July 2025

Senate in favor of postponing **new ESG reporting by two years**

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The Senate passed without changes the amendments to the Accounting Act that postpone by two years the deadlines for mandatory sustainability reporting for various categories of business entities. In addition, the new regulations introduce transition periods and new solutions for businesses.

I. Scope and legal basis of the amendments

The Act of 9 July 2025 amending the Act on amending the Accounting Act, introduces comprehensive changes to sustainability (ESG) reporting. The amendments were adopted by the Sejm and on 17 July 2025 passed by the Senate without any changes. The amendments are a response to the demands of businesses for more time to get ready for the new reporting obligations resulting from the implementation of the Corporate Sustainability Reporting Directive (CSRD). The Act implements the obligations in stages, taking into account different categories of business entities and the nature of their operations. The regulations are intended to ensure a smooth transition from the existing reporting system to the new requirements for information on the environmental and social impact of business activities.

II. Deadlines postponed for large and parent companies

Sustainability reporting obligations for large entities and parent companies of large groups have been postponed from the financial year beginning after 31 December 2024 to the financial year beginning after 31 December 2026. An exception is made for entities with the highest turnover, to which the previous deadlines will continue to apply - this relates to entities with a total of at least PLN 110 000 000 in year-end assets and PLN 220 000 000 in annual net revenues from the sale of goods for resale and finished products. For parent companies, the thresholds are PLN 132 000 000 and PLN 264 000 000, respectively. These largest entities will remain subject to the original deadline of the financial year beginning after 31 December 2023. The postponement will also cover Bank Gospodarstwa Krajowego, which will be subject to ESG reporting from the financial year beginning after 31 December 2026.

III. Postponement for issuers and small financial institutions

Medium and small issuers of securities admitted to trading on regulated markets in the European Economic Area have had their deadline moved from the financial year beginning after 31 December 2025 to the financial year beginning after 31 December 2027. A similar postponement covers small and non-complex credit institutions defined in Regulation (EU) No 575/2013 of the European Parliament and of the Council, on the condition that they are a large entity, a small entity that is an issuer, or a medium entity that is an issuer of securities on regulated markets. The postponement also applies to captive insurance and reinsurance companies that meet similar size and issuer status criteria. All of these entities will

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only have to begin sustainability reporting starting with the financial year beginning after 31 December 2027, which gives them an additional two years to prepare the necessary procedures and reporting systems.

IV. Deadlines for subsidiaries and branches

Subsidiaries or branches covered by ESG reporting obligations will not have to report until the financial year beginning after 31 December 2027, which gives them additional time to set up organizational structures and reporting processes. This applies to subsidiaries or branches specified in Article 63zd of the Accounting Act, which were originally scheduled to report sooner. The postponement is particularly significant for foreign entities operating in Poland and for complex corporate structures that require coordination of reporting processes between different entities. These entities will have the opportunity to benefit from the experience of parent companies that implement ESG reporting systems earlier. The provision considers the specific nature of the operations of subsidiaries and branches, which often rely on the procedures and information systems of the parent and thus need more time to put in place new solutions.

V. Exclusions and exemptions for selected entities

The Act provides an option not to prepare sustainability reporting for medium and small entities that are issuers of securities for financial years beginning before 1 January 2028. To apply this exemption an entity must in its directors' report on activities provide detailed reasons for not preparing ESG reporting and justify its decision. This is a temporary solution that applies to entities that may need more time to prepare appropriate resources and competencies for proper sustainability reporting. The exemption is not automatic - the entity must actively decide to apply this option and document it accordingly. The provision considers differences in the situations of medium and small entities, which may have limited financial and human resources to implement comprehensive ESG reporting systems by the initially planned deadlines.

VI. Transition period from value chain information

In the period of three financial years beginning after the deadlines specified in the Act, entities do not have to present full value chain information if it is not available or accessible. They must, however, in their sustainability reporting or group sustainability reporting provide details of the steps taken to obtain the necessary data on their value chain. They must also provide the specific reasons why the necessary information could not be obtained and present realistic plans for obtaining it in the future. The regulation considers the complexity of today's value chains, which often include numerous suppliers, subcontractors and business partners at various stages of production and distribution. The three-year transition period allows entities to gradually build systems for collecting and verifying ESG data from business partners, which is a time-consuming process that requires significant investment in IT systems and operating procedures.

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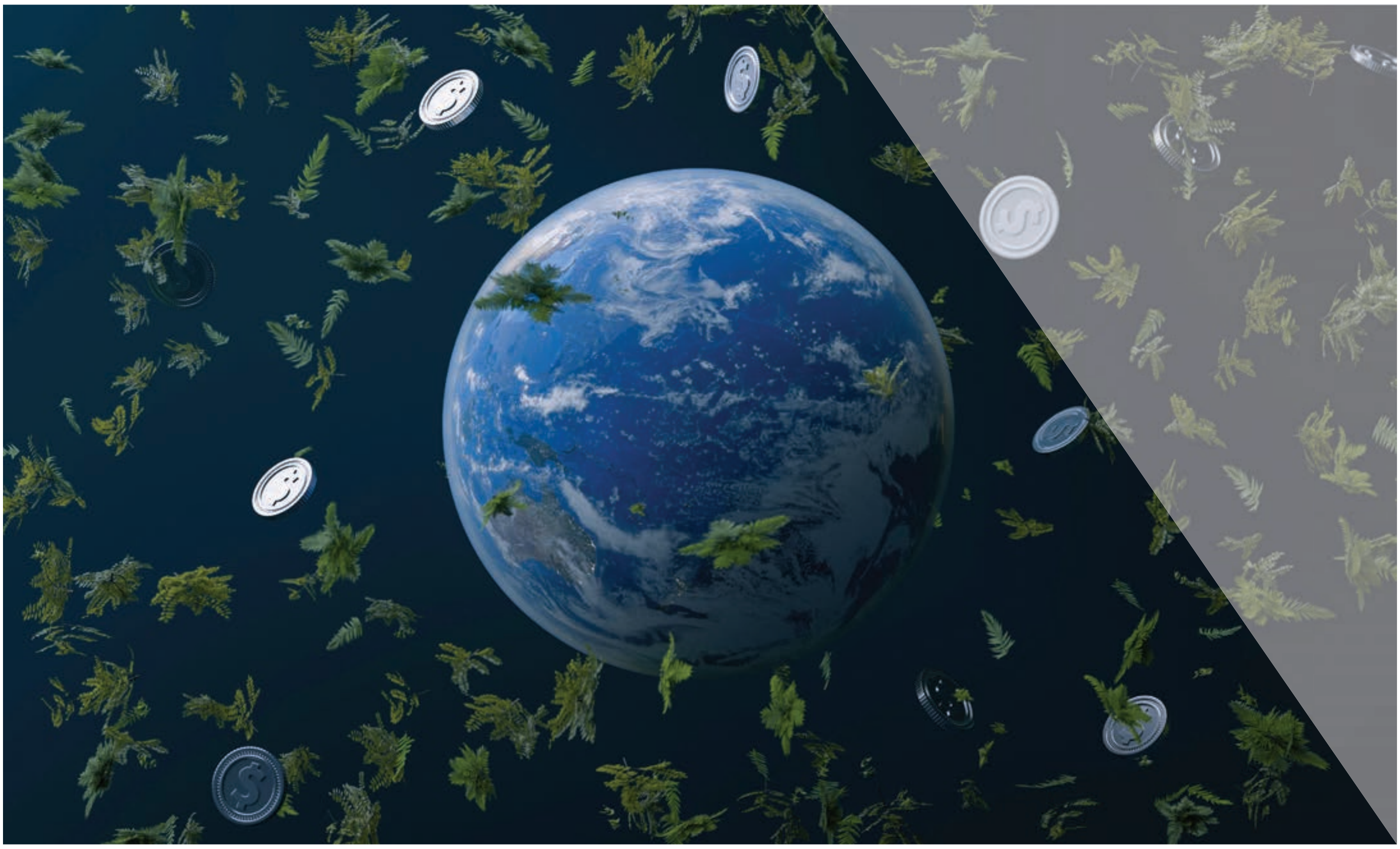
VII. Current non-financial statements continue to apply

Entities covered by the new regulations continue to have the obligation to prepare statements on non-financial information or group statements on non-financial information for the financial year beginning before 1 January 2024 in accordance with the existing provisions of Article 49b and Article 55 par. 2b-2e of the Accounting Act. This applies to entities specified in Article 49b par. 1 and Article 55 par. 2b of the Accounting Act, which were already covered by non-financial reporting before the introduction of the new ESG requirements. This means that these entities must continue to prepare the existing statements until they transition to the new sustainability reporting system. This solution ensures continuity in the flow of non-financial information and enables a smooth transition between the old and new reporting systems. Entities can use the experience acquired when preparing the current non-financial statements as a basis for preparing for the more comprehensive ESG reporting required by the new regulations.

VIII. Transition provisions and implementation procedures

Decisions made prior to the effective date of the Act by the approving authorities on the preparation of the reports specified in Article 3 par. 1a and 1c of the Accounting Act will remain in effect for reports prepared for the financial year beginning in the period from 1 January 2024 to the day preceding the effective date of the amendments. This means that all existing arrangements and procedures approved by the relevant authorities will be honored during the transition period. In accordance with the legislative procedure, the Act will go into force after it is signed by the President of the Republic of Poland and published in the Journal of Laws, with different provisions having different effective dates depending on their nature and scope of application. Transitional provisions provide legal continuity and predictability for businesses, which can continue to apply the existing solutions until the required transition to the new system. In addition, the Act contains detailed rules for the application of the new provisions depending on the type of entity and the financial year, allowing for a phased and controlled implementation of the new ESG reporting requirements into the Polish legal system.



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