

Certain corporate sustainability reporting and due diligence requirements: application dates

2025/0044(COD) - 26/02/2025 - Legislative proposal

PURPOSE: to reduce the administrative burden associated with corporate sustainability reporting obligations and corporate sustainability due diligence.

PROPOSED ACT: Directive of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: following up on the Draghi report on the future of European competitiveness, the Commission confirmed in its Communication 'A Compass for EU Competitiveness' that it would propose a first '**omnibus package on simplification**' that would include far-reaching simplification in the areas of sustainability disclosures in the financial services sector, sustainability due diligence and taxonomy. In its February 2025 Communication 'A Simpler, Faster Europe', the Commission set out the vision for an implementation and **simplification** agenda that delivers rapid and visible improvements for citizens and businesses on the ground.

Given the Commission's commitment to reducing reporting burdens and increasing competitiveness, targeted amendments to Directives [\(EU\) 2022/2464](#) on Corporate Sustainability Reporting (CSRD) and [\(EU\) 2024/1760](#) on Corporate Sustainability Due Diligence (CSDDD) are necessary to achieve these objectives, while maintaining the strategic objectives of the Green Deal and the Sustainable Finance Action Plan.

The CSRD entered into force on 5 January 2023. It strengthened and modernised companies' sustainability reporting obligations by amending the Accounting Directive, the Transparency Directive, the Audit Directive, and the Audit Regulation.

The CSDDD entered into force on 25 July 2024. Its objective is to contribute to the European Union's broader ambition for the transition to a sustainable and climate-neutral economy. It requires companies to identify and address adverse impacts on human rights and the environment in their own operations, as well as in those of their subsidiaries and global value chains.

The CSRD and CSDDD are currently being implemented in a new and challenging context. Russia's war of aggression against Ukraine has led to higher energy prices for EU companies. In a constantly shifting geopolitical landscape, trade tensions are increasing. The Union's ability to preserve and protect its values depends in particular on the ability of its economy to adapt and face competition in an unstable and sometimes hostile geopolitical context.

A separate [legislative proposal](#) presented by the Commission alongside this proposal will simplify the framework and reduce the burden on businesses in several ways.

CONTENT: to reduce the administrative burden of reporting obligations and the compliance costs related to sustainability reporting, the Commission proposes to:

- amend Directive (EU) 2022/2464 on corporate sustainability reporting (CSRD) to **postpone by two years** the application of the disclosure requirements for companies in the **second wave** (large companies

that are not public-interest entities and have more than 500 employees and large companies with fewer than 500 employees) and the **third wave** (listed SMEs, small and non-complex credit institutions, and captive insurance and reinsurance undertakings). This postponement aims to avoid companies being required to disclose information for the 2025 (second wave) or 2026 (third wave) financial years and subsequently being exempted from this obligation. Such a situation would mean that the undertakings in question incur unnecessary and avoidable costs;

- amend Directive (EU) 2024/1760 on corporate sustainability due diligence (CSDDD) with a view to (i) **postponing the transposition deadline by one year** (26 July 2027) and (ii) **postponing the first phase of application** of sustainability due diligence requirements to **26 July 2028**, covering the largest companies with more than 3000 employees and a net turnover exceeding EUR 900 million, as well as third-country companies with such net turnover in the EU. In July 2029, all other companies falling within the general scope should start applying (national rules transposing) the Directive.