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Government to implement changes in ESG reporting by end of 2026

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The Government Legislative Center has published a draft bill amending the Accounting Act and certain other acts (paperUC155), which implements changes that simplify sustainability reporting. The bill narrows down the list of entities required to report, introduces limits on requests for data from suppliers in the value chain, as well as maintains attestation of ESG reporting at the level of limited assurance.

I. The bill's objective and legal basis

The draft bill is the second stage of the implementation into the Polish legal system of 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 (CSRD – Corporate Sustainability Reporting Directive) and (EU) 2024/1760 (CSDDD – Corporate Sustainability Due Diligence Directive). The implementation covers Articles 1–3 of Directive 2026/470, with the exception of Article 3 point 1 letter c on the exemption option, which has already been implemented by the act of 27 February 2026. The bill is consistent with the European Commission's overarching goal to eliminate excessive bureau-cratic and administrative burdens on businesses in the EU and improve their ability to compete with countries from outside the EU.

II. New threshold for entities required to report

The new regulations will narrow down the list of entities required to prepare Mandatory Sustainability Reports to entities with average annual employment in the financial and previous years of more than 1000 full time employees and net revenues from the sale of goods for resale and finished products in excess of PLN 1 900 000 000. The amount of PLN 1,9 billion corre-sponds to the amount of EUR 450 million indicated in Directive 2026/470 after it is translated at the official exchange rate from the Official Journal of the EU as of the directive's effective date (18 March 2026) and rounded down within the 5-percent limit. For parent companies the thresholds will be 1 000 people and PLN 1 900 000 000 after consolidation eliminations and PLN 2 280 000 000 before such eliminations are made.

III. Changes to the reporting timetable

The bill will repeal the transitional provisions applicable to entities from the 2nd and 3rd waves, contained in Article 14 par. 5 point 2 and 3 of the act of 6 December 2024. Some of the entities from the current 2nd wave, which will fall outside the new scope, will not become subject to any reporting obligations at all. 2nd wave entities subject to reporting obligations will begin reporting from the financial year 2027 in accordance with the new criteria. All the entities from the current 3rd wave, which includes small and medium issuers on the regulated market, will be excluded from the scope of entities required to report. Entities from the 1st wave that did not apply the Exemption Option introduced by the act of 27 February 2026, will report for the financial years 2025 and 2026 in accordance with the existing rules, whereas starting from the year 2027 they will be subject to the new criteria.

IV. Limiting requests to suppliers (value chain cap)

The bill will introduce a value chain cap mechanism (a limit on the scope of information from the value chain) to protect certain entities from disproportionate requests for ESG data. The bill will define protected entity as an entity in the value chain with average annual full-time employment in the previous financial year of no more than 1 000 people. Repor-ting entities will not be able to ask protected entities for information that goes beyond the scope defined in the voluntary sustainability reporting standards to be adopted by the European Commission. Contractual provisions requiring a protected entity to provide information beyond this limit will be deemed non-binding, which will not affect the validity of the remaining contractual provisions. Entities asking for data will be required to indicate which of the requested information exceeds the limit, as well as to inform of the right to refuse to provide it. When verifying protected entity status the reporting entity will be able to rely on the supplier's declaration, unless it is evident that the declaration contains false information.

V. Exemption from value chain reporting

The bill will replace the existing transitional provision in Article 14 par. 7 of the act of 6 December 2024 with a new solution based on each entity's first three years of reporting. The new solution will enable each entity that becomes subject to ESG reporting for the first time, also in later years (e.g. the year 2030), to omit information on the value chain in the first three years of reporting. The previous regulation referred strictly to financial years beginning after 31 December 2023, 2024 and 2025 in accordance with the initial three-wave timetable,

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which would have deprived entities becoming subject to the reporting obligation in later years of the right to a transitional exemption. An entity that applies the exemption will be required to indicate the actions it has taken to obtain information, the reasons for not obtaining it, as well as the steps planned for the future. After the transitional period, the entity will be able to rely not only on information obtained directly from its suppliers, but also on estimates.

VI. Broadened catalog of omittable information

The bill will significantly broaden the catalog of information entities will be able to omit from their sustainability reporting. The current option to omit information on anticipated events or matters subject to ongoing negotiations, the disclosure of which would have a significantly adverse effect on the entity's market position, will be retained and clarified. The new catalog will also include information constituting a trade secret in accordance with Article 11 par. 2 of the Act on Combating Unfair Competition, including information regarding intellectual capital, intellectual property, know-how, technological information, as well as innovation results. In addition, it will include information defined as classified in Article 2 point 7 of Regulation (EU) 2023/2418 (EDIRPA) (EDIRPA—European Defense Industry Reinforcement through Common Procurement Act), as well as other information protected from unauthorized access or disclosure under applicable legal regulations or in order to protect the privacy or security of a natural or legal person. A condition for omitting any of these categories will be the disclosure of the fact that the option to omit has been exercised, as well as a re-assessment of the permissibility of the omission for as at each reporting date.

VII. Exemption for financial holding companies

The bill will add to the glossary of terms in Article 63p of the Accounting Act the definition of financial holding company as an entity whose only business activity consists of acquiring shares of other entities, managing those shares and obtaining profits therefrom, as long as it does not engage, directly or indirectly, in the management of those entities. The manager of a parent entity that is a financial holding company will be able to decide not to prepare a sustainability report for the group, but only in a situation where the business models and activities of its subsidiaries are independent of each other. No exemption will apply when the subsidiaries are closely related through their activities, e.g., when the activities of one subsidiary enable or directly support the activities of another. A similar exemption will apply to Polish subsidiaries and branches of entities from third countries whose ultimate parent company is a financial holding company.

VIII. Attestation of ESG reporting to remain at a limited assurance level

The new regulations will maintain the attestation of sustainability reporting at the level of limited assurance and will opt out of the reasonable assurance that was envisaged in the CSRD. In the Act on Certified Auditors, Audit Firms and on Public Oversight of 11 May 2017 the bill will replace the specification of the level of sustainability reporting assurance with a direct statement that it is a limited assurance engagement. When issuing an assurance report, a certified auditor will be required to consider the right of protected entities to refuse to provide information that goes beyond the scope of voluntary sustainability reporting standards.

IX. Changes from companies from third countries and audit firms

The draft narrows down the list of Polish subsidiaries and branches required to publish ESG reports for companies from

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third countries. The requirement will only cover Polish subsidiaries that generate more than PLN 890 000 000 in net revenues from the sale of goods for resale and finished products, as well as branches that generate the same amount of net revenues. The threshold for net sales generated in the territory of the EU by companies from third countries, which triggers the publication requirement, will be raised from the current EUR 150 million to EUR 450 million. The bill will add a new Chapter 13a to the Act on Certified Auditors, containing temporary provisions on the simplified registration of audit firms from third countries that perform ESG reporting attestation of entities from third countries listed on the regulated market in Poland. Simplified registration by the Polish Agency for Audit Oversight (PANA) will apply to attestations for financial years beginning from 1 January 2025 to 31 December 2030, with a limited scope of information provided in the registration application.

X. Effective date and transitional provisions

The proposed bill is to go into effect on 1 January 2027. Amended provisions on sustainability reporting, information on key intangible resources and attestation of sustainability reporting will apply for the first time to the financial year beginning after 31 December 2026. An exception will be the amended provisions of Article 63zd of the Accounting Act relating to the publication of ESG reports of entities from third countries, which will apply for the first time to the financial year beginning after 31 December 2027, as well as the provisions on the requirements for members of the management bodies of audit firms from third countries, which will apply to the financial year beginning after 31 December 2030. Entities from the 1st wave that do not exercise the Exemption Option and report for a financial year beginning before 1 January 2027 will apply the current provisions.

The information presented herein does not constitute comprehensive information or opinion. Consult your adviser before making any decisions.

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