



## GreenNEWS #7

### **CSRD: a challenge or a competitive advantage?**

The **Corporate Sustainability Reporting Directive (CSRD)** is changing how companies report their impact on the environment, society, and governance (ESG). While it may seem like just another reporting requirement, it can actually help businesses **streamline operations, improve transparency, and gain a competitive edge.**

Let's break down **who needs to comply, how CSRD can benefit businesses, and what changes the EU is considering.**

### **What is CSRD, and who needs to comply?**

CSRD replaces the **Non-Financial Reporting Directive (NFRD)** and introduces stricter **ESG reporting requirements**. Reports must follow the **European Sustainability Reporting Standards (ESRS)** and will be **verified by external auditors.**

### **Who needs to report and when?**

#### **2025 (for the year 2024):**

- **large listed companies with 500+ employees and exceeding either: €50M in revenue €25M in total assets**

#### **2026 (for the year 2025):**

- **large listed and non-listed companies meeting two out of three criteria: 250+ employees €50M+ revenue €25M+ total assets**

#### **2027 (for the year 2026):**

- **listed SMEs meeting two out of three criteria: 10+ employees €900K+ revenue €450K+ total assets**

### **Exemptions:**

- **non-listed SMEs** are generally exempt unless they are **part of a large corporate group** or **operate in the supply chain of a reporting company**.

### **CSRD as a business opportunity**

While CSRD requires companies to **collect and structure ESG data**, it also provides valuable benefits:

- data-driven improvements – tracking energy use, emissions, and supply chain impact helps identify inefficiencies and savings
- stronger corporate reputation – transparent ESG reporting builds trust with investors, customers, and regulators
- competitive advantage – many procurement processes favor companies with strong ESG credentials
- better access to capital – banks and investors prioritize ESG-compliant companies
- risk management – ESG data helps companies prepare for future regulatory and market changes

While compliance may seem complex, businesses can **use ESG data to optimize operations and gain market advantages**.

### **Proposed changes: making CSRD easier**

To reduce reporting burdens, the **European Commission is considering changes**:

**higher reporting thresholds** – CSRD may apply only to firms with **1,000+ employees, €25M+ assets or €50M+ revenue** - this could **exempt up to 80% of previously included companies**

- **delayed deadlines** – Some companies **may start reporting in 2027 instead of 2025**.
- **Voluntary ESG reporting for SMEs** – A **simplified framework** may allow smaller firms to disclose ESG data **without excessive complexity**
- **less complex ESG data requirements** – The EU is working on **simplifying the ESRS framework**

These changes aim to **balance transparency with business feasibility**. Companies should **stay updated** on final decisions.

### **What should companies do now?**

- **start tracking ESG data** now to avoid last-minute complications
- **use ESG management tools** to automate reporting
- **engage all relevant departments** - ESG reporting involves **finance, HR, supply chain, and operations**
- **follow regulatory updates** to adjust reporting strategies as needed

CSRD is more than a legal requirement—it is an **opportunity to improve business processes, strengthen market position, and prepare for the future**.