ESG & SUSTAINABILITY

CSRD and CSDDD amendments

What do businesses need to know?

Earlier this year, the European Commission (the **Commission**) published proposed amendments to the Corporate Sustainability Reporting Directive (**CSRD**) and the Corporate Sustainability Due Diligence Directive (**CSDDD**).

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These proposals were introduced as part of the Omnibus I package and emphasised the Commission's focus on simplification, reducing the administrative burden on EU companies and boosting competitiveness.

Certain proposals relating to the application and implementation dates for CSRD and CSDDD were dealt with swiftly by way of the "Stop the Clock" Directive, which was published in April 2025 and implemented in Ireland in July 2025. Essentially, pushing out the application dates for those companies originally in scope of CSRD for the first time in respect of their 2025 or 2026 financial years. While the implementation and application dates for CSDDD were amended by the Stop the Clock Directive, these were further amended by the substantive amendments agreed more recently.

Intense and fraught negotiations of these substantive amendments have recently concluded with the European Parliament (the **Parliament**) and the Council of the EU (the **Council**) reaching a provisional agreement on 9 December 2025. The Parliament voted to adopt this agreement on 16 December 2025 with the relevant Parliament and Council committees signalling their approval the previous week. Once the Council formally adopts the text, it will be signed into law and published in the Official Journal of the EU. The amendments will enter into force 20 days after publication, following which member states will have 12 months to implement the amendments to CSRD into their national law. This timing should be noted in the context of the transition exemption detailed below. The new CSDDD implementation deadline is 26 July 2028.

The below tables sets out a high-level overview of the key changes to CSRD and CSDDD.

Key changes to CSRD

	Existing	New
Scope (EU)	■ For the 2024 financial year: "Wave 1" undertakings, essentially those already covered by the Non Financial Reporting Directive (i.e. large public-interest entities such as listed companies, banks, insurers). ■ For the 2025 financial year: "Wave 2" large undertakings which on the balance sheet date meet at least two of the following criteria: » a balance sheet total of more than €25m » net turnover of more than €50m » an average of more than 250 employees during the financial year ■ For the 2026 financial year: "Wave 3" listed SMEs, small and non-complex institutions and captive insurance/reinsurance undertakings.	■ For the 2027 financial year: Undertakings with more than 1,000 employees and a net turnover of more than €450m. ■ All other large undertakings as well as listed SMEs will be excluded from scope but may voluntarily report using simplified standards. The Commission is to adopt a delegated act setting out these standards, noting that these will be based on the version set out in Commission Recommendation 2025/1710. ***Transition exemption*** ■ For Wave 1 companies that will be out of scope under the new thresholds, their reporting obligations will continue until the financial year starting on or after 1 January 2027. However, an option is available for member states to exempt such companies from reporting obligations for financial years beginning between 1 January 2025 and 31 December 2026. ■ Ireland will need to introduce national legislation to implement this 'transition exemption' in order for Irish wave 1 companies that do not exceed the new thresholds to benefit from this exemption. It remains to be seen whether Ireland will avail of this option.

	Existing	New
Scope (non-EU)	For the 2028 financial year: Non-EU companies generating a net EU turnover of €150m for each of the last two consecutive financial years and with an EU subsidiary or branch generating more than €50m and €40m respectively.	For the 2028 financial year: Non-EU companies generating a net EU turnover of €450m for each of the last two consecutive financial years and with an EU subsidiary or branch generating more than €200m in the preceding financial year.
Financial holding undertakings exemption	N/A	In scope parent undertakings that meet the "financial holding undertakings" definition and have subsidiaries with business models and operations independent from one another may choose not to prepare a consolidated sustainability statement.
Value chain information sharing	Limit on the type of information that companies required to comply with the sustainability reporting obligations could request from SMEs in their value chain.	Companies with fewer than 1,000 employees will have the right to refuse to share information beyond what is set out in the voluntary sustainability reporting standards.
Reporting standards	A key feature of CSRD was the introduction of mandatory European sustainability reporting standards (**ESRS**) against which in-scope companies were required to prepare their sustainability statements.	The Commission will adopt a delegated act to simplify the first set of ESRS and has decided not to prepare sector specific standards.

Key changes to CSDDD

	Existing	New
Scope (EU)	▪ From 26 July 2027: EU companies/groups with over 5,000 employees and worldwide turnover of more than €1.5bn. ▪ From 26 July 2028: EU companies/groups with over 3,000 employees and worldwide turnover of more than €900m. ▪ From 26 July 2029: » EU companies/groups with over 1,000 employees and worldwide turnover of more than €450m » EU companies that have entered into or are the ultimate parent company of a group that entered into franchising or licensing agreements in the EU in return for royalties of more than €22.5m with a net worldwide turnover of €80m.	▪ From 26 July 2029: » EU companies with more than 5,000 employees and a net turnover of more than €1.5bn » EU companies that have entered into or are the ultimate parent company of a group that entered into franchising or licensing agreements in the EU in return for royalties of more than €75m with a net worldwide turnover of € 275m.
Scope (non-EU)	▪ From 26 July 2027: non-EU companies with an EU turnover of more than €1.5bn. ▪ From 26 July 2028: non-EU companies with an EU turnover of more than €900m. ▪ From 26 July 2029: » non-EU companies with an EU turnover of more than €450m » non-EU companies that have entered into or are the ultimate parent company of a group that entered into franchising or licensing agreements in the EU in return for royalties of more than €22.5m with an EU turnover of €80m.	▪ From 26 July 2029: » non-EU companies with an EU turnover of more than €1.5 bn. » non-EU companies that have entered into or are the ultimate parent company of a group that entered into franchising or licensing agreements in the EU in return for royalties of more than €75m with a net worldwide turnover of € 275m.

	Existing	New
Transposition deadline	Deadline of 26 July 2026 for transposition by member states, with rules to apply on a phased basis from 26 July 2027.	Deadline of 26 July 2028 for transposition by member states, with rules to apply from 26 July 2029.
Climate transition plans	Obligation for in scope companies to adopt a transition plan for climate change mitigation aligned with the 2050 climate neutrality objective of the Paris Agreement as well as intermediate targets under the European Climate Law.	This obligation has been deleted.
Due diligence	Obligation for in scope companies to identify potential and actual adverse human rights and environmental impacts in the company's own operations, their subsidiaries and, where related to their value chain(s), those of their business partners.	A simplified due diligence process will apply. Obligation for in scope companies to conduct a risk-based assessment and to prioritise adverse impacts involving their direct partners.
EU civil liability regime	Provision for a specific, EU-wide liability regime and requirement for member states to allow for victims of adverse impacts to be represented by trade unions or non-governmental organisations.	Removal of planned EU-wide civil liability regime. Civil liability will be governed by national regimes only.
Penalties	Penalties for non-compliance capped at 5% of the company's net worldwide turnover.	Penalties for non-compliance capped at 3% of the company's net worldwide turnover.

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