European Sustainability Reporting Standards

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EU proposes to simplify sustainability reporting standards (ESRS) – public consultation

Draft Commission Delegated Regulation amending Delegated Regulation (EU) 2023/2772 as regards the simplification of certain sustainability reporting standards [*scroll down the EU webpage to download the draft*]

Draft Annexes [*scroll down the EU webpage to download the draft*]

Update

The Corporate Sustainability Reporting Directive 2022/2464 (CSRD) requires the largest companies operating in the European Union (EU) – including some non-EU companies – to publish reports on the sustainability of their businesses. This information is intended to help investors, civil society organisations, consumers, and other stakeholders to evaluate companies' sustainability performance and their impacts on people and the environment.

Companies required to report must present this information in line with European Sustainability Reporting Standards (ESRS) (Regulation 2023/2772). The ESRS cover environmental, social, and governance issues, including climate change, biodiversity, and human rights.

The European Commission proposes to revise the ESRS to simplify and streamline sustainability reporting. Feedback on this proposal can be submitted via the EU's Have your say webpage until **3 June 2026**.

What is changing?

Large companies operating within the EU – including non-EU companies – must publish reports on the impacts and risks of their activities for the environment and human rights (see Corporate Sustainability Reporting Directive (CSRD)). This information must be based on the European Sustainability Reporting Standards (ESRS) that are set in Regulation 2023/2772.

The European Commission proposes changes to the ESRS to:

- provide clarification
- simplify the structure and presentation of the standards

- address the potential difficulties that reporting companies might face when collecting information from their value chain, especially from companies that are not subject to the sustainability reporting obligations.

These changes are expected to reduce the volume of sustainability information that companies concerned must report, including quantitative, qualitative, and contextual information. This information is shared using data points – individual items that provide distinctive and specific information. The revised ESRS intend to reduce mandatory reporting points by over 60%, the total number of data points by over 70%, and company reporting costs by more than 30%.

The proposed revised standards are largely based on stakeholders' inputs collected in 2025 by EFRAG (previously known as the European Financial Reporting Advisory Group) and a series of technical reports for a "draft simplified ESRS" (EFRAG 2025).

Why?

The Commission's draft proposal aims to reduce the administrative burden and potential negative economic impacts of the CSRD for companies, while ensuring sustainability reporting can be easily compared across the EU, and increasing transparency regarding companies' sustainability impacts and risks. This revision is part of a series of proposed simplifications of existing EU rules that are considered to limit EU growth and competitiveness.

Timeline

The revised ESRS are expected to be adopted in the second quarter of 2026.

If adopted, companies could use the revised standards voluntarily for the 2026 financial year and would have to apply them from 2027.

What are the major implications for exporting countries?

Most operators in low- and middle-income countries are not required to issue sustainability reports on their activities because they will not meet the threshold of a turnover exceeding €450 million, or €200 million within the EU.

However, companies in the agri-food chain that are large enough to report on sustainability will need information from suppliers to fulfil these obligations. This means that suppliers in non-EU countries may be requested to provide information relating to the environmental and social impacts of their food production and processing.

Recommended Actions

All interested stakeholders are invited to give feedback via the EU's Have your say platform until **3 June 2026**.

Stakeholders wishing to respond must be registered. Those who do not already have an account will first need to Create an EU login account, then register their organisation on the EU Transparency register.

Background

Directive 2013/34/EU sets the EU reporting obligations for large companies. It initially required only financial reporting, but the Corporate Sustainability Reporting Directive 2022/2464 (CSRD) introduced non-financial reporting requirements on sustainability (Directive 2013/34/EU, Arts. 19a and 29a).

The following types of large companies operating in the EU must publish reports on the sustainability impacts of their businesses (Accounting Directive 2013/34/EU):

- EU companies with a net turnover of €450 million and an average number of 1,000 employees during the financial year (Art. 29a)
- non-EU companies with a net turnover in the EU of more than €450 million in each of the last two consecutive financial years (Art. 40a)
- non-EU companies that have a branch or subsidiary in the EU with a net turnover of more than €200 million in the preceding financial year (Art. 40a).

The companies concerned must report on their impacts on people and the environment (external); and on how these impacts create financial risks and opportunities for the company (internal). This is known as "double materiality" reporting. Reporting must be based on the European Sustainability Reporting Standards (ESRS, Regulation 2023/2772), which ensure that companies provide reliable and consistent data that allows stakeholders to compare their sustainability performance.

In 2026, the EU made significant changes to the CSRD, reducing the number of companies that must report and limiting the information that large companies may request from smaller companies (Directive 2026/470; see Corporate Sustainability Reporting Directive). In 2025, certain reporting requirements were delayed (Directive 2025/794). These changes aimed to reduce the administrative burden and potential negative economic impacts of the CSRD for companies. This is one of a series of proposals (Simplification Omnibus Packages) aimed at stimulating EU growth and competitiveness while reducing administrative burdens.

Resources

EFRAG (2025) Draft Simplified ESRS

European Commission (2025) Corporate sustainability reporting

European Commission (2026a) Commission seeks feedback on revised sustainability reporting standards. News Article, 6 May.

European Commission (2026b) Implementing and delegated acts - CSRD

Directive (EU) 2026/470 as regards certain corporate sustainability reporting requirements and certain corporate sustainability due diligence requirements

Directive (EU) 2022/2464 as regards corporate sustainability reporting [version as amended by Directive 2026/470]

Directive 2013/34/EU on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings [version as amended by Directive 2026/470]

Sources

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