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COMMISSION DELEGATED REGULATION (EU) …/...

of 11.7.2025

amending Delegated Regulation (EU) 2023/2772 as regards the postponement of the date of application of the disclosure requirements for certain undertakings

(Text with EEA relevance)

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE DELEGATED ACT

In his report on 'The Future of European Competitiveness'[1], Mario Draghi emphasised the need for the European Union to create a regulatory landscape which facilitates competitiveness and resilience, drawing attention to burden and compliance costs created by Directive (EU) 2022/2464 of the European Parliament and of the Council ('the Corporate Sustainability Reporting Directive' or 'CSRD'[2] amongst other pieces of legislation. In the Budapest Declaration on the New European Competitiveness Deal[3], EU Heads of State and Government called for 'a simplification revolution, ensuring a clear, simple and smart regulatory framework for businesses and drastically reducing administrative, regulatory and reporting burdens, in particular for SMEs'. They called on the Commission to make concrete proposals to reduce reporting requirements by at least 25 % in the first half of 2025.

In its Communication entitled "A Competitiveness Compass for the EU"[4], the Commission confirmed that it would propose a first 'Simplification Omnibus package', which would include far-reaching simplification in the fields of sustainable finance reporting, sustainability due diligence and taxonomy. In its Communication entitled 'A simpler and faster Europe: Communication on implementation and simplification'[5], the Commission set out an implementation and simplification agenda that delivers fast and visible improvements for people and business on the ground, requiring more than an incremental approach and underlining the need for bold action to streamline and simplify Union, national and regional rules.

The CSRD entered into force on 5 January 2023. It strengthened and modernised corporate sustainability reporting requirements through modifications to Directive 2013/34/EU of the European Parliament and of the Council ('the Accounting Directive')[6], Directive 2004/109/EC of the European Parliament and of the Council ('the Transparency Directive')[7], Directive 2006/43/EC of the European Parliament and of the Council ('the Audit Directive')[8]

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1 "The future of European competitiveness", September 2024.

2 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/oj).

3 Budapest Declaration on the New European Competitiveness Deal, 8 November 2024.

4 Communication from the Commission to the European Parliament, the European council, the Council, the European Economic and Social Committee and the Committee of the Regions, COM (2025) 30 final: A Competitiveness Compass for the EU.

5 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, COM (2025) 47 final: A simpler and faster Europe: Communication on implementation and simplification.

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

7 Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC (*OJ L 390, 31.12.2004, p. 38*, ELI: http://data.europa.eu/eli/dir/2004/109/oj).

8 Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC (OJ L 157, 9.6.2006, p. 87, ELI: http://data.europa.eu/eli/dir/2006/43/oj).

and Regulation (EU) No 537/2014 of the European Parliament and of the Council ('the Audit Regulation')[9]. The CSRD is an important element of the European Green Deal[10] and of the Sustainable Finance Action Plan[11]. It aims to ensure that investors have the information they need to understand and manage the risks to which investee undertakings are exposed from climate change and other sustainability issues. It also aims to ensure that investors and other stakeholders have the information they need about the impacts of undertakings on people and the environment. It thereby contributes to financial stability and environmental integrity. That is a necessary condition for financial resources to flow to undertakings that pursue sustainability goals and creates more accountability and transparency towards all stakeholders regarding undertakings' sustainability performance.

The CSRD requires undertakings in scope to report sustainability information in accordance with the European Sustainability Reporting Standards (ESRS), which are laid down in Annex I to Commission Delegated Regulation (EU) 2023/2772[12]. Those ESRS are sector-agnostic, which means that they are to be applied by all undertakings in scope, independently of the sector of the economy in which the undertaking operates.

To help undertakings adjust to the new reporting regime, the first set of ESRS specifies that some of the reporting requirements are phased-in over time[13]. That means that some information that undertakings must report needs to be reported only as from the second or third year that they apply the standards. Some of those phase-in provisions apply to all undertakings in scope of the CSRD and some apply only to undertakings in scope that have up to 750 employees. In particular, undertakings with up to 750 employees may, amongst other things, omit all data points from the following topical standards for the first two years that they are required to apply the standards: ESRS E4 (biodiversity and ecosystems), ESRS S2 (workers in the value chain), ESRS S3 (affected communities) and ESRS S4 (consumers and end-users). In addition, they may omit all data points from ESRS S1 (own workforce) for just the first year that they apply the standards. The first set of ESRSalso contains a safeguard which provides that, where an undertaking with up to 750 employees uses those temporary exemptions for a complete topical standard, it must nevertheless report certain summarised information on the topic concerned if the undertaking has concluded that the topic in question is material.

The CSRD is currently scheduled to apply to large undertakings, SMEs with securities listed on regulated markets in the Union, parent undertakings of large groups, and to issuers that belong to those categories of undertakings. The date of application of the reporting requirements introduced by the CSRD is phased in, depending on the different categories of undertakings. In a first wave, large public interest entities with more than 500 employees must report for the first time in 2025 for financial year 2024 ('wave one' undertakings)[14]. In a

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9 Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (*OJ L 158, 27.5.2014, p. 77,* ELI: http://data.europa.eu/eli/reg/2014/537/oj).

10 Communication from the Commission, 'The European Green Deal, COM(2019) 640 final.

11 Communication from the Commission 'Action Plan: Financing Sustainable Growth', COM/2018/097 final.

12 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).

13 The list of phasing-ins is presented in Appendix C of ESRS 1, in Annex I to Delegated Regulation (EU) 2023/2772.

14 As well as public-interest entities that are parent undertakings of a large group with more than 500 employees, for consolidated sustainability reporting. "Public-Interest Entities" are defined by Article 2 point (1) of the Accounting Directive as undertakings that are: (a) governed by the law of a Member State and whose transferable securities are admitted to trading on an EU regulated market; (b) credit

second wave, other large undertakings must report in 2026 for financial year 2025 ('wave two' undertakings)[15]. In a third wave, SMEs with securities listed on regulated markets in the Union must report in 2027 for financial year 2026, although they have a possibility to opt out of reporting for financial years 2026 and 2027 ('wave three' undertakings)[16]. In a fourth wave, certain non-Union undertakings that have business in the territory of the Union above certain thresholds must report in 2029 for financial year 2028[17].

The CSRD is now being implemented in a new and difficult context. Russia's war of aggression against Ukraine has driven up energy prices for undertakings in the Union. The geopolitical landscape is evolving quickly. The different approach undertaken by some other major jurisdictions regarding the regulation of corporate sustainability reporting raises questions about the effects of the CSRD on the competitive positioning of Union undertakings. The ability of the Union to preserve and protect its values depends amongst other things on the capacity of its economy to adapt and compete in an unstable and sometimes hostile geopolitical context.

On 26 February the Commission therefore adopted a package of so-called "omnibus" proposals designed to reduce the administrative burden on undertakings and to boost growth and investment. That included a proposal[18] to amend certain provisions of the CSRD and of Directive (EU) 2024/1760 of the European Parliament and of the Council ('the Corporate Sustainability Due Diligence Directive' or 'CSDDD'[19]. In the case of the CSRD, the proposed amendments include applying the reporting requirements only to large undertaking with more than 1000 employees, thereby reducing the number of undertakings subject to the requirements by about 80%.

At the same time, the Commission made a commitment to adopt a delegated act that revises and simplifies the first set of ESRS. That revision will, amongst other things, substantially reduce the number of datapoints to be reported, provide clearer instructions on how to apply the materiality principle, and simplify the structure and presentation of the ESRS. The Commission aims to adopt the necessary delegated act as soon as possible, and at the latest six months after the entry into force of the directive amending the CSRD.

The "omnibus" proposal also included a separate legislative proposal which defers by two years the date by which Member States are to apply the measures necessary for wave two and wave three undertakings to comply with the CSRD reporting requirements (so-called "stop-

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institutions; (c) insurance undertakings; or (d) designated by Member States as public-interest entities. "Large undertakings" are defined by Article 3(4) of the Accounting Directive as undertakings which on their balance sheet dates exceed at least two of the three following criteria: (a) balance sheet total: EUR 25 000 000; (b) net turnover: EUR 50 000 000; (c) average number of employees during the financial year: 250.

15 As well as the other parent undertakings of large groups, for consolidated sustainability reporting.

16 Small and non-complex credit institutions, and captive insurance and reinsurance undertakings, are also part of the third wave, although they may only use the additional two-year opt-out if they are listed SMEs.

17 According to article 40a of the Accounting Directive, as amended by the CSRD, an undertaking not established in the EU must report sustainability information at the group level if it a) generates over EUR 150 million in the Union and b) has either a subsidiary in the EU that is subject to the sustainability reporting requirements introduced by the CSRD or has an EU branch that generated over EUR 40 million. In this case, the legal obligation to publish the report falls on the EU subsidiary or branch.

18 Proposal for a Directive of the European Parliament and of the Council amending Directives 2006/43/EC, 2013/34/EU, (EU) 2022/2464 and (EU) 2024/1760 as regards certain corporate sustainability reporting and due diligence requirements (COM(2025) 81 final).

19 Directive (EU) 2024/1760 of the European Parliament and of the Council of 13 June 2024 on corporate sustainability due diligence and amending Directive (EU) 2019/1937 and Regulation (EU) 2023/2859 (OJ L, 2024/1760, 5.7.2024, ELI: http://data.europa.eu/eli/dir/2024/1760/oj).

the-clock” proposal)[20]. That legislative proposal was adopted by the European Parliament and the Council without significant modifications and entered into force on 17 April 2025[21].

The stop-the-clock proposal, as adopted, does not postpone the reporting requirements for wave one undertakings . Those undertakings are still required to report in 2025 information regarding financial year 2024. According to the Commission’s proposal to amend the the CSRD, some wave one undertakings would in the future no longer be subject to the reporting requirements. The stop-the-clock proposal, as adopted, does not postpone the reporting requirements for such undertakings In that new context, the phase-in provisions contained in the existing ESRS create two problems. Firstly, wave one undertakings that would no longer be subject to the reporting requirements according to the Commission’s proposal will nevertheless first have to report additional information for financial years 2025 and 2026. It is not considered reasonable to require undertakings to report additional information when there is a realistic prospect that they will subsequently not have to report any information. Secondly, wave one undertakings will have to meet the additional reporting requirements for financial years 2025 and 2026, even though the revised and simplified ESRS might subsequently modify those same requirements.

In addition, the fact that wave one undertakings with more than 750 employees cannot benefit from the same phase-in provisions as other wave one undertakings can be considered contrary to the burden reduction imperative, especially in the case of those disclosure requirements in ESRS that are most challenging for undertakings. That refers in particular to the requirements for which the corresponding phase-in provision for undertakings with up to 750 employees applies for two years rather than just one year, that is to say the topical standards ESRS E4 (biodiversity and ecosystems), ESRS S2 (workers in the value chain), ESRS S3 (affected communities) and ESRS S4 (consumers and end-users).

The best means of addressing those problems is to:

(a) not require any wave one undertaking to disclose additional information in the second or third years of applying the ESRS beyond what it had to disclose in the first year; and

(b) extend to wave one undertakings with more than 750 employees those phase-in provisions that currently apply for two years to undertakings with up to 750 employees.

This proposal for a delegated act therefore defers by two years the additional reporting requirements that wave one undertakings would otherwise have to meet for financial years 2025 and 2026, and extends to all wave one undertakings the phase-in provisions regarding ESRS E4 (biodiversity and ecosystems), ESRS S2 (workers in the value chain), ESRS S3 (affected communities) and ESRS S4 (consumers and end-users) that currently apply only to wave one undertakings with up to 750 employees. It also extends to all wave one undertakings the safeguard provision which provides that, where an undertaking uses those temporary exemptions for a complete topical standard, it must nevertheless report certain summarised information on the topic concerned if the undertaking has concluded that the topic in question is material.

By the time that undertakings have to report for financial year 2027, it is expected that the overall revision and simplification of ESRS will have been completed, and that the Directive

[20] Proposal for a Directive of the European Parliament and of the Council amending Directives (EU) 2022/2464 and (EU) 2024/1760 as regards the dates from which Member States are to apply certain corporate sustainability reporting and due diligence requirements (COM(2025) 80 final).

[21] Directive (EU) 2025/794 of the European Parliament and of the Council of 14 April 2025 amending Directives (EU) 2022/2464 and (EU) 2024/1760 as regards the dates from which Member States are to apply certain corporate sustainability reporting and due diligence requirements (OJ L, 2025/794, 16.4.2025, ELI: http://data.europa.eu/eli/dir/2025/794/oj).

amending the CSRD, including the provisions setting out which undertakings are subject to the reporting requirements, will have entered into force.

2. CONSULTATIONS PRIOR TO THE ADOPTION OF THE ACT

On 30 May 2025 the Commission consulted Member States on a draft version of this delegated act during a joint meeting of the Member States' Expert Group on Sustainable Finance and the Accounting Regulatory Committee.[22] Most Member States that expressed an opinion urged the Commission to not require any wave one undertaking to disclose additional information in the second or third years of applying the ESRS and to consider extending to all wave one undertakings the phase-in provisions that currently apply only to undertakings with up to 750 employees.

3. LEGAL ELEMENTS OF THE DELEGATED ACT

This delegated act is based on Article 29b(1), first subparagraph, of the Accounting Directive.

It amends Annex I to Delegated Regulation (EU) 2023/2772 on the first set of ESRS as follows:

(a) it replaces Appendix C of ESRS 1 to allow undertakings required to report on sustainability from financial year 2024 (so-called 'wave one undertakings') not to report the following sustainability information until financial year 2027 (instead of until financial year 2025 or 2026):

   – the information prescribed by ESRS 2 SBM-3 paragraph 48(e) (anticipated financial effects);

   – the datapoints on scope 3 emissions and total GHG emissions, for undertakings or groups not exceeding on their balance sheet dates the average number of 750 employees during the financial year (on a consolidated basis where applicable);

   – the information prescribed by ESRS E1-9;

   – the information prescribed by ESRS E2-6;

   – the information prescribed by ESRS E3-5;

   – the information specified in the disclosure requirements of ESRS E4;

   – the information prescribed by ESRS E5-6;

   – the information specified in the disclosure requirements of ESRS S1, for undertakings or groups not exceeding on their balance sheet dates the average number of 750 employees during the financial year (on a consolidated basis where applicable);

   – all datapoints in ESRS S1-7;

   – the information prescribed by ESRS S1-8;

   – the information prescribed by ESRS S1-11;

   – the information prescribed by ESRS S1-12;

   – the information prescribed by ESRS S1-13;

[22] As required by Article 49(3b), fourth subparagraph, of the Accounting Directive.

- the data points on cases of work-related ill-health and on number of days lost to injuries, accidents, fatalities and work-related ill health in ESRS S-14;
- the information related to non-employees in ESRS S-14;
- the information prescribed by ESRS S1-15;
- all disclosure requirements in ESRS S2;
- all disclosure requirements in ESRS S3;
- all disclosure requirements in ESRS S4;

(b) it amends ESRS 2, section 17, to require all undertakings or groups that use the temporary exemptions for a complete topical standard in accordance with Appendix C of ESRS 1, including wave one undertakings or groups with more than 750 employees, to report certain summarised information on the topic concerned if the undertaking or group has concluded that the topic in question is material.

This amending delegated act should apply for financial years beginning on or after 1 January 2025

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amending Delegated Regulation (EU) 2023/2772 as regards the postponement of the date of application of the disclosure requirements for certain undertakings

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to 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[23], and in particular Article 29b(1), first subparagraph, thereof,

Whereas:

(1) Directive (EU) 2022/2464 of the European Parliament and of the Council[24] amended Directive 2013/34/EU to introduce into that Directive certain additional sustainability reporting requirements.

(2) Appendix C of ESRS 1 in Annex I to Commission Delegated Regulation (EU) 2023/2772[25] allows certain undertakings to omit from their reporting certain sustainability information for the first year, or years, of preparation of their sustainability statement.

(3) On 26 February 2025, the Commission adopted the proposal for a Directive of the European Parliament and of the Council amending Directives 2006/43/EC, 2013/34/EU, (EU) 2022/2464 and (EU) 2024/1760 as regards certain corporate sustainability reporting and due diligence requirements (‘the Omnibus Simplification Package’)[26], which proposes, *inter alia,* a number of amendments to the sustainability reporting requirements introduced by Directive (EU) 2022/2464. In particular, the Commission proposes to reduce the number of undertakings subject to those sustainability reporting requirements. According to the Commission’s proposal, only large undertakings with more than 1000 employees would remain subject to the requirement to report sustainability information. As part of that Omnibus Simplification Package, the Commission also proposed to amend Article 5 of

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[23] OJ L 182, 29.6.2013, p. 19, ELI: http://data.europa.eu/eli/dir/2013/34/oj.

[24] 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/oj).

[25] 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).

[26] Proposal for a Directive of the European Parliament and of the Council amending Directives 2006/43/EC, 2013/34/EU, (EU) 2022/2464 and (EU) 2024/1760 as regards certain corporate sustainability reporting and due diligence requirements, 26.2.2025 COM (2025) 81 final.

Directive (EU) 2022/2464 to defer the dates from which Member States are to apply the reporting requirements for those undertakings that would have to report for the first time for financial years 2025 and 2026 ('stop-the-clock' proposal). The European Parliament and the Council adopted that stop-the-clock proposal without substantial modifications as Directive (EU) 2025/794 of the European Parliament and of the Council, which entered into force on 17 April 2025[27]. However, in order not to prejudge the outcome of the legislative procedure on the Commission's proposal to amend the sustainability reporting requirements, and in particular the provisions setting out which undertakings will be subject to the reporting requirements in the future, Directive (EU) 2025/794 has not deferred the dates from which Member States are to apply the reporting requirements for undertakings that are to report for the first time with respect to financial year 2024.

(4) Pursuant to the existing timetable of Appendix C of ESRS 1 of Annex I to Delegated Regulation (EU) 2023/2772, undertakings that need to report sustainability information already with respect to financial year 2024 will be subject to a further phasing in of various reporting requirements with respect to financial years 2025 and 2026. Moreover, undertakings with more than 750 employees will not benefit from the same phase-in provisions as other undertakings that are subject to the sustainability reporting requirements. It would not be reasonable to require undertakings to comply with additional reporting requirements when the Commission has made a proposal to ensure that those undertakings will subsequently not have to report any information. Moreover, it would be contrary to the burden reduction objective of the Omnibus Simplification Package to prevent undertakings with more than 750 employees from benefitting from the same phase-in provisions as other undertakings that are subject to the sustainability reporting requirements, especially for those sustainability reporting requirements that are most challenging for undertakings, that is to say the topical standards ESRS E4 (biodiversity and ecosystems), ESRS S2 (workers in the value chain), ESRS S3 (affected communities) and ESRS S4 (consumers and end-users) that are laid down in Annex I to Delegated Regulation (EU) 2023/2772.

(5) Pursuant to ESRS 2, paragraph 17, of Annex I to Delegated Regulation (EU) 2023/2772, an undertaking or a group with up to 750 employees that uses the temporary exemptions in accordance with Appendix C of ESRS 1 for a complete topical standard must nevertheless report certain summarised information on the topic concerned if that undertaking or group has concluded that the topic in question is material. If the temporary exemptions set out in Appendix C of ESRS 1 for a complete topical standard should be applicable also by undertakings with more than 750 employees, it would be necessary – for reasons of consistency – to require the application of ESRS 2, paragraph 17, by any undertaking that uses the temporary exemptions in accordance with Appendix C of ESRS, including the undertakings or groups with more than 750 employees that are to report from financial year 2024.

(6) It is therefore necessary to adapt the phasing-in timetable of Appendix C of ESRS 1 of Annex I to Delegated Regulation (EU) 2023/2772, and to amend paragraph 17 of ESRS 2 of that Delegated Regulation, accordingly.

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[27] Directive (EU) 2025/794 of the European Parliament and of the Council of 14 April 2025 amending Directives (EU) 2022/2464 and (EU) 2024/1760 as regards the dates from which Member States are to apply certain corporate sustainability reporting and due diligence requirements (OJ L, 2025/794, 16.4.2025, ELI: http://data.europa.eu/eli/dir/2025/794/oj).

(7) To enable the undertakings concerned to benefit from that adaptation as soon as possible, this Regulation should enter into force on the third day following that of its publication in the Official Journal of the European Union.

(8) On 30 April 2025 the Commission consulted Member States on this draft delegated act during a joint meeting of the Member States’ Expert Group on Sustainable Finance and the Accounting Regulatory Committee, in accordance with the requirements of Article 49(3b), third subparagraph, of Directive 2013/34/EU,

HAS ADOPTED THIS REGULATION:

Article 1

Amendments to Delegated Regulation (EU) 2023/2772

Annex I to Delegated Regulation (EU) 2023/2772 is amended in accordance with the Annex to this Regulation.

Article 2

Entry into force and application

This Regulation shall enter into force on the third day following that of its publication in the *Official Journal of the European Union*.

It shall apply with respect to financial years beginning on or after 1 January 2025.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 11.7.2025

For the Commission
The President
Ursula VON DER LEYEN