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The European Parliament has approved postponing the effective dates of the EU's ESG regulations to provide more time to prepare for the implementation of social and environmental responsibility rules. This is only an adjustment to the timetable, not doing away with ESG requirements.

I. Decision of the European Parliament

On 4 April 2025 the European Parliament approved by a vast majority of the vote a 'stop-the-clock' proposal to delay the ESG reporting requirement by two years and to postpone the application of EU regulations on due diligence. The regulations are meant to force companies to be more responsible for their social and environmental impacts. The delay will allow member states and companies to better prepare for the implementation of complex reporting obligations and assurance procedures.
For the more than 3000 companies in Poland facing the challenge of preparing their first sustainability statements the decision gives rise to questions as to the final reporting deadlines and requirements.

II. Scope and significance of due diligence regulations

The new EU regulations require large companies to identify, prevent and minimize the negative impacts of their activities – and the activities of their suppliers – on the environment, human rights and work standards. It is a systemic approach that goes beyond classic ESG reporting. Under the initial timetable, these requirements were to go into effect as of the middle of 2025, but as a result of the new decision this deadline was postponed by at least a year. ESG covers three main areas: environmental (greenhouse gas emissions, consumption of resources, biodiversity), social (human rights, work conditions, diversity) and corporate governance (management structure, business ethics, transparency). Reporting should not be treated as an objective in and of itself, but rather as a tool for responsible management and a reflection of the company's actual strategic activities.

III. New calendar of obligations for EU and non-EU companies

Under the adopted solution, EU member states will have until 26 July 2027 to incorporate the rules in their national regulations. The largest companies – with more than 5000 employees and in excess of EUR 1,5 billion in annual net revenues – will begin to apply the regulations as of 2028, as will non-EU companies with similar turnover in the territory of the EU. The second group of companies, with at least 3000 employees and more than EUR 900 million in revenue, will also begin to meet these obligations at the same time. The final deadlines for companies in the various member states will depend on the pace of directive implementation into their national legal systems, as well as on the finally adopted employment thresholds and financial criteria, which may still change. It should be noted that the new regula-

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tions introduce a requirement for a specified group of companies to prepare ESG reports and have them verified by certified auditors, which Poland implemented with the passing on 17 December 2024 of the Act amending the Accounting Act, the Act on Certified Auditors, Audit Firms and Public Oversight, and certain other acts.

IV. Sustainability reporting (CSRD)

The EU's postponement of the deadlines also included those related to the CSRD (Corporate Sustainability Reporting Directive), which requires companies to report in detail on ESG matters. Companies with more than 250 employees will have to submit their first reports for 2027 – i.e. not until 2028. Small and medium listed companies will begin reporting in 2029. The Commission decided that gradual introduction of obligations is necessary in the context of high implementation costs. A key element of CSRD and ESRS standards is the double materiality assessment, which includes an assessment of the risks to and business opportunities for the entity, as well as its impacts on the environment. The results of this assessment should be the foundation of the process of managing and building an overall business strategy, rather than just being used to meet regulatory requirements.

V. "Omnibus I" and a balance between regulation and competitiveness

The described postponement is part of the broader deregulatory "Omnibus I" package presented by the European Union on 26 February 2025. Its objective is to reduce the administrative burden and increase the investment attractiveness of the EU in times of economic slowdown and growing global competition. The package revises the scope of due diligence regulations and simplifies the system of non-financial reporting. The new legislative line is intended to achieve a balance between accountability and economic efficiency. Although the "Omnibus" slogan has prompted discussions in the business world about the future of ESG reporting, it does not mean that the direction of sustainable growth is being abandoned. In the context of regulatory changes and legal uncertainty it is essential to stay the long-term course of responsible business practice.

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VI. Next legislative steps – approval by the Council and continued work

The draft regulations were already adopted by the Council of the European Union on 26 March 2025, which means that the formal completion of the legislative process is almost certain. The European Parliament used the urgent procedure, speeding up the adoption of the new dates. Once the amendments are published in the Official Journal of the EU, member states will begin amending their national laws, including transposing the provisions to their commercial codes and accounting regulations. Given the heated discussions at the European level, the detailed regulatory solutions may still change. This is a good time for companies to revisit fundamental questions about the objectives and addressees of sustainability reporting, as well as to make strategic decisions about organizational readiness to meet future requirements.

VII. Strategic significance for companies and administration

The postponement does not mean that the ambitious sustainability policy objectives are being abandoned but affords time to prepare for their implementation. Companies should already be implementing due diligence procedures, developing ESG reports in accordance with EFRAG guidelines and train those who will be in charge of the reporting. Double materiality assessments give organizations a clear view of their business models' resilience to sustainability challenges. The key point is that the sustainability statement is not just for the regulator – the main idea behind CSRD is broader access to reliable ESG information. Banks and financial institutions are increasingly including sustainability criteria in their credit risk assessment processes. Organizations that are not able to provide reliable information about their ESG activities may encounter difficulties in accessing capital and maintaining their market reputation, irrespective of the regulation implementation timetable. Please remember that national ESG regulations are already in effect in Poland as a result of the amended Accounting Act.

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

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