

30 June 2025 Sustainability Reporting Update

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Background

This publication provides a 'snapshot' of sustainability reporting developments with a focus on the updates related to the International Sustainability Standards Board's

(ISSB™) International Financial Reporting Standards (IFRS®) Sustainability Disclosure Standards - IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1) and IFRS S2 Climate-related Disclosures (IFRS S2) (ISSB Standards) and the European Sustainability Reporting Standards (ESRS) adopted by the European Commission (EC) on 31 July 2023 as well as other organisations.

BDO issues periodic International Sustainability Reporting (ISR) Bulletins as sustainability standards are evolving quickly.

BDO also issues a separate publication on jurisdictional updates on sustainability reporting developments for select jurisdictions.

Although it is comprehensive, this summary is not exhaustive and does not include all standard setting activities of the International Sustainability Standards Board (ISSB) and other organisations.

EXECUTIVE SUMMARY

The first half of 2025 marked significant change in global sustainability reporting. More specifically, the EC's Omnibus package, published in February 2025, proposes to simplify the CSRD, CSDDD, and EU Taxonomy. European Financial Reporting Advisory Group's (EFRAG) role in revising the ESRS is central to this effort. The Council of the EU has agreed on thresholds to reduce reporting burdens, while ESMA emphasised proportionate supervision during the ESRS rollout. As part of the EC's Omnibus initiative, EFRAG is tasked with simplifying the ESRS. A public consultation on exposure drafts is scheduled between late July and early September 2025, with final technical advice due by 30 November 2025. Proposed revisions aim to reduce mandatory datapoints, clarify provisions and materiality instructions, simplify the standards' structure and presentation, and enhance interoperability with global sustainability reporting standards.

The ISSB released three exposure drafts. The IFRS Foundation also launched educational materials, jurisdictional profiles, and e-learning modules to support IFRS S1 and S2 implementation. A new Jurisdictional Roadmap Development Tool was introduced to assist national adoption strategies.

The GHG Protocol released a new FAQ resource on Scope 3, and alignment of the GHG Protocol with IFRS S2 was reinforced through ISSB guidance and webinars.

Major events in Sustainability Reporting During Q1 2025 and Q2 2025

FAQs on sustainability reporting assurance from Accountancy Europe

Accountancy Europe has released a set of [FAQs on the assurance of sustainability reporting](#), which cover key concepts for assurance on sustainability reporting and the EU regulatory framework.

Accountancy Europe highlights key aspects of the CSRD and the CSDDD

Accountancy Europe has released [a table](#) detailing the key aspects of the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD), showing their complementary objectives.

TNFD releases webinar on nature transition plans

The Taskforce on Nature-related Financial Disclosures (TNFD) has released a [webinar](#) on its draft guidance for nature transition plans, featuring a pilot programme with corporates and financial institutions implementing the guidance. The webinar covers consultation findings, details of the piloting programme, and next steps for finalising the guidance.

GRI

GRI develops financial sector standards under development

The Global Reporting Initiative (GRI) recently concluded a public consultation on new Sector Standards for Banking, Capital Markets, and Insurance. The exposure drafts were open for comment from 5 March to 31 May 2025. These proposed standards aim to enhance transparency and sustainability reporting in financial services — an industry central to the global economy through its provision of credit, investment, insurance, and payment services.

Developed by multi-stakeholder committees, the standards focus on the sector's impacts on the economy, environment, and society. They align with global frameworks such as the OECD Guidelines and the Paris Climate Agreement. The Global Sustainability Standards Board (GSSB) is currently reviewing feedback, with final approval expected in Q2 2026.

Updated Q&A on the CSRD

GRI has also released an updated version of its '[Q&A on the CSRD](#)' to clarify its role in the evolving European sustainability landscape. The document addresses GRI's collaboration with EFRAG on the ESRS, highlights the benefits of GRI's comprehensive sustainability standards for impact reporting, and explains the synergies and distinctions between GRI Standards, ESRS, and the IFRS Sustainability Disclosure Standards.

New climate standards released

GRI has launched two [new standards](#): 'GRI 102: Climate Change' and 'GRI 103: Energy', accompanied by [FAQs for 'GRI 102: Climate Change'](#) and [FAQs for 'GRI 103: Energy'](#). A joint statement from GRI and the ISSB outlines how GRI 102 and IFRS S2 can be used together.

The GSSB has confirmed that organisations may meet the requirements of GRI 102 by using equivalent disclosures from IFRS S2 for Scope 1, Scope 2, and Scope 3 GHG emissions — provided they follow the GHG Protocol and clearly indicate the location of these disclosures in their GRI content index.

GHG Protocol

GHG Protocol: 2024 Reflections and 2025 Outlook

The Greenhouse Gas (GHG) Protocol Steering Committee has taken the opportunity to reflect on the progress in the year 2024 and to set the stage for the future. GHG Protocol's Independent Standards Board and Steering Committee have approved a [roadmap of key milestones](#) for 2025 through 2028. These milestones will guide the advancement of critical workstreams, including the Corporate Standard, Scope 2, Scope 3, Actions and Market Instruments, and Land Sector and Removals.

Scope 3 FAQ resource release by GHG Protocol

In support of ongoing efforts to enhance clarity and usability, GHG Protocol has also released a new resource: comprehensive [FAQs](#) addressing common questions about Scope 3. This resource includes direct references to the standard and accompanying guidance, offering stakeholders a valuable tool for navigating Scope 3 reporting requirements.

ESMA updates

ESMA releases guidelines for enforcing sustainability information

The European Securities and Markets Authority (ESMA) has issued [Guidelines on Enforcement of Sustainability Information](#). These guidelines aim to ensure that entities with securities traded on a regulated market, who are required to publish sustainability information under the Accounting Directive, and comply with the Transparency Directive requirements. These guidelines are applicable to sustainability information published from 1 January 2025 and is available in 22 languages.

IFRS Foundation developments

ISSB issues guidance on transition plan disclosures

The ISSB released new guidance on transition plan disclosures to support the implementation of IFRS S2.

This guidance '[Disclosing information about an entity's climate-related transition, including information about transition plans, in accordance with IFRS S2](#)' is based on materials developed by the Transition Plan Taskforce (TPT) and aims to help entities provide high-quality information about their climate-related transition efforts, including both mitigation and adaptation strategies. It does not alter the existing requirements of IFRS S2. The IFRS Foundation aims to continue monitoring these disclosures and may enhance the application guidance in IFRS S2 as needed.

Educational material for reporting solely climate-related information under ISSB standards

The IFRS Foundation has published a [guide](#) that sets out how entities apply IFRS S1 when they only report climate-related information.

The guide '[Applying IFRS S1 when reporting only climate-related disclosures in accordance with IFRS S2](#)' aims to help entities to understand how to report only climate-related information when applying the ISSB standards.

It is especially designed for entities that apply the temporary relief that allows the disclosure of information on only climate-related risks and opportunities in accordance with IFRS S2 in the first annual reporting period of applying IFRS S1.

GHG emissions disclosure requirements in IFRS S2

The IFRS Foundation has published [educational material](#) about the requirements in IFRS S2 related to measurement and disclosure of GHG emissions.

The educational material includes answers to questions about:

- ▶ The context and reasoning underlying the GHG emissions-related requirements;
- ▶ The use of the materials of the GHG Protocol in IFRS S2 requirements; and
- ▶ Specific aspects of the GHG emissions-related requirements.

SASB standards navigator

The IFRS Foundation has introduced a [Sustainability Accounting Standards Board \(SASB\) standards navigator](#), available to registered users on their website, offering access to the SASB standards in both PDF and HTML formats.

IFRS S1 and IFRS S2 integrate the industry-specific approach of the SASB standards. When applying IFRS S1, entities are required to refer to and consider the SASB standards to identify sustainability-related risks and opportunities and disclose relevant information.

Jurisdictional Roadmap Development Tool

The IFRS Foundation has launched [Jurisdictional Roadmap Development Tool](#) (Roadmap Tool) to support jurisdictions plan and design adoption roadmaps for ISSB Standards.

By using the Roadmap Tool, jurisdictions can make informed decisions on four key decision areas:

- ▶ Regulatory process - how to adopt or otherwise use ISSB Standards?
- ▶ Reporting entities - who will be subject to the requirements?
- ▶ Requirements - what will be the specific content covered in the sustainability-related disclosure requirements?
- ▶ Readiness - addressing when requirements will become effective, setting a suitable timeline and whether there is a case for scaling and phasing in.

Collaboration agreement with TNFD

The IFRS Foundation and the TNFD have announced that they have signed a Memorandum of Understanding (MoU) to formalise their commitment to build upon the TNFD recommendations in the ongoing work of the ISSB, to enable nature-related financial disclosures for use by capital markets.

Under the MoU, ISSB and TNFD will share research, knowledge and technical expertise to inform both the ISSB's Biodiversity, Ecosystems and Ecosystem Services initiative and nature-related aspects of its SASB standards enhancement work.

Jurisdictional profiles

According to the IFRS Foundation, 36 jurisdictions are progressing with the ISSB Standards, either through adoption or ongoing integration into their regulatory frameworks.

The IFRS Foundation has released 17 [jurisdictional profiles](#) to provide transparency and evidence of progress towards the adoption of the ISSB Standards. The profiles detail each jurisdiction's targets and current status regarding sustainability-related disclosure requirements, providing a clear picture of global progress towards a global baseline for sustainability disclosures for capital markets.

Additionally, 16 snapshots provide an overview of other jurisdictions' regulatory approaches still under finalisation.

ISSB Standards e-learning modules

The IFRS Foundation has introduced new free e-learning modules through the [IFRS Sustainability Knowledge Hub](#) to help companies and stakeholders understand the ISSB Standards.

These four self-paced modules cover introduction to the IFRS Sustainability Disclosure Standards, introduction to IFRS S1, introduction to IFRS S2, and integrated sustainability disclosures and organisational considerations.

ISSB Standards application with the revised Management Commentary Practice Statement

The ISSB has endorsed the IASB's [revised Management Commentary Practice Statement](#) (Practice Statement), highlighting its role in promoting connected reporting. This Practice Statement will help to bridge financial statements with sustainability-related financial disclosures.

IFRS S1 requires sustainability-related financial disclosures in a company's general purpose financial report but does not dictate their specific placement, allowing integration within management commentary.

Both ISSB Standards and the Practice Statement share a focus on primary users' information needs, aligned conceptual foundations as both built on concepts from the Integrated Reporting Framework, and have complementary requirements. They provide context to financial statements and address a company's short, medium, and long-term prospects.

IFRS Foundation releases educational material on ISSB industry-based guidance

The IFRS Foundation has published [educational material](#) to assist companies in understanding the role of ISSB industry-based guidance, which includes the SASB Standards and the Industry-based Guidance on Implementing IFRS S2, when applying ISSB Standards. This guidance provides disclosure topics and metrics relevant to specific industries, helping companies comply with ISSB Standards. The material outlines the requirements, considerations, and disclosure requirements related to using the ISSB industry-based guidance.

ISSB podcasts and webinars

ISSB podcasts on recent ISSB developments

The ISSB has released a series of [podcasts](#) in 2025 featuring Chair Emmanuel Faber and Vice-Chair Sue Lloyd. These podcasts provide insights into recent meetings, developments, and initiatives:

January 2025 podcast: The discussion included recent engagements, educational materials for ISSB Standards implementation, and key takeaways from the ISSB meeting in Frankfurt.

February 2025 podcast: The discussion included updates on capacity building, jurisdictional adoption, meetings with Canadian stakeholders, and key takeaways from the [February 2025 ISSB meeting in Montreal](#), which included a [joint session with the IASB](#).

March 2025 podcast: The discussion included key takeaways from the March 2025 ISSB meeting.

April 2025 podcast: The discussion included the launch of the Roadmap Development Tool and key takeaways on research projects from the April 2025 ISSB meeting.

May 2025 podcast: The discussion included proposed amendments to IFRS S2 and key takeaways from the May ISSB meeting, and upcoming publications and events.

June 2025 podcast: The discussion included the launch of the ISSB jurisdictional profiles, the upcoming exposure draft for enhancements to the SASB standards, and future publications and events.

ISSB Webcasts:

Proportionality mechanisms in IFRS Sustainability Disclosure Standards

A [webcast](#) was released to help companies understand the proportionality mechanisms in the IFRS Sustainability Disclosure Standards. It covers the application of IFRS S1 and IFRS S2. It aims to support companies with a range of capabilities and preparedness by explaining the purpose and incorporation of these mechanisms into the standards and providing practical examples for compliance.

Sustainability-related risks and opportunities and the disclosure of material information

A webcast series featuring ISSB Vice-Chair Sue Lloyd and technical staff aim to help entities identify and disclose material information about sustainability-related risks and opportunities that could impact their cash flows, access to finance, or cost of capital. Topics include the definition of material information, sustainability-related risks and opportunities, and identifying and disclosing material information.

IAASB and IESBA guidance

The International Auditing and Assurance Standards Board (IAASB) and the International Ethics Standards Board for Accountants (IESBA) launched a joint initiative to support the implementation of their sustainability-related standards: *International Standard on Sustainability Assurance 5000* (ISSA 5000) and *The International Ethics Standards for Sustainability Assurance (including International Independence Standards)* (IESBA).

Effective for periods starting on or after 15 December 2026, with early adoption encouraged, the IAASB and IESBA will provide ongoing support through webinars, guidance, and feedback channels.

IAASB and IESBA have released [new guidance](#), including an implementation guide, fact sheet, FAQs, and a video series.

ISSB webinar series 'Perspectives on sustainability disclosure':

The ISSB released the following episodes of its ['Perspectives on sustainability disclosure' webinar series](#) in the year 2025 to date:

- ▶ **'Using the GHG Protocol for climate-related disclosures':** Focuses on GHG emissions accounting and covers how businesses can prepare disclosures under IFRS S2.

The webinar explains how ISSB standards ensure GHG emissions disclosures are accurate, reliable, and useful for decision-making. Additionally, it provides an overview of carbon accounting and the alignment between the GHG Protocol and IFRS S2.

- ▶ **'The future of integrated reporting and integrated thinking':** Focuses on the future of integrated reporting and integrated thinking. The webinar covers several key topics:
 - Principles and benefits of integrated reporting
 - Business case for integrated reporting
 - Connecting information between financial statements and sustainability disclosures
 - Enhancing comparability and decision-usefulness for investors
 - Practical insights and implementation challenges
- ▶ **'Ramping up systems and processes for sustainability data':** Covers the following topics:
 - How companies collect and manage sustainability-related financial information today;
 - How to use internal controls in preparing reliable sustainability-related financial disclosures;

- How some companies adapt financial reporting systems for sustainability data; and
 - How businesses are overcoming data challenges they face in scaling up sustainability-related financial reporting.
- **'Governance of sustainability-related risks and opportunities: structures, roles and oversight'**: Explores how entities establish and communicate effective governance processes, controls, and oversight structures to monitor, manage, and oversee sustainability-related risks and opportunities.
- **'Climate-related targets and transition plans disclosure'**: Focuses on how companies communicate climate-related targets and transition plans to meet investor and regulator expectations.

IFRS Sustainability Alliance webinar on how companies are taking steps towards applying IFRS S1 and IFRS S2

IFRS Sustainability Alliance released a [webinar](#) in which two practitioners are discussing best practices and challenges from the 2024 sustainability disclosure reporting cycle. IFRS Sustainability Alliance is a global membership programme for investors, companies and advisors committed to establishing a global baseline for sustainability disclosures to meet capital market needs.

Q1 2025 ISSB implementation insights podcast

The [Q1 2025 episode of Implementation Insights podcast](#) includes discussions on educational materials supporting implementation of the ISSB Standards, reflections on the Transition Implementation Group's 2024 discussions on IFRS S1 and IFRS S2, and the ISSB's priorities for 2025.

IFRS Foundation Projects and Work Plan

PROJECT	SUMMARY	MORE INFORMATION
Biodiversity, ecosystems and ecosystem services (BEES) Human Capital	<p>ISSB 2024–2026 Work Plan: Research on sustainability topics beyond climate</p> <p>As part of its 2024–2026 work plan, the ISSB is investigating the risks and opportunities associated with sustainability topics beyond climate to address the information needs of investors and determine whether to establish disclosure requirements for these topics.</p> <p>Following initial research to build foundational knowledge, the ISSB is assessing the necessity and feasibility of standard-setting, with project direction discussions expected to begin in the second half of 2025.</p> <p>In April 2025, the ISSB reviewed findings from the first phase of the research project and discussed objectives and approaches for the next phase.</p> <p>Research on BEES-related risks and opportunities</p> <p>IFRS Sustainability Standards Advisory Board met on 13–14 May 2025 to discuss summary of findings from the first phase of the research project on risks and opportunities linked to Biodiversity, ecosystems and ecosystem services (BEES) and Human Capital. The first phase of the research project focused on understanding investor interest, the effects of BEES-related risks and opportunities on entities, the landscape of existing standards and frameworks, and the current state of BEES-related disclosures. The first phase identified a number of findings, some of which are outlined below. The findings revealed strong investor interest in BEES information, though it is a nascent and complex topic. The effects of BEES-related risks vary by sector and location, and current disclosures are inconsistent and partially aligned with IFRS S1. The research also highlighted the need for more quantitative data including</p>	<p>IASB project page on BEES</p> <p>IASB project page on Human Capital</p>

PROJECT	SUMMARY	MORE INFORMATION
	<p>quantitative data linked to an entity's strategy and effects on its prospects.</p> <p>Research on Human Capital-related risks and opportunities</p> <p>The initial phase of the ISSB's research project on human capital-related risks and opportunities identified a number of findings, some of which are outlined below. The initial phase outcome highlights the strong investor interest in detailed and disaggregated information on various human capital topics such as working conditions and exploitation, health, safety, wellbeing, diversity and inclusion, pay and benefits, recruitment and retention, and workforce composition. The research found correlations between human capital management and financial outcomes, though quality information is often lacking. The review of existing standards showed alignment with IFRS S1 and SASB Standards but noted areas needing more specific disclosures. The current state of disclosure varies significantly across entities, industries, and regions, with entities referencing various standards. The findings will inform the next phase of the project, focusing on enhancing interoperability and connectivity with other standards and frameworks.</p> <p>Next phase of research</p> <p>Next phase of research for the BEES and Human Capital projects is to provide the ISSB with an overview of the design and approach for assessing the necessity and feasibility of potential standard-setting. The research will focus on synthesising findings from previous phases to evaluate whether improved disclosure on BEES and human capital-related risks and opportunities is needed and practical. Currently, the expected date to decide project direction is scheduled for H2 2025.</p>	
Enhancing the SASB Standards	<p>The ISSB has released two exposure drafts outlining proposed amendments to the SASB Standards.</p> <ul style="list-style-type: none"> ▶ Exposure Draft Proposed Amendments to the SASB Standards; ▶ Exposure Draft Proposed Amendments to the Industry-based Guidance on Implementing IFRS S2. <p>These amendments include a comprehensive review of nine prioritised industries, alignment of metrics in 41 additional industries, and updates to 'Industry-based Guidance on Implementing IFRS S2' to maintain alignment with climate-related content covered in the SASB Standards.</p> <p>These changes are part of the ISSB's 2024–2026 work plan to support companies implementing IFRS Sustainability Disclosure Standards and improve the decision-usefulness of information for investors.</p> <p>Stakeholders are invited to provide feedback on these proposals, which cover metrics for nature-, climate- and human capital-related topics coming up in several industries, until 30 November 2025.</p>	<p>IASB project page on enhancing the SASB Standards</p> <p>Exposure Draft Proposed Amendments to the SASB Standards</p> <p>Exposure Draft Proposed Amendments to the Industry-based Guidance on Implementing IFRS S2</p>

PROJECT	SUMMARY	MORE INFORMATION
	The ISSB plans to finalise and issue these enhancements in 2026 following stakeholder feedback.	
Amendments to GHG Emissions Disclosures (Amendments to IFRS S2)	<p>The ISSB has published an Exposure Draft proposing targeted amendments to IFRS S2 to ease the application of requirements related to the disclosure of GHG emissions.</p> <p>These amendments aim to address specific application challenges while maintaining the decision-usefulness of information for investors. The proposed changes include the following:</p> <ul style="list-style-type: none"> ▶ Permit relief from measuring and disclosing Scope 3 Category 15 GHG emissions associated with derivatives and some financial activities; ▶ Permit relief from the use of the Global Industry Classification Standard (GICS), in some circumstances, in disclosing disaggregated financed emissions information; ▶ Clarification on the jurisdictional relief to use a measurement method other than the GHG Protocol for measuring GHG emissions; and ▶ Allow to use jurisdiction-required Global Warming Potential (GWP) values that are not from the latest Intergovernmental Panel on Climate Change (IPCC). <p>The Exposure Draft was open for comment for 60 days, and closed on 27 June 2025. The ISSB aims to finalise amendments to the standard by the end of 2025.</p> <p>The ISSB has released a new webcast on the proposed targeted amendments to IFRS S2.</p> <p>Additionally, the Exposure Draft '<i>Amendments to GHG Emissions Disclosures</i>' is now available in several languages, including Chinese (simplified), Japanese, Mongolian, Romanian, and Spanish. More translations are currently in progress.</p>	<p>BDO comment letter</p> <p>IASB project page on amendments to GHG Emissions Disclosures (Amendments to IFRS S2)</p> <p>Consultation page</p>



EFRAG

EFRAG maps Eco-Management and Audit Scheme to ESRS

EFRAG has released a [document](#) that maps the voluntary Eco-Management and Audit Scheme (EMAS) with the ESRS. This document demonstrates that many of the environmental disclosure requirements of the ESRSs can be built on data existing within the EMAS framework. EMAS-registered companies will benefit significantly from these synergies, as their existing environmental statements can now be used to meet parts of the ESRS requirements. For the over 4,100 organisations already using EMAS, it will be possible to reference the data in their Environmental Statement, following requirements of ESRS 1 paragraph 121. This is particularly advantageous for EMAS-registered companies subject to the new ESRS effective from 2024, with first reports due in 2025. The current mapping document aligning EMAS Regulation with ESRS requirements streamlines sustainability reporting and could help companies integrate Green Deal requirements into their processes.

CDP and EFRAG publish mapping for climate disclosures

CDP and EFRAG published a [comprehensive mapping](#) between the CDP question bank and the European Sustainability Reporting Standard E1 (ESRS E1), highlighting their high degree of interoperability in climate disclosures. This resource aims to reduce complexity, enhance reporting efficiency, and support companies in meeting ESRS E1 and CDP requirements.

EFRAG releases educational videos on ESRS Set 1 XBRL Taxonomy tagging

EFRAG shared [the first two videos](#) in a series demonstrating the digital tagging of ESRS reports using the ESRS Set 1 XBRL Taxonomy. This initiative aims to educate stakeholders on digital tagging, although the tagging shown has not been endorsed by the report's publisher and may contain errors.

EFRAG webinar 'Bridging the Gap: Harmonizing CDP Disclosures with ESRS E1'

EFRAG and CDP released a [webinar 'Bridging the Gap: Harmonizing CDP Disclosures with the European Sustainability Reporting Standard E1'](#). This session covers the newly released correspondence mapping between the CDP question bank and ESRS E1, providing a unique opportunity to hear from experts, go into the details of this new resource, and find out how companies can reduce reporting complexity while driving smarter, earth-positive business decisions.

EFRAG issues Roundtable Report: Connecting Financial and Sustainability Reporting

EFRAG organised a virtual conference - *Practical considerations of connecting financial and sustainability reporting* on 25 April 2025 and a [report on the conference](#).

The roundtable consisted of an overview of EFRAG's research project on connectivity, the presentation of a selection of illustrations, and follow-up discussions by eight experts with multi-functional backgrounds on the illustrations and practical aspects of connectivity.

Omnibus

On 26 February 2025, the EC published its first [Omnibus package of proposals](#) to simplify and streamline reporting requirements while maintaining transparency and compliance that is consistent with the European Green Deal. The proposals include changes to the scope and timing of adoption of the CSRD, EU Taxonomy Regulation and the CSDDD. These proposals would significantly affect the scope and extent of sustainability reporting requirements in the EU.

BDO's has published an article that contains the key information you need to know about these proposed changes.

[The EC's first Omnibus arrives - key takeaways - BDO](#)

BDO also published [The EC's First Omnibus - Key Proposed Changes to the CSRD](#), which provides an overview of the first Omnibus package of proposals published by the EC on 26 February 2025. The proposals aim to simplify and streamline the reporting requirements of the CSRD, the EU Taxonomy regulation, and the CSDDD, while ensuring transparency and compliance with the European Green Deal.

EU Parliament and European Council have approved the 'stop-the-clock' directive, delaying CSRD and CSDDD application timelines by up to two years to ease regulatory pressure, especially on SMEs.

EU Council agrees position on EC omnibus

The Council of the European Union (EU) [agreed](#) on its stance regarding the omnibus proposals from the EC published in February 2025. The EC proposed in the Omnibus package to amend the CSRD to include entities with over 1,000 employees and a net turnover exceeding EUR 50 million or a balance sheet total over EUR 25 million, i.e. to remove listed SMEs from the scope of the directive.

The Council accepted the 1,000-employee threshold, however added a net turnover threshold of over EUR 450 million to reduce the reporting burden. Additionally, the Council proposed changes to the CSDDD, raising the scope to entities with more than 5,000 employees and a net turnover of EUR 1.5 billion, with the view that larger entities are better equipped to handle due diligence costs. The Council also postpones the CSDDD transposition deadline by one year to 26 July 2028.

Omnibus and Accountancy Europe's Analysis

Accountancy Europe published three factual analysis of the EC's Omnibus proposal released on 26 February 2025. These analyses focus on the [CSRD](#), [sustainability reporting standards](#), and the [CSDDD](#). These documents aim to provide stakeholders with an initial overview of the main proposed changes anticipated to transform sustainability reporting and due diligence practices across Europe.

EFRAG is tasked to simplify the ESRSs

The EC [tasked](#) the EFRAG Sustainability Reporting Board (SRB) with simplifying the ESRS following the publication of the first 'omnibus' package. This initiative aims to simplify EU rules, boost competitiveness, and unlock additional investment capacity. The EC plans to adopt a delegated act to revise and simplify the ESRS, considering EFRAG's technical advice.

Key points in the revision include reducing mandatory datapoints, clarifying provisions and materiality instructions, simplifying the standards' structure and presentation, and enhancing interoperability with global sustainability reporting standards. EFRAG has submitted its [work plan](#) to the EC, detailing the steps to provide technical advice on revising and simplifying the ESRS. This plan, approved by the EFRAG SRB, aims to reduce the reporting burden for companies while maintaining the quality of sustainability disclosures. The plan includes a public consultation on the Exposure Drafts between late July and early September and emphasises close coordination with the EC throughout the process.

EFRAG's progress report on simplifying ESRS

EFRAG released a [progress report](#) detailing proposed revisions of the ESRS showing developments in its plan to develop technical advice on revised and simplified ESRS. The report outlines six key levers aimed at reducing mandatory datapoints by over 50%:

- ▶ Simplification of the Double Materiality Assessment (DMA)
- ▶ Better readability/conciseness of the sustainability statements and better inclusion in corporate reporting as a whole
- ▶ Critical modification of the relationship between Minimum Disclosure Requirements (MDR) and topical specifications
- ▶ Improved understandability, clarity and accessibility of the standards
- ▶ Introduction of other suggested burden-reduction reliefs
- ▶ Enhanced interoperability.

These proposals are subject to further discussions and decisions by the EFRAG SRB by the end of July 2025.

Extended public consultation period for ESRS simplification

The deadline for EFRAG to deliver its technical advice on the revision and simplification of the ESRS has been extended from 31 October to 30 November. Consequently, the EFRAG SRB has decided to extend the public consultation period from the originally planned 30-45 days to 60 days, running from the end of July 2025 to the end of September 2025.

ESMA releases public statement on ESRS supervision

ESMA released a [statement](#) on the ESRS supervision in the Omnibus environment. The public statement '*Navigating change together: ESRS supervision in the Omnibus environment*' addresses the challenges and commitments related to the first application of the ESRS by large public-interest entities. The ESMA acknowledges the uncertainties caused by the simultaneous implementation of ESRS, uneven transposition of the CSRD, and the Omnibus legislative proposals.

ESMA emphasises its commitment, together with national competent authorities (NCAs), to promote transparent sustainability reporting and mitigate greenwashing risks.

The statement highlights the need for a proportionate and realistic application of the Guidelines for Enforcement of Sustainability Information (GLES) during the initial years of ESRS implementation, allowing NCAs to adapt their supervisory approaches. It also notes that some NCAs may face temporary non-compliance with GLESI due to national constraints but will continue to fulfil their supervisory obligations under national law, specifically in the year 2025, however NCAs will use comparable procedures in line with ESMA's guidance on sustainability information. ESMA emphasises ongoing efforts to harmonise supervisory approaches through coordination and discussions within its Sustainability Reporting Working Group.

EFRAG releases revised draft ESRS

The revised draft ESRS have been published on [EFRAG's website](#).

As noted by EFRAG 'The draft ESRS Amendments Exposure Drafts working documents released on 10 July 2025 do not represent yet an EFRAG position. They are made public as a basis for the discussion in the Sustainability Reporting Technical Expert Group meeting on 9/10 July and Sustainability Reporting Board meeting on 14/16 July 2025. They are not to be considered as the Exposure Drafts yet. They are unapproved and still subject to change reflecting the discussions in those meetings and for editorial and quality review that has not yet taken place. In addition, they are not accompanied by the necessary explanatory documents that are still being prepared and will accompany the Exposure Draft'.

VSME

EFRAG expands VSME Standard video series to 15 languages

EFRAG has expanded its Voluntary Sustainability Reporting Standard for non-listed micro, small, and medium-sized undertakings (VSME) [video series](#) to include 15 additional languages, making it more accessible to European non-listed micro, small, and medium-sized enterprises. The three-part series, initially released in English in December 2024, is now available in Bulgarian, Croatian, Czech, Danish, Dutch, French, German, Greek, Italian, Polish, Portuguese, Romanian, Slovenian, Spanish, and Swedish. This multilingual expansion aims to facilitate the adoption of the VSME Standard in sustainability reporting across Europe.

VSME in action: event details and resources

Following the 'VSME in Action: Empowering SMEs for a Sustainable Future' event held on 7 April 2025, EFRAG has released the [event's materials and recordings](#), which include the main takeaways, Q&A discussions, AI-translated summaries of the event in 15 languages, and the presentation slides used during the event, providing comprehensive insights into the promotion and market acceptance of the VSME.

EFRAG launches educational videos on VSME

EFRAG released a series of [10 educational videos](#) dedicated to the VSME. They are designed to enhance understanding of the VSME Standard's disclosure requirements. The videos have been AI-translated into several languages, including Bulgarian, Croatian, Czech, Danish, Dutch, French, German, Greek, Italian, Polish, Portuguese, Romanian, Slovak, Spanish, and Swedish.

EFRAG's educational video on VSME Digital Template

EFRAG has released an [educational video](#) showing the VSME Digital Template and the Template to XBRL Converter, aimed at enhancing the digitalisation of sustainability reporting for SMEs. The video highlights the VSME Digital Template's features, such as interactive checkboxes, automatic calculations, built-in validations, intuitive navigation using hyperlinks, a fuel converter, and input messages, all designed to aid SMEs in preparing sustainability reports in line with the VSME Standard. Additionally, it demonstrates how the completed template can be converted into a machine-readable format using the Template to XBRL Converter, an open-source tool that ensures compliance with the VSME XBRL Taxonomy. The video is available in multiple languages.

US SEC and state legislation

California Law Targets Carbon Offset Transparency

A California law, [AB-1305](#), mandates that companies marketing or selling voluntary carbon offsets in the state must disclose detailed information about the projects generating these credits, including location and timeline and how the claims were achieved. The law also requires similar disclosures from public and private companies that operate in California and purchase or use voluntary carbon offsets and make "net zero" or similar claims in the state. Companies must publish disclosures on their websites. The law went into effect on 1 January 2025.

California Climate Legislation

Two of California's climate reporting laws, [SB-253 Climate Corporate Data Accountability Act](#) (SB 253) and [SB-261 Greenhouse Gases: Climate-Related risk](#) (SB 261), apply to large companies that do business in the state and exceed certain revenue requirements. Reporting under both laws is set to begin in 2026, and as the state moves toward implementation, some details and deadlines may be updated.

The CARB will develop and adopt regulations to implement the laws. These are expected to clarify the threshold for 'doing business' in California and specific due dates for GHG data, among other details. In the SB 253 bill text, CARB has a 1 July 2025 deadline to adopt implementing regulations. However, it was made clear that regulations under SB 253 are in a preliminary stage and CARB is working diligently to develop regulations by the end of 2025. Although CARB is not required to adopt disclosure regulations under SB 261, an open question is whether it will do so or publish guidance.

California is currently defending its climate requirements in federal court, and although litigation is ongoing, the current deadlines for California's climate disclosure laws (SB 253 and SB 261) remain in effect.

CARB has issued an Enforcement Notice regarding SB 253. This notice, released on 5 December 2024, indicated that CARB will not issue penalties in the first reporting cycle to companies who demonstrate good faith effort to comply with the law. According to the Notice, CARB recognises that companies may need some lead time to prepare their reports regarding their Scope 1 and Scope 2 emissions, which are due in 2026, based on 2025 data. Accordingly, CARB will exercise its enforcement discretion such that, for the first report due in 2026, reporting entities may submit Scope 1 and Scope 2 emissions from the reporting entity's prior fiscal year that can be determined from information the reporting entity already possesses or is collecting at the time the notice was issued.

GHG EMISSIONS REPORTING (SB 253)	
Applies To ^{1,2}	Public and private U.S. companies with total annual revenues > \$1 billion and do business in California
Disclosure Highlights	Report Scope 1, Scope 2 and Scope 3 emissions data Calculate data in accordance with the Greenhouse Gas Protocol standards and guidance Obtain independent third-party assurance of all emissions data
Reporting Frequency	Annual
Disclosure Process	Companies must submit data to an emissions reporting organization to be contracted by the state board
Non-compliance Penalties	Up to \$500,000

	SCOPE 1 REPORTING	SCOPE 2 REPORTING	SCOPE 3 REPORTING
First Report Due	2026 ³ (2025 Data)	2026 ³ (2025 Data)	2027 ⁴ (2026 Data)
Assurance Effective Date	Limited: 2026 (2025 Data) Reasonable: 2030 (2029 Data)	Limited: 2026 (2025 Data) Reasonable: 2030 (2029 Data)	Limited ⁵ : 2030 (2029 Data)

GHG EMISSIONS REPORTING (SB 261)	
Applies To ^{1,2}	Public and private U.S. companies with total annual revenues > \$500 million and do business in California
Disclosure Highlights	<p>Climate-related financial risk reports that:</p> <p>Align with the Task Force on Climate-related Financial Disclosures (TCFD) framework or equivalent reporting under another law, regulation, listing requirement or standard</p> <p>Include companies' measures to mitigate and adapt to the disclosed risks</p> <p>Identify disclosure gaps or omissions and outline efforts for more complete future disclosures</p>
Reporting Frequency	Every two years
Disclosure Process	Companies must publish reports on their websites
Non-compliance Penalties	Up to \$50,000
First Report Due	1 January 2026

¹ The law defines a reporting entity as a partnership, corporation, limited liability company or other business entity formed under the laws of California, the laws of any other U.S. state or the District of Columbia, or under an act of U.S. Congress, with total annual revenues of more than \$1 billion and that does business in California.

² The laws do not clarify what it means to 'do business' in California. This will be established by CARB as it develops regulations to carry out the laws. Criteria could potentially align with amounts set by the California Franchise Tax Board.

³ CARB will determine an exact date. Reporting period covers previous fiscal year.

⁴ Beginning in 2027 and annually thereafter, on a schedule to be specified by CARB. Reporting period covers previous fiscal year.

⁵ CARB may establish an assurance requirement for third-party assurance engagements of Scope 3 by 1 January 2027.

On 9 July 2025, CARB has released [FAQs](#) for SB 253 and SB 261. This document addresses some questions and feedback received from stakeholders during the public workshop in May 2025, and the public consultation in December 2024. CARB is still actively seeking public feedback as they continue to refine the rules.

SEC Climate disclosure rules

SEC announced in March 2025 that it would no longer defend the Climate Disclosure rules adopted in March 2024, meaning they are not actively fighting legal challenges against the rules. The SEC's decision does not automatically invalidate the rules - the rules are held in 'abeyance' until officially invalidated by a court or rescinded by the SEC.

In other words, the regulation is not currently being acted on, but it is not canceled or removed.



Timeline for Implementation of Sustainability Reporting

As currently proposed, set out below is a summary of the effective date of the various proposals:

PROPOSED REQUIREMENTS	2024	2025	2026	2027	2028
IFRS Sustainability Disclosure Standards*	IFRS S1 and IFRS S2				
ESRS	Entities currently within the scope of the Non-Financial Reporting Directive (NFRD)			All other large entities	Listed SMEs Non-EU companies with branches/subsidiaries
US state legislation - California			SB-253 & SB-261		

* The ISSB issued IFRS Sustainability Disclosure Standards in June 2023. Local standard setters, regulators and governments will need to decide whether to endorse or otherwise require IFRS Sustainability Disclosure Standards for use in their own jurisdictions. Consequently, IFRS Sustainability Disclosure Standards could become effective in different reporting periods around the world.

** The table above reflects the effect on ESRS requirements of the 'stop-the-clock' directive of the Omnibus package.

Sustainability Reporting Resources

International Sustainability Reporting Bulletin 2025/05 30 June 2025 Sustainability Reporting Jurisdictional Update

BDO has published [International Sustainability Reporting Bulletin 2025/05 30 June 2025 Sustainability Reporting Jurisdictional Update](#). This publication provides a 'snapshot' of sustainability reporting developments for selected jurisdictions, including those being developed for use by entities in the EU and the US.

BDO published EU Reporting: Corporate Sustainability Reporting Directive – Summary of Scope and Requirements

2024 was the first year in which companies were required to report in accordance with the EU's CSRD, which replaces the NFRD. [EU Reporting: Corporate Sustainability Reporting Directive – Summary of Scope and Requirements](#) sets out an overview of key changes that have been introduced by the CSRD in comparison to the NFRD, together with a more detailed explanation of the very significantly expanded scope, the timing of adoption by different entities, and a high-level summary of what companies need to prepare for. It also includes an overview of the first batch of general sector-agnostic ESRS, and how (and the extent to which) the CSRD links these to IFRS Sustainability Disclosure Standards published by the ISSB at the IFRS Foundation.

BDO published Corporate Sustainability Reporting Directive ('CSRD' for Non-EU Companies)

[Corporate Sustainability Reporting Directive \('CSRD' for Non-EU Companies\)](#) provides an executive summary of the CSRD, what is required by the CSRD, which non-EU entities are in scope of the CSRD and when as well as provides references to further resources available, making it a useful resource for those familiarising themselves with these new standards.

Sustainability At a Glance - IFRS Sustainability Disclosure Standards

IFRS S1 and IFRS S2 set a 'global baseline' for disclosure of sustainability-related financial information and are expected to be endorsed and/or adapted by many jurisdictions worldwide. [Sustainability At a Glance - IFRS Sustainability Disclosure Standards](#) summarises IFRS S1 and IFRS S2 into a few pages, making it a useful resource for those familiarising themselves with these new standards.

Sustainability At a Glance - European Sustainability Reporting Standards

BDO has published [Sustainability At a Glance - European Sustainability Reporting Standards \(ESRS\)](#). *Sustainability At a Glance - European Sustainability Reporting Standards (ESRS)* has been compiled to assist in gaining a high-level overview of the ESRS and summarises the disclosure requirements of each topical ESRS including certain definitions.

Sustainability At a Glance – The Greenhouse Gas Protocol

[Sustainability At a Glance – The Greenhouse Gas Protocol](#) summarises measuring Scope 1, Scope 2 and Scope 3 emissions into a few pages, making it a useful resource for those familiarising themselves with this protocol.

BDO published The EC's First Omnibus - Key Proposed Changes to the CSRD

[The EC's First Omnibus - Key Proposed Changes to the CSRD](#) provides an overview of the first Omnibus package of proposals published by the EC on 26 February 2025. The proposals aim to simplify and streamline the reporting requirements of the CSRD, the EU Taxonomy regulation, and the CSDDD, while ensuring transparency and compliance with the European Green Deal.

For further information and guidance on sustainability, please refer to BDO's Global [Sustainability Reporting Micro-site](#).

For further information on the US SEC and state legislation, please refer to BDO US's [Sustainability and ESG site](#).



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