Corporate Sustainability Reporting Directive (CSRD)

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EU amends obligations on companies to report sustainability information

Directive (EU) 2026/470 of the European Parliament and of the Council of 24 February 2026 amending Directives 2006/43/EC, 2013/34/EU, (EU) 2022/2464 and (EU) 2024/1760 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] ("Corporate Sustainability Reporting Directive, CSRD")

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] ("Accounting Directive")

Update

The Corporate Sustainability Reporting Directive (CSRD) sets out rules to improve the quality, clarity, and comparability of companies' sustainability reporting (Directive 2022/2464). This helps investors, civil society organisations, consumers, and other stakeholders to evaluate the sustainability performance of companies.

Since it was first adopted, the CSRD has been subject to a series of changes (see Background). The latest revision in February 2026 introduced the following key changes.

- The obligation to report is limited to the largest companies, those exceeding a net turnover of €450 million and an average number of 1,000 employees during the financial year (with different conditions for EU-based and non-EU-based companies).
- Restrictions are placed on the information that reporting companies may request from smaller suppliers (below 1,000 employees). Smaller suppliers are not obliged to provide information that goes beyond what is set out in the voluntary sustainability reporting standards (Regulation 2026/1560).
- EU companies that are in scope must submit reports in 2028 on the impact of their activities in 2027. Non-EU companies will have to publish their first report in 2029, covering the 2028 financial year.

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What is changing?

The CSRD requires certain companies to prepare and publish reports on the sustainability of their business. Following changes to the CSRD made in February 2026, the key requirements are now as given below.

The largest companies must report on sustainability

The following larger companies are obliged to report on sustainability:

- "EU companies" (meaning the parent company is based in the EU) which have a net turnover of €450 million and an average number of 1,000 employees during the ongoing fiscal 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" which have a branch or subsidiary in the EU with a net turnover of more than €200 million in the preceding financial year (Art. 40a).

Reporting requires detailed information on sustainability

The Directive requires businesses to report on their impacts on both people and the environment (external), and how these impacts create financial risks and opportunities for the company (internal). This is known as "double materiality". The information required includes:

- an explanation of how the company's strategy is in line with the aims of the Paris Agreement to limit global warming to 1.5°C and the EU's objective of achieving climate neutrality by 2050 (set out in European Climate Law: Regulation 2021/1119)
- primary actual or potential adverse impacts of the company's own operations on sustainability, and any actions taken to prevent or mitigate those adverse impacts.

The specific information that must be presented by companies is set out in the revised European Sustainability Reporting Standards (ESRS, Regulation 2026/1563). The ESRS cover, for example:

- environmental factors, e.g. climate change mitigation and adaptation, water and marine resources, pollution
- social and human rights, e.g. equal treatment, working conditions, respect for human rights including labour rights
- governance factors, e.g. control and risk management systems, business ethics, lobbying activities.

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Large companies must not request excessive information from smaller companies

A new category of "protected undertakings" includes companies with an average of fewer than 1,000 employees during the financial year. Protected undertakings:

- are a category that is self-declared by the smaller companies – large companies are not required to take steps to verify this information unless they have reason to believe that the information is not accurate (Art. 29ca)
- must be informed by the reporting company if any requested information goes beyond the voluntary standards (Regulation 2026/1560), and of their right to decline to provide that information
- are not obliged to comply with clauses in contracts requesting information that goes beyond the voluntary standards.

Recommendation 2025/1710 on voluntary sustainability standards lists the following types of information that can legitimately be requested from suppliers.

Environment metrics:

- energy and greenhouse gas emissions
- pollution of air, water, and soil
- biodiversity
- water
- resource use, circular economy, and waste management.

Social metrics:

- health and safety
- renumeration, collective bargaining, and training.

Why?

The CSRD establishes principles for larger companies to report sustainability information on an annual basis. Improved information on sustainability is important for investors who need to understand the risks and opportunities related to sustainability, and also to enable civil society organisations to hold companies accountable for their behaviour. Harmonised reporting is intended to make comparisons between companies easier.

However, in 2025 the EU decided that the regulatory burden created by these rules could potentially have negative economic impacts on companies and on EU competitiveness. The

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revised CSRD reduces the number of companies that need to report on sustainability by around 80% compared to the 2022 rules (see Questions and answers on simplification omnibus I and II).

Timeline

Most EU-based companies that are required to report on corporate sustainability must do so **from 2028** (with regard to the 2027 financial year). For non-EU companies required to report on corporate sustainability, this obligation applies **from 2029** (with regard to the 2028 financial year).

What are the major implications for exporting countries?

Most operators in low- and middle-income countries will not fall within the scope of the CSRD (i.e. 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.

Smaller companies that fall under the category “protected undertakings” will not have to supply sustainability information beyond that set out in Regulation 2026/1560 (see Voluntary sustainability reporting standards for use by smaller companies). But these rules do not prevent buyers from requesting additional information, for example to meet private certification requirements.

Background

The CSRD sets out rules to improve the quality, clarity, and comparability of companies’ sustainability reporting. Companies must include a dedicated section on sustainability in their management reports, setting out the impact of the company’s operations on its development, performance, and position. The associated ESRS aim to ensure that all companies provide reliable and consistent data that allows stakeholders to compare their sustainability performance. Improved information on sustainability is important for investors, who need to understand the risks and opportunities related to sustainability, and for civil society organisations looking to hold companies to account for their actions.

Prior to the latest changes introduced in February 2026, the CSRD had been subject to a series of changes and additions:

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- In July 2023 the Commission adopted European Sustainability Reporting Standards to help companies to manage and communicate their sustainability performance. These standards were published in Regulation 2023/2772.
- In August 2024, the Commission published a Frequently Asked Questions document to clarify aspects of the rules.
- In February 2025, the European Commission published a proposal to change certain parts of the Corporate Sustainability Reporting Directive, reducing the number of companies that must report under the CSRD, limiting the information that large companies may request from smaller companies, and delaying by 2 years the implementation of certain reporting requirements.
- In April 2025, the EU agreed to the 2-year implementation delay proposed by the European Commission (Directive 2025/794).

Resources

Online resources from the European Commission:

- Draft Commission Notice on the interpretation of certain legal provisions […] as regards sustainability reporting (Frequently Asked Questions).
- Questions and answers on simplification omnibus I and II.

Commission Delegated Regulation (EU) 2026/1563 amending Delegated Regulation (EU) 2023/2772 as regards the simplification of certain sustainability reporting standards.

Commission Delegated Regulation (EU) 2026/1560 supplementing Directive 2013/34/EU of the European Parliament and of the Council by establishing sustainability reporting standards for voluntary use by undertakings protected by the value chain cap.

Commission Recommendation (EU) 2025/1710 on a voluntary sustainability reporting standard for small and medium-sized undertakings.

Commission Delegated Regulation (EU) 2023/2772 as regards sustainability reporting standards.

Regulation (EU) 2021/1119 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law').

Regulation (EU) No 537/2014 on specific requirements regarding statutory audit of public-interest entities (Audit Regulation).

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Sources

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