

European Commission issues warnings to EU Member States who failed to implement the CSRD

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The deadline for EU member states (“**Member States**”) to implement the Corporate Sustainability Reporting Directive (“**CSRD**”) into national laws was 6 July 2024. Under EU infringement procedures, the European Commission (“**Commission**”) may now take legal action against Member States for failing to implement EU laws. The Commission announced that it sent formal notice letters to 17 Member States for failing to transpose the CSRD by the deadline. Those Member States have two months from the date of the letter to implement the CSRD. If they fail to do so, the Commission may send the Member States a reasoned opinion with a formal request to comply with the law, and then may ask the Court of Justice to impose penalties.

The Commission has issued letters to the following Member States: Belgium, Czechia, Germany, Estonia, Greece, Spain, Cyprus, Latvia, Luxembourg, Malta, the Netherlands, Austria, Poland, Portugal, Romania, Slovenia and Finland.

To recap, CSRD strengthens the previous sustainable reporting requirements under the EU’s non-Financial Reporting Directive by increasing the number of companies required to provide sustainability disclosures from 12,000 to over 50,000 and introducing more detailed reporting requirements in line with new European Sustainability Reporting Standards (“**ESRS**”). Companies subject to the CSRD must report according to the ESRS on the company’s environmental impact, human rights and social standards and sustainability-related risk. The CSRD is aimed at ensuring that investors can properly consider a company’s sustainability performance when making investment decisions and harmonising sustainability reporting in the EU.

The CSRD came into effect at the start of 2024 for large public-interest companies with over 500 employees, with their first reports to be issued in 2025. The CSRD will apply to companies with more than 250 employees or €40 million in revenue in the following year and to listed SMEs one year later.

For information on non-financial reporting covering CSRD, SEC rules and California please refer to our dedicated special report [here](#).

For further information, please reach out to UKRegulatory@proskauer.com.

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