

Considerations for companies' second-year sustainability reporting under the CSRD

While 'wave 1' companies continue to be required, under the Corporate Sustainability Reporting Directive (CSRD), to prepare mandatory sustainability statements covering the financial year 2025, the future scope and content of sustainability reporting will be affected by the finalisation of the Omnibus proposals that aim to reduce the scope of affected companies and simplify the actual reporting requirements. While political agreement on the 'Content Directive' has been reached with the vote in the European Parliament on 16 December 2025, the 'Stop-the-clock Directive' which entered into force in April 2025 postpones first-time application dates for 'wave 2' and 'wave 3' companies and the 'Quick Fix' Delegated Regulation which entered into force mid-November 2025 extends transitional provisions for 'Wave 1' companies – see below. These companies are encouraged to monitor the transposition efforts within their respective Member States as well as other developments in these areas, including in relation to the EU Taxonomy.

The Omnibus proposals as published by the European Commission also envisage to simplify Set 1 of ESRS, for which the Commission mandated EFRAG to submit its technical advice of revised and simplified ESRS until end of November 2025. EFRAG has delivered its final technical advice to the Commission on 3rd December 2025. The Commission will adopt changes to the current version of ESRS by adoption of a Delegated Act, considering the technical advice submitted by EFRAG, in due time.

Application of Set 1 of ESRS

Companies are still required to apply the current version of Set 1 of ESRS for their mandatory sustainability reporting for financial year 2025. The revised ESRS will only apply after the respective Delegated Act has been adopted by the European Commission, published in the EU Official Journal and entered into force. [ESMA's European Common Enforcement Priorities \(ECEP\)](#) explicitly remind 'wave 1' companies that the revised ESRS will only be applicable after that date. Companies need to assess on a case-by-case basis whether clarifications that are included in the draft versions can be considered as an input factor for developing a reporting policy when they confirm, do not change or do not contradict existing principles in Set 1 of ESRS because otherwise this would result in a deviation from the applicable ESRS.

Extension of transitional provisions ('Quick Fix')

The Commission adopted a Delegation Regulation (the 'Quick Fix'), which entered into force mid-November 2025, that extends several of the transitional provisions included in Set 1 of ESRS. Specifically, several transitional provisions are extended from applying only for the first year(s) of reporting to applying for the first three years. Moreover, several transitional provisions are extended from applying only to companies with less than 750 employees to all companies in scope of mandatory reporting. The extended transitional provisions are targeted at 'wave 1' companies under the CSRD. Companies should consider whether they want to make use of the extended reliefs, also considering continuity and relevance of information reported in their first ESRS sustainability statement in the previous financial year.

Specific and temporary interpretations or uncertainties

In a [document](#) published in October 2024 which included considerations for companies' first-year sustainability reporting under CSRD, the European Contact Group pointed out that companies should assess whether to make users of their sustainability statement aware of company-specific and temporary interpretations and uncertainties associated with the preparation of their sustainability information. This consideration still applies in the second year of reporting by 'wave 1' companies under the CSRD. The purpose of including this information in the sustainability statement is to address

the public interest by enabling users to better understand the specific significant judgements made and circumstances under which the sustainability statement has been prepared. Any comments on such interpretations and uncertainties would have to reflect the specific circumstances of the respective company.

The assurance provider may decide, based on professional judgement, to draw users' attention to this information through an emphasis of matter paragraph. Any such emphasis of matter paragraph does not replace a qualified conclusion, an adverse conclusion, or a disclaimer of conclusion, where this is required in application of assurance standards.

Applicability of simplified EU Taxonomy requirements

On 4 July 2025, the Commission adopted a [Delegated Act](#) amending the EU Taxonomy Delegated Acts in order to introduce several simplification measures, which include specific materiality thresholds, simplified DNSH criteria, streamlined and reduced reporting templates and specific simplification measures for financial institutions. The requirements included in the Delegated Act will apply as of 1 January 2026 and will cover the 2025 financial year, with an option for companies to apply the measures starting only for the 2026 financial year.

In line with the legislative process, the adopted Delegated Act entered into the initial 'scrutiny period' of four months (increased by an additional two months at the request of the European Parliament) during which the European Parliament and the Council would be able to object. This period ends beginning of January 2026, at the latest, followed by publication in the Official Journal of the EU. Companies are encouraged to closely monitor the legislative developments in this regard, particularly with regard to application of the revised requirements and the impact on the assurance report, if any.