

# 31 December 2025 Sustainability Reporting Update

International Sustainability Reporting Bulletin

ISRB 2026/01

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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 second half of 2025 marked significant change in global sustainability reporting. More specifically, the European Parliament (EP) approved a provisional agreement to simplify and reduce the scope of sustainability reporting and due diligence requirements for companies. This followed the completion of trilogue negotiations. This approval concludes the 'Omnibus I' released as a set of proposed changes to simplify sustainability and due diligence reporting by the EC in February 2025. European Financial Reporting Advisory Group's (EFRAG) role in revising the ESRS is central to this effort. As part of the EC's Omnibus initiative, EFRAG has delivered its final technical advice to the EC with 12 draft simplified ESRSs. EFRAG has published the Basis for Conclusions and four supporting documents to help stakeholders understand the newly released draft simplified ESRS.

The ISSB obtained stakeholders feedback on two Exposure Drafts (EDs): Exposure Draft (ED) Proposed Amendments to the Sustainability Accounting Standards Board (SASB) standards and ED Proposed Amendments to the Industry-based Guidance on Implementing IFRS S2.

The ISSB released Amendments to Greenhouse Gas (GHG) Emissions Disclosures, which resulted in targeted amendments to IFRS S2 to address practical challenges faced by companies during implementation of the standard.

The GHG Protocol has launched two consultations with the consultation period extended until 31 January 2026.

## Major events in Sustainability Reporting During Q3 2025 and Q4 2025

### Sustainability statements based on ESRS: 'compliance' or 'fair presentation'?

Accountancy Europe has released an [article](#) examining whether the ESRS function as a compliance framework or a fair presentation framework. The article discusses the key differences between these approaches and their implications for sustainability reporting and assurance. The latest EFRAG draft amendments to the ESRSs explicitly state that the standards are intended as a 'fair presentation' framework.

As stated in the article, for ESRS-based reporting and assurance to support a fair presentation conclusion in the future, several conditions must be met, that would require changes to the current versions of the Corporate Sustainability Reporting Directive (CSRD) and the ESRSs.

### ESMA released 2025 priorities for financial and sustainability reporting

European Securities and Markets Authority (ESMA) has published its 2025 [European Common Enforcement Priorities](#). These priorities recommend issuers to focus on geopolitical risks and uncertainties and segment reporting for IFRS financial statements, and on materiality considerations in sustainability disclosures when reporting in accordance with ESRS, as well as scope and structure for the sustainability statements. It also highlights areas such as common European Single Electronic Format (ESEF) filing errors found in the statement of cash flows as well as importance of connectivity between financial and sustainability information, among other priorities.

ESMA also published a [fact-finding exercise on the 2024 corporate sustainability reporting practices](#) by European issuers under ESRS Set 1.

Some key findings of the report are as follows:

- ▶ Double materiality - boilerplate disclosures and lack of entity-specific judgment were common, especially for impact materiality.
- ▶ For description of impacts, risks, and opportunities (IROs) - mapping IROs to ESRS topics was inconsistent, making it hard to assess alignment.
- ▶ 70% of the issuers disclosed entity-specific information, showing understanding of the need to complement ESRS disclosures but ESMA has reminded that such disclosures should not replace standard ESRS requirements.

## TNFD

### TNFD issues guidance on nature-related transition plans and CDP Mapping for Nature-related Disclosures

The Taskforce on Nature-related Financial Disclosures (TNFD) has published [guidance](#) on nature-related transition plans.

Additionally, TNFD released a [mapping](#) of its recommendations against CDP's 2025 corporate questionnaire to help corporates, financial institutions, and investors align disclosures and promote harmonisation in sustainability reporting.

### TNFD issues recommendations on nature data value chain

The TNFD has released eight recommendations to enhance the nature data value chain for market participants. These recommendations outline best practices for addressing data challenges faced by companies and financial institutions globally.

## GRI

### GRI launches climate reporting alignment checklist

The Global Reporting Initiative (GRI) has introduced the '[Integrity Matters Checklist](#)' to help undertakings align climate disclosures under GRI Standards with the United Nation's guidance on credible climate commitments, targets, and transition plans. This framework supports businesses and investors in climate reporting consistent with science-based net zero pathways.

### GRI and CDP align climate and energy reporting disclosures

The GRI and CDP have published a new [mapping resource](#) that links CDP's 2025 corporate questionnaire with GRI's updated climate change and energy standards. This tool highlights how disclosures under GRI 102: *Climate Change 2025* and GRI 103: *Energy 2025* (2025 editions) align with CDP's environmental data requirements, helping organisations streamline reporting across both frameworks.

## [GHG Protocol](#)

### **ISO and GHG Protocol partnership announcement**

The International Organization for Standardisation (ISO) and the GHG Protocol have announced a collaboration to harmonise their respective GHG standards, including the ISO 1406X and the GHG Protocol Corporate Accounting and Reporting, Scope 2 and Scope 3 standards. They will also jointly develop new standards for GHG emissions accounting and reporting, such as a joint product carbon footprint standard, to help entities access more detailed data across their value chains for better decarbonisation decisions.

### **GHG Protocol consults on Scope 2 and electricity sector consequential accounting**

The GHG Protocol has launched two [consultations](#):

1. Scope 2 guidance update which aims to keep Scope 2 corporate inventory accounting fit for purpose. Feedback will inform revisions, with a second consultation in 2026 and final standard release in 2027.
2. Consequential accounting for electricity sector seeks input on methods to estimate avoided emissions. Insights will guide the Actions and Market Instrument (AMI) Technical Working Group in developing reporting emissions impacts requirements beyond corporate inventories.

The 60-day public consultation period for both proposed updates commenced on 20 October 2025. In response to stakeholder feedback, the public consultation period for both proposed updates have been extended until 31 January 2026.

## **IFRS Foundation developments**

### **Educational material about disclosing information about anticipated financial effects applying ISSB Standards available**

The ISSB has published [educational material](#) to support the implementation of the ISSB standards. The material titled *Disclosing information about anticipated financial effects applying ISSB Standards* focuses on the disclosure of anticipated financial effects of climate-related and other sustainability-related risks and opportunities and aims to help entities provide information useful to users of sustainability reporting.

The material encourages companies to tell the story of their sustainability journey in a connected and clear manner using both quantitative and qualitative data. The educational material includes:

- ▶ Overview of key disclosure requirements about financial effects of sustainability-related risks and opportunities;
- ▶ Mechanisms to support disclosure; and
- ▶ Illustrations of disclosures.

In its [press release](#) accompanying new educational material on anticipated financial effects, the ISSB explained how ISSB Standards relate to the ESRS in the context of anticipated financial effects about climate related risks and opportunities.

### **ISSB Jurisdictional Rationale Guide: supporting global adoption**

The ISSB has launched at the IFRS Sustainability Symposium the release of a [Jurisdictional Rationale Guide for the adoption or other use of ISSB standards](#) to assist jurisdictions in evaluating the adoption or other use of ISSB standards.

### **ISSB to advance nature-related disclosure standards using TNFD framework**

The ISSB plans to introduce disclosure requirements on nature-related risks and opportunities, drawing on the TNFD framework. The TNFD will finish its current technical work by Q3 2026 and pause further technical guidance work. ISSB aims to release an ED on incremental disclosure requirements by the Convention on Biological Diversity COP17 in October 2026.

## [ISSB podcasts and webinars](#)

### ISSB podcasts on recent ISSB developments

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

**July 2025 podcast:** The discussion included key developments from the ISSB. Highlights include new [guidance on transition plan disclosures](#), the [use of industry-based guidance in ISSB standards](#), and a preview of upcoming publications and events.

**September 2025 podcast:** The discussion included global stakeholder engagements and key developments. Highlights include:

- ▶ Release of [educational material on disclosing anticipated financial effects](#).
- ▶ Progress on the public consultation for proposed amendments to the SASB standards, with next steps outlined.
- ▶ Decisions regarding the proposed Amendments to GHG Emissions Disclosures in IFRS S2.
- ▶ Updates on research into nature - biodiversity, ecosystems and ecosystem services (BEES).
- ▶ Announcement of changes to the inaugural ISSB membership.

**November 2025 podcast:** The discussion included the latest ISSB developments as well as plans to draw on the TNFD framework on nature-related risks and opportunities.

**December 2025 podcast:** The discussion included recent developments, including:

- ▶ Advancements in the global adoption of ISSB Standards;
- ▶ ISSB's efforts to provide implementation support;
- ▶ Progress towards establishing a global baseline.

**Q1 2026 podcast:** This [episode](#) covers the resources and support available to help entities implement the ISSB Standards. The episode further reviews agenda papers from the Transition Implementation Group's November 2025 meeting as an additional insight for addressing implementation-related questions.

### ISSB webinar 'Climate-related Scenario Analysis'

The ISSB hosted the 12th episode of its '*Perspectives on Sustainability Disclosure*' webinar series titled [Climate-related Scenario Analysis](#) on 6 October 2025. The session covered IFRS S2 disclosure requirements, focusing on scenario analysis and climate resilience.



## IFRS Foundation Projects and Work Plan

PROJECT	SUMMARY	MORE INFORMATION
<p>BEES</p> <p>Human Capital</p>	<p><b>Research on BEES-related risks and opportunities</b></p> <p>The ISSB decided to advance its BEES project from research into standard-setting. This next phase will develop new disclosure requirements to give investors better information on nature-related risks and opportunities. These will complement the existing IFRS S1 and IFRS S2 standards.</p> <p>In December 2025, the ISSB agreed to move to standard-setting in its work plan and to issue an ED as the next step, rather than a Discussion Paper (DP), and to use its current advisory bodies and consultative groups for this project rather than establishing a new, separate group.</p> <p><b>Research on Human Capital-related risks and opportunities</b></p> <p>As part of its 2024–2026 work plan, the ISSB is researching potential disclosure requirements on risks and opportunities related to human capital covering a company’s own workforce and value-chain workers.</p> <p>Topics under consideration include workforce size and composition, compensation, engagement, turnover, training and development, working conditions and health, safety and wellbeing, etc. This research will inform the ISSB whether to develop new disclosure requirements in these areas.</p> <p>In December 2025, the ISSB carried out a review of the progress on the project, focusing on whether standard-setting is necessary and practical.</p>	<p><a href="#">IASB project page on BEES</a></p> <p><a href="#">IASB project page on Human Capital</a></p>
<p>Enhancing the SASB standards</p>	<p>The ISSB has released two EDs outlining proposed amendments to the SASB standards.</p> <ul style="list-style-type: none"> <li>▶ ED Proposed Amendments to the SASB standards;</li> <li>▶ ED Proposed Amendments to the Industry-based Guidance on Implementing IFRS S2.</li> </ul> <p>These amendments include a comprehensive review of nine prioritised industries, alignment of metrics in 41 additional industries, and updates to ‘<i>Industry-based Guidance on Implementing IFRS S2</i>’ 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>In Q2 2026, the ISSB plans to review feedback on the proposed enhancements collected from stakeholders during the comment period carried out in 2025.</p> <p>Additionally, on 26 September 2025 the ISSB discussed the prospective ED of proposed amendments to three of the 12 SASB standards it has scheduled for enhancement.</p>	<p><a href="#">IASB project page on enhancing the SASB Standards</a></p> <p><a href="#">ED Proposed Amendments to the SASB standards</a></p> <p><a href="#">ED Proposed Amendments to the Industry-based Guidance on Implementing IFRS S2</a></p>

PROJECT	SUMMARY	MORE INFORMATION
Amendments to GHG Emissions Disclosures (Amendments to IFRS S2)	<p>On 11 December 2025, the ISSB issued <i>Amendments to GHG Emissions Disclosures</i>, which resulted in targeted amendments to IFRS S2 to address practical challenges faced by companies during implementation of the standard.</p> <p>BDO released an article with details on the main changes titled <i>ISSB publishes Amendments to IFRS S2 – Amendments to GHG Emissions Disclosures</i>.</p> <p>These amendments become effective for annual reporting periods starting on or after 1 January 2027, with early adoption allowed.</p> <p>To maintain consistency of the SASB standards with the requirements in IFRS S2, the ISSB also released <i>Consequential Amendments to Align with Amendments to GHG Emissions Disclosures</i>.</p>	<p><a href="#">BDO article</a></p> <p><a href="#">IASB project page on amendments to GHG Emissions Disclosures (Amendments to IFRS S2)</a></p> <p><a href="#">Amendments to GHG Emissions Disclosures – Amendments to IFRS S2</a></p> <p><a href="#">Consequential Amendments to Align with Amendments to GHG Emissions Disclosures – Amendments to the SASB standards</a></p>

## EFRAG

### New interactive portal on ESRS implementation

EFRAG has introduced an interactive portal '[EFRAG 2025 State of Play](#)' demonstrating insights from its recent market study on the early implementation of the ESRS.

This platform features a statistics dashboard with detailed trends and metrics from 656 ESRS sustainability statements published between 1 January 2025 and 20 April 2025 along with access to full reports of the companies via report repository. Additionally, the '[State of Play 2025](#)' report has been released, summarising key statistics and insights.

Key findings highlight gaps in materiality coverage, stakeholder engagement, underreported topics, etc. offering to give an idea regarding CSRD compliance and the implementation of ESRS.

### EFRAG issues DP on connectivity of financial and sustainability reporting

EFRAG has issued a [DP](#) on the connectivity of financial and sustainability reporting, reflecting stakeholders' strong interest in the topic. The paper outlines key concepts and mechanisms of connectivity of reported information and notes that better linkage of information can improve reporting quality across frameworks. While companies are still early in applying connectivity, EFRAG highlights gaps such as inconsistent terminology and potential underreporting of sustainability related segment information. It proposes clarifying financial statement boundaries in terms of disclosures and developing application guidance on qualitative materiality. A [supplement document](#) to the DP provides 17 real-life examples showing how ESRS or ISSB sustainability reporting disclosures connect to IFRS financial statements.

The comment period was open until 30 June 2026.

### [Omnibus](#)

In February 2025, the EC released a set of proposed changes to simplify sustainability and due diligence reporting ('[Omnibus I](#)'), including simplifying ESRS issued in December 2023. The proposals include changes to the scope and timing of adoption of the CSRD, EU Taxonomy Regulation and the Corporate Sustainability Due Diligence Directive (CSDDD). These proposals would significantly affect the scope and extent of sustainability reporting requirements in the EU.

BDO 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.

The EP and the European Council have approved the 'stop-the-clock' directive, delaying CSRD and CSDDD application timelines for up to two years to ease regulatory pressure, especially on micro, small, and medium-sized enterprises (SMEs).

### **EFRAG submits technical advice on draft simplified ESRS to the EC**

Following public consultation which ended in September 2025, EFRAG delivered its final technical advice to the EC with 12 [draft simplified ESRSs](#) on 3 December 2025.

EFRAG has also prepared a series of [factsheets](#) which summarise the changes by each ESRS.

BDO has published an article that contains the information on the main simplifications and next steps:

#### [EFRAG submits technical advice on draft simplified ESRS to the EC](#)

EFRAG hosted a [conference](#) on 4 December 2025 to release its draft simplified ESRS following the delivery of EFRAG's Technical Advice to the EC.

The event featured insights from policymakers and experts, reflections from former Chair Patrick de Cambourg at the end of his mandate, and the launch of the [ESRS E-Hub platform](#).

### **EFRAG issues supporting materials for draft simplified ESRS**

EFRAG has released [supporting materials](#) to accompany the draft simplified ESRS, including the Basis for Conclusions, which also summarises feedback from the public consultation, and documents such as a cost-benefit analysis, amendment logs, comparative text tables, and an explanatory note on Article 29b and its Annex. These materials clarify how the draft standards were revised in response to stakeholder input.

### **EP approves simplified sustainability reporting and due diligence rules – Omnibus I**

On 16 December 2025, the EP approved a provisional agreement to simplify and reduce the scope of sustainability reporting and due diligence requirements for companies. This followed the completion of trilogue negotiations. This approval concludes the 'Omnibus I' released as a set of proposed changes to simplify sustainability and due diligence reporting by the EC in February 2025.

BDO has published a web article which summarises the most significant areas, including the changes in scope for the CSRD and CSDDD:

#### [EP approves simplified sustainability reporting and due diligence rules – Omnibus I - BDO](#)

### **VSME standard**

#### **Multi-language VSME digital template for SMEs sustainability reporting**

EFRAG has launched a multi-language version of its Voluntary Sustainability Reporting Standard for non-listed SMEs framework ([VSME Digital Template](#)) to support SMEs across Europe in sustainability reporting.

Following updates to align with the EC's July 2025 [VSME Recommendation](#), the template now includes translation in Spanish, Polish, Lithuanian, and Portuguese, with more languages coming soon.

#### **Digital tools mappings and platforms for SME sustainability reporting**

EFRAG has published two supporting reports to facilitate the application of the VSME.

The first report '[EFRAG Mapping of Digital Tools](#)' identifies 100 digital tools that can help SMEs report their GHG emissions in line with the VSME.

The second report '[Mapping of Digital Platforms and Initiatives for SME Sustainability](#)' reviews 223 platforms and initiatives relevant to SMEs sustainability reporting.

## EFRAG issues practical guides to help SMEs navigate sustainability reporting

EFRAG has published three new practical guides aimed at supporting SMEs with their sustainability reporting obligations:

- ▶ [VSME Supporting Guide on Disclosure C2- Comprehensive Module \(Practices, Policies, and Future Initiatives\)](#)
- ▶ [VSME Supporting guide on Disclosure C3 – Comprehensive Module \(GHG reduction targets and climate transition\)](#)
- ▶ [VSME Supporting Guide to Disclosure C7 – Comprehensive Module \(Severe negative human rights incidents \(paragraph 62\(c\)\)\)](#)

These guides address disclosure requirements that were highlighted as particularly challenging during the public consultation and field testing of the VSME standard. Each guide offers examples and actionable case studies.

## EFRAG progress report on VSME market acceptance

EFRAG released a [progress report](#) offering insights into how the VSME Recommendation is being received across the market.

Survey results show growing awareness and generally positive acceptance of the VSME Standard, with many SMEs and users applying it as a guiding framework for sustainability information collection. Respondents reported benefits such as better access to finance and cost optimisation and strategic advantages, but also highlighted challenges including limited training, unclear methodologies, and a lack of supporting tools and centralised digital data repositories. The findings point to strong demand for more guidance, practical examples, and digital solutions to drive broader adoption. EFRAG plans to address these areas and will reassess progress in a second survey in 2026.

## US SEC and state legislation

### California Climate Legislation

In late 2025, the California Air Resources Board (CARB) issued its initial rulemaking package for Senate Bills (SB) 253 and 261. The proposed regulations seek to establish definitions for revenue and doing business in California — key criteria that determine whether companies must comply with SB 253 and SB 261.

The Notice of Proposed Rulemaking was published on 23 December 2025, initiating a 45-day public comment period. CARB is expected to hold a board meeting on 26 - 27 February 2026, to consider and vote on the proposed regulations.

[SB 253](#) requires companies in scope to disclose their Scope 1, Scope 2, and Scope 3 GHG emissions and obtain independent third-party assurance of their data. Initial disclosure requirements, which cover Scope 1 and Scope 2 reporting, begin in 2026.

[SB 261](#) requires covered companies to publish a climate-related financial risk report every two years, aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) or an equivalent framework. To assist entities in meeting these obligations, CARB has issued non-authoritative guidance, including the [Climate-Related Financial Risk Disclosures Checklist](#), which outlines a suggested approach for preparing a report that satisfies SB 261 requirements. CARB emphasizes that the checklist is advisory only and does not replace the statutory requirements. Although first reports were initially due by 1 January 2026, the U.S. Court of Appeals for the Ninth Circuit issued an injunction on 18 November 2025, that temporarily paused enforcement of SB 261 pending the outcome of an appeal scheduled for 9 January 2026. The injunction does not extend to SB 253 compliance.

CALIFORNIA CLIMATE DISCLOSURE HIGHLIGHTS		
	SB 253	SB 261
<b>Companies in Scope</b>	Public and private U.S. companies with total annual revenue <sup>1</sup> > \$1 billion and do business in California <sup>2</sup>	Public and private U.S. companies with total annual revenue <sup>1</sup> > \$500 million and do business in California <sup>2</sup>
<b>Requirements &amp; Frequency</b>	Scope 1, Scope 2 & Scope 3 GHG data (annual)	Climate-Related Financial Risk Report (biennial)

CALIFORNIA CLIMATE DISCLOSURE HIGHLIGHTS		
	SB 253	SB 261
<b>First Reports Due</b>	Scope 1 & Scope 2 <sup>3</sup> : 10 August 2026 (reporting period determined by fiscal year end <sup>4</sup> ) Scope 3 <sup>5</sup> : 2027 (fiscal year 2026 data)	1 January 2026, deadline on hold due to federal appeals court injunction
<b>Assurance Requirements</b>	Limited Assurance <sup>5</sup> <ul style="list-style-type: none"> <li>▶ Scope 1 &amp; Scope 2: 2027 (fiscal year 2026 data)</li> <li>▶ Scope 3: 2030 (fiscal year 2029 data).</li> </ul> Reasonable Assurance <sup>5</sup> <ul style="list-style-type: none"> <li>▶ Scope 1 &amp; Scope 2: 2030 (fiscal year 2029 data).</li> </ul>	None currently

<sup>1</sup> Revenue is defined as total gross receipts, regardless of whether the revenue was generated within California. CARB is proposing that applicability is to be determined by the lesser of the company's two previous fiscal years of revenue. CARB's proposed definition of revenue is based on the gross receipts definition according to [California Revenue and Taxation Code \(RTC\) Section 25120\(f\)\(2\)](#) and as reported in a company's California Franchise Tax Board (FTB) filings. See [CARB slide 21](#) for details.

<sup>2</sup> CARB's proposed definition for doing business in California aligns partially with [RTC Section 23101](#). Under the proposal, a company is considered to be doing business in California if (1) it is actively engaging in any transaction for the purpose of financial or pecuniary gain or profit, and (2) it fulfills either of the following conditions during any part of a reporting year:

- ▶ The company is organised or commercially domiciled in California.
- ▶ The company's sales in California, as defined in [RTC Section 25120 \(e\) or \(f\)](#), exceed the [2024 inflation-adjusted threshold of \\$735,019](#). This total includes sales by a company's agent or independent contractor. California apportioned sales should be determined per [RTC Sections 25135 and 25136](#), as modified by [25137](#), which establish criteria for assessing whether a sale takes place in California. Sales within the state are reported on Schedule R-1 of a company's FTB filing.

<sup>3</sup> CARB is proposing a compliance date of 10 August 2026, for the first SB 253 reporting deadline and is exercising enforcement discretion for the first year of compliance according to an [enforcement notice](#) issued in December 2024. CARB has also indicated that it will not issue penalties in the first reporting year to companies acting in good faith. According to CARB's November 2025 workshop and related [FAQ document](#), companies that were not collecting data or were not planning to collect data when the enforcement notice was issued on 5 December 2024, are not required to submit Scope 1 and Scope 2 data for the first reporting cycle. Instead, these companies should provide a statement to CARB that says they did not submit a report because they were not collecting data or planning to collect data at the time of the enforcement notice. Furthermore, limited assurance is not required for 2026 reporting — another aspect of CARB's discretion related to the enforcement notice.

<sup>4</sup> If the fiscal year ends between 1 January 2026 and 1 February 2026, companies should report data from the fiscal year ending in 2026. If the fiscal year ends between 2 February 2026 and 31 December 2026, companies should report data from the fiscal year ending in 2025.

<sup>5</sup> CARB plans to launch a subsequent rulemaking process in 2026 to establish requirements for SB 253 compliance in 2027 and beyond, including reporting due dates and other details.

## SEC Climate Disclosure Rules

In July 2025, the U.S. Securities and Exchange Commission (SEC) confirmed in a status report to the U.S. Court of Appeals for the Eighth Circuit that it would not review or reconsider its climate disclosure rules at this time. The SEC requested the court to resolve the pending legal challenges, emphasizing the need for judicial clarity on its authority and future rulemaking.

In September 2025, the Eighth Circuit responded by pausing litigation against the SEC's climate disclosure rules, stating that it is SEC's responsibility to decide whether the rules will be rescinded, modified, or defended in court. As a result, the rules remain unenforced and awaiting either formal SEC action or a court decision.

As of December 2025, there have been no further regulatory action or changes to the status of these rules. Companies are not required to comply with the SEC climate disclosure rules at this time and should continue to monitor future developments.

## 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

### Illustrative Sustainability Report - IFRS Sustainability Disclosure Standards

BDO has published its inaugural [illustrative sustainability report prepared in accordance with IFRS Sustainability Disclosure Standards for the year-ended 31 December 2025](#). This publication illustrates how IFRS Sustainability Disclosure Standards may be applied to a medium-sized enterprise and focuses on climate-related risks and opportunities.

### International Sustainability Reporting Bulletin 2026/02 31 December 2025 Sustainability Reporting Jurisdictional Update

BDO has published [International Sustainability Reporting Bulletin 2026/02 31 December 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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