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EU Sustainability Developments

Omnibus and ESRS "Quick Fix"

Implications of the new Delegated Regulation extending transitional provisions for undertakings

What you need to know

- On 11 July 2025, the Commission adopted a Delegated Regulation extending the ESRS transitional provisions for Wave 1 undertakings.
- It amends ESRS 1 Appendix C by allowing Wave 1 undertakings to omit phased-in disclosures for another two financial years.
- Also, all Wave 1 undertakings can now omit all disclosures on *Biodiversity and ecosystems* (ESRS E4), *Workers in the value chain* (S2), *Affected communities* (S3) and *Consumers and end-users* (S4) for financial years 2025 and 2026.
- The transitional provision to omit all disclosures on *Own workforce* (S1) remains limited to undertakings with fewer than 750 employees.
- The Delegated Regulation is applicable for financial years beginning on or after 1 January 2025.

On 11 July 2025, the European Commission (the Commission) adopted a "Quick Fix" Delegated Regulation ("the Quick Fix") extending transitional provisions of the European Sustainability Reporting Standards (ESRS) to help reduce the reporting burden on undertakings. This has been done in the context of the Commission's first Omnibus package and follows the adoption of the EU Taxonomy Delegated Regulation on 4 July 2025 (see EY EU Sustainability Developments Issue 8).

The original version of ESRS as published in 2023 provided transitional reliefs allowing undertakings to avoid having to report some Disclosure Requirements (DRs) until the second or third year of application ("phase-ins" of Appendix C of ESRS 1). Some of those phase-ins applied to all undertakings and some applied only to those that have up to 750 employees.

If these phase-ins had remained unchanged, Wave 1 undertakings (large public interest entities with more than 500 employees), which started applying the CSRD for the first time in 2025 for financial year (FY) 2024, would have had to start disclosing new information in 2026 and 2027 (for FY 2025 and FY 2026).

However, the first Omnibus package proposals consider limiting the scope of CSRD to large undertakings with more than 1000 employees, which means that some Wave 1 undertakings may no longer be in scope. The Commission has also committed to adopt revised and simplified ESRS as soon as possible, including a substantial reduction in the number of datapoints to be reported.

In this context, the Quick Fix allows Wave 1 undertakings to continue to omit specific Disclosure Requirements for two additional financial years. In addition, all Wave 1 undertakings (including those with more than 750 employees) may now omit disclosures from the entire ESRS topical standards *Biodiversity and ecosystems* (E4), *Workers in the value chain* (S2), *Affected communities* (S3) and *Consumers and end-users* (S4) for FY 2025 and FY 2026. The option to omit *Own workforce* (S1) is also extended for FY 2025 and FY 2026, but it remains limited to undertakings with fewer than 750 employees. The option to omit entire standards still requires some minimum disclosure requirements under ESRS 2 *(General Disclosures)*.

Implications for Wave 1 undertakings

Date and scope of application

The Quick Fix is intended to be applicable for financial years starting on or after 1 January 2025. Early application is not permitted.

The Quick Fix targets specifically Wave 1 undertakings that have already published a CSRD sustainability statement for FY 2024 and are reporting for the second finanacial year starting on or after 1 January 2025 (for example, Wave 1 undertakings with a financial year end of 31 December 2025).

How we see it

Early application is not permitted: undertakings with a financial year starting before 1 January 2025 (for example, 1 October 2024 ending on 30 September 2025) will not benefit from the extended reliefs for their first CSRD report. While these undertakings may wish to use the extended phase-ins to avoid reporting some disclosures in their first report that may be omitted in the second year, the Quick Fix does not allow for earlier application before 1 January 2025. As a result, these undertakings, if they have more than 750 employees, must disclose all the DRs from E4, S2, S3 and S4 in their first CSRD report, as these phase-in provisions are limited to undertakings below 750 employees in the initial version of Appendix C of ESRS 1.

Summary of extended phase-in measures

The phase-ins set out in Appendix C of ESRS 1 can be divided into four main categories:

- **Specific disclosure requirement on anticipated financial effects** - required by ESRS 2 (*General disclosures*) and environmental standards (E1-9, E2-6, etc.). These phase-ins were initially applicable to all undertakings in the first year of application and they have now been extended for two additional years.
- **Specific disclosure requirements on *Own workforce* (S1).** These phase-ins were initially applicable to all undertakings in the first year of application and they have now been extended for two additional years.
- **Specific disclosure requirements on Scope 3 and total GHG emissions.** These phase-ins were initially applicable to undertakings with fewer than 750 employees in the first year of application and they have now been extended for two additional years (but they remain limited to undertakings with fewer than 750 employees).
- **All disclosure requirements from entire ESRS topical standards**: *Biodiversity* (E4), *Own workforce* (S1), *Workers in the value chain* (S2), *Affected communities* (S3), *Consumers and end-users* (S4). These phase-ins were initially applicable to undertakings with fewer than 750 employees in the first two years of application (except for S1 for which the phase-in was only available in the first year). The scope of the transitional provisions for the entire ESRS topical standards E4 and S2 to S4 has now been extended to all Wave 1 undertakings for FY 2025 and FY 2026. However, the transitional provision to omit the entire ESRS topical standard S1, now extended to FY 2025 and FY 2026, remains limited to undertakings with fewer than 750 employees.

Wave 1 undertakings, that have already published a CSRD sustainability statement in 2025 (for FY 2024), can now omit the phased-in DRs as listed in the table below, for their first three years of reporting.

Information that may be omitted	DR	Wave 1 undertakings affected: Before Quick Fix	Wave 1 undertakings affected: After Quick Fix	Quick Fix timeline for Wave 1 undertakings
Omission of specific DR related to **anticipated financial effects**				
ESRS 2 General disclosures	SBM-3 §48(e)	All	All	FY 2025 FY 2026 (+2 years)
ESRS E1 (climate change)	E1-9	All	All	
ESRS E2 (pollution)	E2-6	All	All	
ESRS E3 (water and marine resources)	E3-5	All	All	
ESRS E4 (biodiversity and ecosystems)	E4-6	All	All	
ESRS E5 (resource use and circular economy)	E5-6	All	All	
Omission of **specific DR in Own workforce** standard (S1)				
Characteristics of non-employees in the undertaking's own workforce	S1-7	All	All	FY 2025 FY 2026 (+2 years)
Collective bargaining coverage and social dialogue in non-EEA countries	S1-8 §60(c)	All	All	
Social protection	S1-11	All	All	
Percentage of employees with disabilities	S1-12	All	All	
Training and skills development	S1-13	All	All	
Cases of work-related ill-health and number of days lost to injuries, accidents, fatalities and work-related ill health	S1-14 §88(d-e)	All	All	
Health and safety with regard to non-employees	S1-15	All	All	
Omission of **specific GHG emissions DR**				
Total and Scope 3 GHG emissions	E1-6 §44 (c-d)	< 750 empl.	< 750 empl.	FY 2025 FY 2026 (+2 years)
Omission of **all DRs in entire standards**				
E4 - Biodiversity		< 750 empl.	All*	FY 2025 FY 2026
S1 - Own workforce		< 750 empl.	< 750 empl.	
S2 - Workers in the value chain		< 750 empl.	All*	
S3 - Affected communities		< 750 empl.	All*	
S4 - Consumers and end-users		< 750 empl.	All*	

*When all DRs of a standard are omitted, minimum disclosures requirements are applicable as per ESRS 2.17.

How we see it

- **Not all reliefs apply to all undertakings:** some disclosures remain limited to undertakings with fewer than 750 employees – such as the omission of all DRs in ESRS S1 or DR E1-6 on Total and Scope 3 GHG emissions – even though their phase-in period has been extended until FY 2026. Undertakings need to determine which reliefs apply to them and verify their eligibility.
- **Think before scaling back:** while the Quick Fix legally allows undertakings to omit information previously disclosed (for example, DR related to E4), it may be relevant for undertakings to take into consideration information needs from specific users as well as how the revised set of ESRS may impact these disclosures when assessing whether maintaining part or all of the disclosures would improve the continuity and coherence of their reporting.

Minimum disclosures to provide when applying phase-ins for entire standards

The option to omit entire standards still requires undertakings to comply with minimum disclosure requirements under ESRS 2 §17 'Use of phase-in provisions in accordance with Appendix C of ESRS 1'. Accordingly, Wave 1 undertakings still need to assess the materiality of the subjects covered by the standards that would be omitted, and comply with the following:

- Specify whether the topics covered by these standards (E4, S2, S3, and S4, and S1 for < 750 employees) have been deemed material
- If material, indicate for each topical standard:
    - The list of material sustainability matters and a brief description of how the undertaking's strategy and business model take related impacts into account
    - A brief description of the targets, actions, and policies adopted by the undertaking related to each sustainability matter
    - The relevant metrics related to each matter

How we see it

- **Flexibility in presentation of minimum disclosures:** the level of granularity of minimum disclosures remains to be decided by the undertaking as long as it provides a concise overview of the matters and associated policies, actions, targets and metrics. This information can be included either in the general section of the sustainability statement or within topical standards (environmental or social pillar).
- **Full standard omission includes related-ESRS 2 DRs:** the possibility to omit "all DRs" from E4, S2, S3 and S4 also entails the omission of DRs related to ESRS 2 within these topical standards (IRO-1, SBM-2, and SBM-3) for the first three years of reporting.
- **Transparency matters:** No minimum disclosures are required for specific omitted DRs subject to phase-in. However, market regulators, like ESMA, recommend transparency about the use of transitional provisions. Listing omissions, for example, in the IRO-2 table helps clarify what was omitted and why.

Next steps and other expected changes

Following its adoption by the Commission, the Delegated Regulation will now be subject to a non-objection period of 2 to 4 months with the Council of the European Union and the European Parliament. The text will subsequently be published in the OJEU, and enter into force three days later.

The Delegated Regulation will then be directly applicable in all Member States, for financial years starting on or after 1 January 2025.

How we see it

- As the Quick Fix is part of a shifting regulatory environment prompted by the First Omnibus Package, it is essential to understand what changes and what remains.
- **Quick Fix is not the same as "Stop-the-clock":** the Quick Fix applies to Wave 1 undertakings from FY 2025. The "Stop-the-clock" directive[1] delays CSRD for Wave 2 (other large undertakings) and 3 (listed SMEs) for two years and requires national transposition.
- **Quick Fix is not the same as Simplified ESRS:** the Quick Fix is a short-term and immediate amendment to ESRS Set 1. It is separate from the EFRAG's broader ESRS simplification project which aims to structurally revise the standards. A public consultation on draft revised ESRS is expected by the end of July 2025, with final standards potentially applicable from FY 2026 or later. Undertakings should prepare for further changes ahead.
- **Beyond national legislation:** undertakings in some jurisdictions (e.g., in France, with the DDADUE law) have already benefited from extended phase-in reliefs implemented at Member State level. However, these national measures may be narrower than the Quick Fix. It is therefore important for undertakings to also understand local nuances in the Member States relevant to them.

[1] Directive (EU) 2025/794 of the European Parliament and of the Council of 14 April 2025 amending Directives (EU) 2022/2464 and (EU) 2024/1760

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