ASPECTS OF ESG REPORTING IN THE EU WITH REGARD TO A SUSTAINABLE FOOD CHAIN:CURRENT STATE AND NEAR-TERM VISION

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Keywords: ESG reporting, ESRS standards, CSRD directive, CSDDD directive
JEL Classification: Q01, Q56

1 INTRODUCTION

The European Commission has adopted a so-called "quick fix" to the first set of European Sustainability Reporting Standards (ESRS). The aim is to reduce administrative burdens and increase certainty for companies that must start reporting for the 2024 accounting period. Companies reporting for 2024 will not have to disclose certain information, such as the expected financial impact of certain sustainability risks. From 2025, these companies will be allowed to omit the same information for the financial years 2025 and 2026. This means that first-wave companies will not have to provide more data than in 2024. In addition, for 2025 and 2026, first-wave companies with more than 750 employees will have most of the same transitional exemptions ("phase in" measures) that previously only applied to smaller companies (up to 750 employees) [1]. Only 29% of companies, which are due to report ESG aspeckt, consider themselves ready for independently verified ESG data. The majority, 46%, are in the middle tier known as "advancers," and the rest are "beginners" [2]. In the food chain related industries, this issue has an even stronger impact, as the production and distribution of food is closely related to the use of natural resources, health and safety of the population, as well as the functioning of local communities. Companies in this sector face pressure to use water wisely, reduce emissions and minimize food waste. At the same time, they must ensure ethical working conditions, all within the framework of intense global competition. This contribution aims to identify the current state and define a near-term vision in the context of the food chain in EU Member States.

2 MATERIAL AND METHODS

This article is a review type of contribution. It is based on theoretical foundations of ESG reporting in EU Member States and current knowledge regarding its implementation in business entities. Specific attention is paid to sectors linked to the food chain. Specifically, attention is paid to sectors linked to the food chain, currently valid legislation, and also available communications from EU bodies towards professional chambers and group of companies themselves in the role of mandatory entities for ESG reporting.

3 RESULTS

The Omnibus I package is a set of legislative changes adopted by the European Commission in February 2025. The aim of this package was to reduce the administrative burden for companies and make some EU rules more practical. One of the parts of this package was also a change in

https://doi.org/10.11118/978-80-7701-073-3-0034

the field of sustainability reporting (ESRS) – the so-called "stop the clock" directive. This directive specifically postponed the obligation to submit sustainability reports for companies that had not yet started (the so-called wave 2 and wave 3). Originally, these companies were supposed to start reporting in "wave 2" from the financial year 2025, "wave 3" from the financial year 2026. In view of the "stop the clock" directive, this reporting is being postponed by 2 years, namely "wave 2" from the financial year 2027, "wave 3" from the financial year 2028 [3].

Omnibus I contains (in addition to the „stop the clock" directive) as following. CSRD (Sustainability Reporting Directive) – thresholds for mandatory reporting are increased (obligation only applies to larger companies, e.g. over 1,000 employees), the number of mandatory data points is reduced and planned segment specificity is abolished. CSDDD (Sustainability Due Diligence Directive) - postponement of transposition and full implementation by one year, restriction of due diligence to direct suppliers only, inspection every five years instead of annually, loose requirements for climate plans (implementation steps only instead of full implementation), more discretion for member states in determining sanctions (removal of mandatory minimum). EU Taxonomy - the reporting obligation remains only for larger companies, reduction of the volume of required data by up to approximately 70%, introduction of a material activity threshold below 10% of turnover/assets/investments does not have to be reported. CBAM (Carbon Border Offset Mechanism) - postponement of the obligation to purchase CBAM certificates from 2026 to 2027, postponement of the reporting deadline from 31 May to 31 August, extension of the exemption for small import volumes (<50 tonnes per year), allowance of the use of standard emission values and easier declaration by third parties [4].

Objectives and significance of the package Omnibus I. Is is part of the EU Competitiveness Compass strategy, which aims to increase the competitiveness of the EU, simplify regulations and attract investment. It is estimated that businesses will save around €6 billion per year on administrative costs. The potential benefit for investment is in the tens of billions of euros (€40–100 billion according to various estimates) [5]. In particular, large corporations in the food industry have called on the European Commission not to allow the Omnibus package to mean reopening and renegotiating the basic directives (CSRD, CSDDD). They only support technical simplification. If the EU were to start fundamentally changing or repealing the rules now, there would be legal uncertainty and chaos, companies would have to rework entire processes and their investments might be wasted.

4 CONCLUSIONS

ESG reporting appears to be a specific direction of investment development for a company, which brings potential improvements in operational efficiency and corporate reputation, while the related impacts on investments capital expenditures are likely to be felt only in the medium to long term. For this reason, the early implementation of ESG measures can contribute to the creation of a strategic advantage for companies striving for sustainability, credibility and long-term competitiveness in food-chain related industries.

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Acknowledgement

Supported by the grant No. IGA25-PEF-TP-006 of the Grant Agency Internal Grant Agency of FBE MENDELU in Brno.

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