

Learn more about **LSEG**

Subscribe



EU sustainability cutbacks make low-carbon leaders harder to spot

By **Simon Jessop** and **Kate Abnett**

December 10, 2025 5:58 PM GMT+0 · Updated December 10, 2025



[1/3] A wind turbine is shrouded in fog at the Low Carbon Energy Generation Park on the Keele University campus, Keele, Staffordshire, Britain, November 11, 2023. REUTERS/Carl Recine/File Photo [Purchase Licensing Rights](#)



Summary Companies

Two sustainability disclosure rules watered down
Requirement for climate transition plans also dropped
Investors warn will make it harder to assess companies
Industry groups welcome the reduced reporting burden

LONDON, Dec 10 (Reuters) - A reduction in scope of the European Union's sustainability disclosure rules may cut red tape for businesses but investors say less transparency will make it harder to identify which companies are genuinely moving toward low-carbon operations.

After months of pressure from companies and governments, the [European Union agreed on Tuesday](#) to sharply scale back two flagship sustainability disclosure laws.

Make sense of the latest ESG trends affecting companies and governments with the Reuters Sustainable Switch newsletter. Sign up [here](#).

The changes affect the Corporate Sustainability Reporting Directive (CSRD) - the EU's rulebook that requires large companies to publish detailed information on their environmental, social and governance performance, and the Corporate Sustainability Due Diligence Directive (CSDDD), which requires firms to check their supply chains for human rights abuses and environmental harm.

The CSDDD had also required companies to have and implement a plan to cut emissions to net zero, but that obligation has now been dropped.

Watering down the rules means investors will have less reliable, comparable information on companies' sustainability efforts, making it harder to tell which businesses are serious about cutting emissions, managing climate risks and environmental, social and governance standards.

MORE DETECTIVE WORK

Eleanor Fraser-Smith, Head of Sustainability at investor Victory Hill Capital Partners, said the weakening of the rules would "leave investors with poorer information for decision-making".

"Yes, EU reporting has become overly complex, but the solution is clearer guidance and better structure, not dilution. Stepping back from requirements doesn't make the system easier, it just makes it less coherent."

Some investors highlighted the scrapping of climate transition plans in the EU's due diligence law as a major concern.

"Without credible transition plans, Europe could lose comparability, visibility on progress and a potentially useful tool to access transition finance. Investors rely on these plans to assess climate risks and opportunities," said Carlota Garcia-Manas, head of climate transition at British investor Royal London Asset Management, which manages around 180 billion pounds (\$239.53 billion).

Hortense Bioy, Head of Sustainable Investing Research at industry tracker Morningstar Sustainalytics, said the changes would put the onus on investors to assess whether companies follow through on their promises.

"The responsibility will increasingly fall on asset managers offering these strategies to hold companies accountable."

PRESSURE TO RAISE THRESHOLDS

Under the changes to CSRD, only companies with more than 1,000 staff making more than 450 million euros would report, with financial firms excluded.

For CSDDD, the threshold was even higher at 5,000 staff and 1.5 billion euros in net turnover, with a delayed start-date and breaches dealt with at the national rather than EU level, with added flexibility for companies on what to report.

Hans Stegeman, chief economist at sustainability-focused lender Triodos Bank, said the moves represented a "significant weakening of essential sustainability rules".

"Legislation meant to combat child labour, environmental pollution, and exploitation in supply chains is being hollowed out. The so-called 'anti-looking-away law' has had its scope drastically limited," he said.

Debated since February, the cuts to the EU laws follow months of pressure from companies and governments, including the U.S. and Qatar, who warned Brussels that the rules risked disrupting their gas supplies to Europe.

Industry groups welcomed the move as relief from Europe's complex sustainability regime, among the most ambitious globally.

BusinessEurope Director General Markus J. Beyrer said the EU was delivering on its pledge to slash red tape.

"Even with the improvements achieved ... it will still be a substantial challenge for companies to comply with the new rules," he added.

Oliver Moullin, Managing Director for Sustainable Finance at the Association for Financial Markets in Europe, said the changes were a step toward simplification but urged further streamlining.

"Notwithstanding these important simplification efforts, the EU's sustainable finance framework is set to remain the most ambitious and comprehensive globally," he said.

(\$1 = 0.7515 pounds)

Reporting by Simon Jessop; Editing by Louise Heavens

Our Standards: [The Thomson Reuters Trust Principles.](#) [↗](#)

Suggested Topics:

Climate & Energy

Sustainable Markets

ESG Regulation

ESG Investors

Human Rights

Purchase Licensing Rights



Simon Jessop
Thomson Reuters

Simon leads a team tracking how the financial system and companies more broadly are responding to the challenges posed by climate change, nature loss and other environmental, social and governance (ESG) issues including diversity and inclusion.



Kate Abnett
Thomson Reuters

Kate Abnett covers EU climate and energy policy in Brussels, reporting on Europe's green transition and how climate change is affecting people and ecosystems across the EU. Other areas of coverage include international climate diplomacy. Before joining Reuters, Kate covered emissions and energy markets for Argus Media in London. She is part of the teams whose reporting on Europe's energy crisis won two Reuters journalist of the year awards in 2022.



Read Next

Business
Germany cuts energy tax to offer motorists relief from soaring fuel prices
20 mins ago

Legal
Trump's EPA unlawfully terminated \$7 billion solar grant program, judge rules
39 mins ago

Malaysian regulator to ask publicly-traded firms for El Nino plans, eyes deeper Middle East ties
4 hours ago

Business
EXCLUSIVE
EDF considers preferred equity to lure buyers to Edison stake, sources say
5 hours ago

Sustainability >

Multiple unions threaten strikes at Barrick's flagship Mali gold mine, documents show

World at Work · September 18, 2026 · 8:34 PM GMT+1 · 1 hour ago

Unions representing workers at the Loulo-Gounkoto gold complex in Mali, operated by Barrick Mining , have issued a series of strike notices to management, raising the risk of labour disruptions from September 28 at one of Mali's largest gold-producing operations, according to documents seen by Reuters on Friday.

Legal
Trump's EPA unlawfully terminated \$7 billion solar grant program, judge rules
1 hour ago

Business
EU antitrust regulators set to block UPM-Sappi merger, sources say
2 hours ago

Sustainability
Private jet boom raises climate concerns
7 hours ago

Sustainability
Is greenwashing finally being hung out to dry?
10 hours ago

- Latest
- Home
- Authors
- Topic Sitemap
- Archive
- Article Sitemap
- Media
-  Videos
-  Pictures
-  Graphics
-  Podcasts

- Browse
- World
- Business
- Markets
- Sustainability
- Legal
- Breakingviews
- Technology
- Investigations
- Sports
- Science
- Lifestyle

- About Reuters
- About Reuters [↗](#)
- Media Center [↗](#)
- Advertise with Us [↗](#)
- Careers [↗](#)
- Reuters News Agency [↗](#)
- Brand Attribution Guidelines [↗](#)
- Reuters and AI [↗](#)
- Reuters Leadership [↗](#)
- Reuters Fact Check
- Reuters Diversity Report [↗](#)
- Commercial Disclosure (Japan) [↗](#)

- Stay Informed
- Download the App (iOS) [↗](#)
- Download the App (Android) [↗](#)
- Newsletters
- Subscribe

Information you can trust

Reuters, the news and media division of Thomson Reuters, is the world's largest multimedia news provider, reaching billions of people worldwide every day. Reuters provides business, financial, national and international news to professionals via desktop terminals, the world's media organizations, industry events and directly to consumers.

Follow Us



LSEG Products

Workspace [↗](#)

Access unmatched financial data, news and content in a highly-customised workflow experience on desktop, web and mobile.

Data Catalogue [↗](#)

Browse an unrivalled portfolio of real-time and historical market data and insights from worldwide sources and experts.

World-Check [↗](#)

Screen for heightened risk individual and entities globally to help uncover hidden risks in business relationships and human networks.

- Advertise With Us [↗](#)
- Advertising Guidelines
- Purchase Licensing Rights [↗](#)

All quotes delayed a minimum of 15 minutes. See [here](#) for a list of exchanges and delays.

- Cookies [↗](#)
- Terms & Conditions
- Privacy [↗](#)
- Copyright [↗](#)
- Digital Accessibility [↗](#)
- Corrections
- Data Disclosure and Sources [↗](#)
- Site Feedback [↗](#)
- Manage Cookies

