and AR 20), that risk creating methodological misalignment with the GHG Protocol and undermining interoperability with IFRS S2. In particular, the default requirement to apply a financial-control boundary for GHG emissions departs from the flexibility embedded in the GHG Protocol and IFRS S2, which allow undertakings to select equity share, financial control, or operational control approaches depending on their business model and reporting objectives. This divergence undermines global comparability and exposes undertakings to conflicting accounting expectations across jurisdictions and reporting frameworks and departs from common industry practice and national authority reporting requirements.

These risks are particularly acute for upstream oil and gas undertakings, where operations are frequently conducted through joint ventures, service agreements and other complex contractual structures. In such cases, financial consolidation does not reflect operational control over assets or emissions, nor where decarbonisation decisions are made. Mandating financial-control boundaries for ESRS reporting can therefore result in emissions disclosures that are misaligned with operational responsibility, distort transition analysis and rely heavily on estimated data for non-operated assets, reducing data quality and decision-usefulness for users and imposing disproportionate burden in complex joint venture structures.

The misalignment between ESRS E1 and IFRS S2 further exacerbates these challenges. IFRS S2 § 29(ii), 29(iii) and application guidance B27 explicitly allow entities to choose among GHG Protocol approaches, whereas ESRS E1 AR 19 establishes financial control as the starting point for the emissions reporting boundary, permitting operational control only in exceptional circumstances, and AR 20 provides that ESRS requirements take precedence over GHG accounting standards in case of conflict. This inconsistency creates confusion for investors and other stakeholders, complicates assurance and risks forcing undertakings to maintain parallel emissions inventories solely for EU reporting purposes, contrary to the objectives of simplification and interoperability.

To preserve comparability, auditability and alignment with internationally accepted climate accounting standards, ESRS E1 should explicitly defer to the GHG Protocol in cases of methodological conflict and allow undertakings to apply operational or equity-share boundaries where these better reflect emissions responsibility and management practices. In particular, undertakings should be permitted to use established GHG Protocol sectoral boundaries as the primary basis for emissions reporting, with appropriate explanation. Permitting the use of established GHG Protocol sectoral approaches, with appropriate explanation, would improve data quality, reduce duplication and ensure that ESRS climate disclosures remain interoperable with IFRS S2 and other global reporting requirements and ensure a level playing field across jurisdictions.

Similar boundary considerations also arise across the other environmental topical standards. While the financial control starting point is most explicit in ESRS E1, it will be important to maintain flexibility in the adoption of reporting boundaries for water, pollution, biodiversity and circular economy disclosures, particularly for sectors such as oil and gas that have traditionally reported environmental data using operationally defined boundaries.

→ **We call on the Commission to clarify that ESRS E1 methodologies must be fully aligned with the GHG Protocol and interoperable with IFRS S2, explicitly allowing the use of operational or equity-share boundaries and established GHG Protocol sectoral boundaries where appropriate and deferring to the GHG Protocol in case of methodological conflict. Equivalent flexibility in the application of reporting boundaries should also be clarified and ensured across the other environmental topical standards where disclosures are scoped to 'own operations'.**

7. Open ended pollutant scoping creates a "measure everything" dynamic

The pollutant scoping under ESRS E2 risks forcing undertakings to screen and collect data on hundreds of substances simply to demonstrate immateriality. It requires consideration of the E-PRTR list alongside any additional pollutants that the undertaking measures or monitors, creating open-ended scoping with no clear upper bound and expanding reporting expectations beyond what is typically required under national environmental permitting and current industry practice.

In practice, this approach incentivises a "measure-everything" dynamic that is incompatible with permitting-based environmental management. Depending on interpretation, undertakings may be required to assess and document over 200 pollutants across all sites merely to justify exclusion, resulting in excessive data collection, consolidation effort and assurance burden without improving decision-usefulness. This shifts reporting away from risk-based environmental management towards compliance-driven completeness, undermining proportionality and auditability and requiring measurement or monitoring activities solely to demonstrate non-materiality.

Effective pollution reporting should focus on pollutants that are material to the undertaking's activities and already managed through permitting and regulatory compliance frameworks. Undertakings should be able to define material pollutants centrally, apply consistent materiality thresholds and establish consolidation processes by type of activity, and rely on existing permitting and compliance data, rather than being required to collect additional information solely to demonstrate immateriality or to assess the full E-PRTR substance list in the absence of risk based indicators.

→ **We urge the Commission to clarify and limit pollutant scoping under ESRS E2 by anchoring pollutant identification to existing permitting and regulatory compliance frameworks, introducing explicit safe harbours allowing reliance on permitting and compliance data, and allowing undertakings to define material pollutants centrally based on their activities and risk profile.**

8. Secondary microplastics disclosures lack methodological maturity and auditability

The secondary microplastics disclosure requirement represents a new reporting area that expands the scope of ESRS E2 beyond clarification or consolidation of existing obligations. Its introduction under the Omnibus I simplification exercise is difficult to reconcile with the stated objective of substantially reducing mandatory datapoints, prioritising operability and limiting reporting to material information, as it adds a new topic rather than simplifying the existing pollution disclosure framework.

The requirement extends reporting expectations beyond an undertaking's own operations and into diffuse downstream impacts, where undertakings typically lack direct control, access to relevant reliable data, or established management levers. This significantly broadens reporting boundaries under ESRS E2 and reinforces a shift towards value-chain-heavy narrative disclosures, increasing complexity without a clear improvement in decision-useful transparency.

These structural concerns are compounded by the absence of scientifically robust, validated and auditable methodologies to measure secondary microplastics. In practice, disclosures are therefore highly uncertain, non-comparable and largely narrative in nature.

This undermines auditability and legal reliability, increases assurance and liability risk for preparers, and is unlikely to deliver meaningful insight for users. Rather than enhancing transparency or driving action, the requirement risks incentivising boilerplate disclosures and contributing to regulatory fragmentation at a time when scientific understanding and regulatory approaches are still evolving.

The challenge is further exacerbated by the proposed reliance on the REACH definition of synthetic polymer microparticles. As clarified by ECHA[6], Entry 78 of Annex XVII does not define "microplastics" in general, but establishes a specific definition of synthetic polymer microparticles for the sole purpose of the REACH restriction. Using this purpose-specific legal construct as the basis for an ESRS disclosure on secondary microplastics risks extending it into a general reporting context for which it was not designed, creating significant scope uncertainty beyond what can currently be measured, managed or assured in practice.

6 ECHA, "Explanatory Guide for the implementation of the restriction on synthetic polymer microparticles (microplastics) under REACH", Sections 2.3 and 10.2.

This concern is reinforced by the REACH framework itself, which explicitly limits reporting to primary, intentionally added synthetic polymer microparticles and excludes secondary or unintentional microplastics from reporting obligations. Introducing a mandatory disclosure on secondary microplastics under ESRS E2 would therefore go beyond the most developed EU regulatory framework in this area, while relying on methodologies that remain scientifically immature and unauditable in practice.

This concern is reinforced by the REACH framework itself, which explicitly limits reporting to primary, intentionally added synthetic polymer microparticles and excludes secondary or unintentional microplastics from reporting obligations. Introducing a mandatory disclosure on secondary microplastics under ESRS E2 would therefore go beyond the most developed EU regulatory framework in this area, while relying on methodologies that remain scientifically immature and unauditable in practice.

→ **We call on the Commission to remove the secondary microplastics disclosure requirement from ESRS E2, as it introduces a new disclosure that expands reporting scope under a simplification exercise, without delivering proportionate or decision-useful information.** Should validated and internationally recognised methodologies for assessing secondary microplastics become available in the future, the question of disclosure could be reconsidered through an appropriate, standalone legislative process. In the absence of such methodologies and a political mandate, inclusion of this topic in ESRS E2 is premature.

9. Substances of Concern disclosures undermine feasibility and regulatory alignment

The current treatment of Substances of Concern (SoC) under the draft ESRS E2 introduces significant feasibility, comparability and consolidation challenges that run counter to the simplification and harmonisation objectives of the Omnibus initiative. The SoC inventory is highly dynamic, with frequent additions and reclassifications, resulting in unstable reporting boundaries and unreliable trend analysis. For undertakings with complex product portfolios and global supply chains, this creates disproportionate data collection and consolidation burden, with a high risk of double counting and limited decision-useful value.

In addition, the quantitative nature of the current SoC disclosure requirements further undermines their decision-usefulness. Measuring and aggregating quantities of Substances of Concern, and tracking trends over time, is inherently complex and unreliable, particularly given the absence of a stable and clearly bounded SoC inventory. The risk of double counting across products, suppliers and sites is significant, while the resulting data offer limited insight for users. This concern is further exacerbated by requirements to report the total weight of substances released into the environment, which go beyond existing regulatory practice and introduce additional complexity without improving environmental understanding.

The SoC concept is also inherently EU-centric and difficult to apply consistently for globally operating undertakings, undermining international comparability. The revised definition diverges from established regulatory frameworks such as REACH and is further complicated by application requirements, notably AR 5 to ESRS E2-5, which introduce explicit NACE-based, sector-specific scoping rules within a Sector-Agnostic sustainability reporting standard.

By contrast, Substances of Very High Concern under REACH represent a stable, well-defined hazard category supported by mature compliance systems, regulatory oversight and established data flows. Limiting mandatory substance-based disclosures to SVHCs would ensure legal clarity, regulatory alignment and proportionality, while maintaining a strong focus on substances that pose scientifically recognised risks to human health and the environment.

→ **We therefore call on the Commission to remove the definition of Substances of Concern from the ESRS glossary, delete ESRS E2-5 §17(a)–(d), and limit mandatory substance-based disclosures to Substances of Very High Concern as defined under REACH.**

10. Severity of human rights

Across ESRS S1–S4, undertakings are required to disclose the number of human rights incidents defined as substantiated instances of initiated judicial and non-judicial proceedings, including complaints filed with OECD National Contact Points, as well as incidents registered by the undertaking through its internal processes.

While the revised standards introduce a severity filter, this safeguard is effectively overridden by the definition of "substantiated instances", as the definition extends beyond confirmed human rights breaches to include cases that are procedurally substantiated, such as the initiation of legal or non-judicial proceedings or internal registration through company grievance mechanisms without requiring confirmation of a breach or final determination of responsibility.

This requires undertakings to identify, track and aggregate early-stage cases that may remain unresolved for extended periods or ultimately be dismissed. In practice, the initiation of legal or non-judicial proceedings can trigger reportability regardless of outcome, and when applied across ESRS S1–S4, including consumer- and end-user-related contexts under S4, this risks capturing a very broad set of unresolved cases with limited informational value. This would require lawsuits initiated against a company by consumers or end-users to be reported as human rights incidents.

These effects are most visible in complex, globally operating and contractor-intensive business models, such as upstream oil and gas. Operations across multiple jurisdictions generate high volumes of internal registrations and initiated proceedings, many of which do not result in confirmed breaches.

Mandatory aggregation of procedurally substantiated cases at scale increases administrative burden and legal exposure, risks prejudicing ongoing proceedings and can produce disclosures that over-represent unresolved issues, thereby reducing decision-usefulness for users of sustainability information and creating a risk of misleading conclusions about the scale and nature of actual human rights impacts.

→ **Reportable human rights incidents across ESRS S1-S4 should be limited to confirmed breaches, or to cases that are material primarily due to severity. Early-stage proceedings, complaints and internal registrations should be explicitly excluded from mandatory aggregation, without prejudice to voluntary contextual disclosure where relevant and without triggering disclosure obligations solely on the basis of procedural initiation.**