Review of Corporate Sustainability Reporting Directive (CSRD)

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European Commission proposes revision to Sustainability Reporting Directive

Proposal [2025/0044] for a Directive amending Directives (EU) 2022/2464 and (EU) 2024/1760 as regards the dates from which Member States are to apply certain corporate sustainability reporting and due diligence requirements

Proposal [2025/0045] for a Directive amending Directives 2006/43/EC, 2013/34/EU, (EU) 2022/2464 and (EU) 2024/1760 as regards certain corporate sustainability reporting and due diligence requirements

Update

In February 2025, the European Commission published a proposal to change certain parts of the Corporate Sustainability Reporting Directive (CSRD) (Directive 2022/2464) to reduce the regulatory burden and potentially negative economic impacts on companies.

The CSRD requires larger companies to collect and report information about the impacts of their activities on people and the environment. It also aims to provide investors with information about climate change and other sustainability risks to which companies are exposed. Operators have to report sustainability information according to the European sustainability reporting standards in Regulation 2023/2772.

Most non-EU operators are not directly impacted by these obligations. However, they might be indirectly affected by being required by their EU buyers to provide specific information on the sustainability impacts of their operations to allow these larger companies to meet their reporting requirements. See Corporate Sustainability Reporting Directive (CSRD).

This new Commission proposal aims to:

- reduce the number of companies that must report under the CSRD by around 80%
- limit the information that large companies may request from smaller companies that have fewer than 1,000 employees
- delay by 2 years the implementation of reporting requirements, except for operators already required to report in 2025.

What is changing?

The proposal aims to reduce the burden of requirements and the number of companies that have to report on corporate sustainability under the CSRD.

The following proposed changes are those most likely to have impacts on agri-food suppliers in low and middle-income countries.

- Reduce the number of companies that are required to report: only large companies with more than 1,000 employees and either a turnover above €50 million or a balance sheet total above €25 million will have to report on corporate sustainability.
- Voluntary reporting for SMEs: SMEs not falling within the scope of the CSRD can report voluntarily on sustainability. The Commission proposes to adopt a standard for SMEs based on the Voluntary reporting standard for SMEs (VSME) published by the European Financial Reporting Advisory Group (EFRAG).
- Limit information burden on smaller companies: reporting companies will only be able to request the information set out in the VSME from companies with fewer than 1,000 employees. They will be able to collect additional sustainability information that is commonly shared between companies in the sector concerned.
- Reduce number of data points: the European Commission will review the existing European sustainability reporting standards. The revised standards will only include the most important points for sustainability reporting, prioritise quantitative data points, and make a clearer distinction between mandatory and voluntary data points. The revised standards will also be more consistent with other pieces of EU legislation.
- Sector-specific reporting standards: these will no longer be included in the CSRD.
- Postponed implementation of the CSRD for certain categories of companies: companies that are due to report in 2025 will still have to do so. The Commission proposes a 2-year delay, with reports in line with the CSRD due from 1 January 2028 for large companies (EU and non-EU) that are not public interest companies, currently not subject to non-financial reporting; and due from 1 January 2029 for listed EU SMEs and other in-scope companies.

Why?

The proposed changes are in response to the following concerns.

- Different obligations for companies under different rules, such as the Corporate Sustainability Due Diligence Directive (CS3D) and the CSRD, create an additional burden for companies and may create confusion that deters sustainable finance (European Commission 2025a). Aligning the different items of legislation would help to reduce the assessment and reporting duties of companies.

- SMEs have reported concerns about unrealistic and disproportionate demands for information from their business partners.
- More time is needed by operators to prepare for compliance with CSRD requirements.

Such regulatory burdens could reduce the competitiveness of the EU (Draghi 2024) and indirectly its capacity to meet its Green Deal objectives (European Commission 2025b).

Timeline

The Council of the EU (Member States) and the European Parliament will now review and amend the proposal, a process that can take up to 2–3 years. The Commission will ask for fast-track adoption of the delay in implementation dates (by the second half of 2025).

What are the major implications for exporting countries?

By reducing the number of large companies directly in the scope of the CSRD by about 80%, the proposed rules reduce the number of companies in low- and middle-income countries that have to provide information to their large business partners.

However, suppliers to companies that have to comply with the CSRD will still need to provide information to their business partners. They will have to report information based on the reviewed European sustainability reporting standards. Suppliers in low- and middle-income countries with fewer than 1,000 employees may have to provide limited information based on standards that the European Commission will be developing on the basis of a voluntary standard for SMEs (VSME).

Recommended Actions

Companies directly supplying large companies in the EU should follow the development of the European sustainability reporting standards, and consult the VSME to learn more about the type of information they may need to provide. However, note that the exact information required is unlikely to be confirmed before 2026.

Background

The CSRD is aimed at large companies, both in the EU and from non-EU countries, to ensure that investors and other stakeholders have access to the information they need to assess the impacts of companies on people and the environment, and financial risk to the company and its investors. It is intended to strengthen and modernise corporate sustainability reporting requirements, and is an important element of the EU's sustainability and finance strategies.

The sustainability reporting has to be done throughout the whole supply chain. Operators that supply large companies will be indirectly affected, as they will have to provide information and data to help these companies draft their reports.

The CSRD complements the Corporate Sustainability Due Diligence Directive (CS3D). The CS3D focuses on the actions that companies need to be taking to achieve sustainability, whereas the CSRD focuses on the reporting of those actions.

For further information see Corporate Sustainability Reporting Directive (CSRD).

Resources

Draghi, M. (2024) The future of European competitiveness.

European Commission: Corporate sustainability reporting

European Commission (2025a) Commission Staff Working Document accompanying the documents […] COM(2025)80 and COM(2025)81

European Commission (2025b) Questions and Answers on Simplification Omnibus I and II

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

Directive (EU) 2022/2464 as regards corporate sustainability reporting

Sources

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