Omnibus package: Proposal for the simplification of sustainability reporting by companies

June 2025

In January 2025, the European Commission (EC) presented its Competitive Compass in line with the recommendations made by Mario Draghi in his report on the future of European competitiveness and confirmed its proposal of a package of measures for the simplification of sustainable finance reporting, sustainability due diligence and taxonomy.

On 26 February 2025, the EC published its Omnibus package proposal aiming to simplify several EU rules on sustainable finance, as well as boosting competitiveness and freeing up additional investment capacity. Said package has the objective of streamlining the legislative framework to attract investment and promote companies' growth while achieving objectives related to climate change mitigation and adaptation, in line with the European Green Deal[1].

[1] During the presentation of the Competitive Compass, Ursula von der Leyen confirmed that the European Union stays the course of the Green Deal objectives, which strive to transform the economy to ensure no net emissions of greenhouse gases by 2050 (climate neutrality), economic growth is decoupled from resource use and no person and no place are left behind.

Pregunta

What rules are modified by the Omnibus package?

Respuesta

The Omnibus package proposed the following amendments:

- A proposal of a Directive amending the Corporate Sustainability Reporting Directive (CSRD)[2] and the Corporate Sustainability Due Diligence Directive (CSDDD)[3].
- A proposal which postpones by two years the application of the reporting obligations for companies subject to the CSRD that should start reporting in 2026 and 2027 (companies in the second and third waves), and to postpone the date for the transposition of the CSDDD and its first wave of application by one year, to July 2028. The proposal, known as the stop-the-clock Directive[4], was approved by co-legislators on 14 April 2025.
- A draft Delegated Act (subject to public consultation) to incorporate limited changes to the Delegated Acts on the taxonomy of the European Union (hereinafter, Taxonomy) regarding disclosures[5] as well as climate[6] and the environment[7].
- A proposal of a Regulation amending the Carbon Border Adjustment Mechanism Regulation[8].
- A proposal of a Regulation amending the InvestEU Regulation[9].

Among all the proposed amendments, the following article focuses on the proposed changes to the CSRD.

[2] Directive (EU) 2022/2464 of the European Parliament and of the Council, of 14 December 2022

[3] Directive (EU) 2024/1760 of the European Parliament and of the Council, of 13 June 2024

[4] Directive (EU) 2025/794 of the European Parliament and of the Council, of 14 April 2025, amending Directives (EU) 2022/2464 and (EU) 2024/1760.

[5] Commission Delegated Regulation (EU) 2021/2178, of 6 July 2021.

[6] Commission Delegated Regulation (EU) 2021/2139, of 4 June 2021.

[7] Commission Delegated Regulation (EU) 2023/2486, of 27 June 2023.

[8] Regulation (EU) 2023/956 of the European Parliament and of the Council, of 10 May 2023.

[9] Regulation (EU) 2021/523 of the European Parliament and of the Council, of 24 March 2021.

Pregunta

What modifications to the CSRD are proposed?

Respuesta

The deferral in the application of the CSRD to waves 2 and 3, as mentioned herein, aims to grant sufficient time to co-legislators to approve the following amendments:

1. **Reduction in the scope of companies required to report:** Reporting obligations shall be required exclusively from large companies with more than 1,000 employees and either a turnover above EUR 50 million or a balance sheet total above EUR 25 million. Compared to the current scope[10], this represents an estimated 80% reduction in the number of subject companies. The revision of the scope of said standard is better aligned with the thresholds of the CSDDD, which is also based on a limit of 1,000 employees.
2. **Voluntary disclosure for companies not in the scope of the CSRD:** The EC shall adopt voluntary reporting standards according to the existing voluntary standards for SMEs developed by the EFRAG.
3. **"Value chain cap"** (protection against excessive sustainability reporting requirements): The Omnibus package aims to protect SMEs and smaller mid-cap companies from the excessive number of requirements imposed by the standard on larger companies or financial institutions. In fact, the rules on voluntary reporting, mentioned in paragraph 2, shall act as a limit to the value chain, thus subject companies will only be able to request this information from non-obligated companies.
4. **Review and simplification of the European Sustainability Reporting Standards (ESRS)**: The EC has agreed to review the delegated act establishing the ESRS to substantially reduce the number of data points, clarify any provisions deemed confusing, improve consistency with other EU legislation, and simplify the structure and presentation of the standards by prioritising quantitative information over narrative.
5. **Removal of the requirement to develop sectoral ESRS**, as initially foreseen.
6. **Reasonable assurance will not be required in the future**: The proposal eliminates the possibility for the EC to propose the transition from a limited assurance requirement to a reasonable assurance requirement for sustainability reporting. Moreover, the EC will adopt, by 2026, guidelines on this issue in aims of clarifying requirements and enabling a swift response to situations that could create unnecessary burdens related to sustainable assurance.

Changes in the submission of information regarding Taxonomy under the CSRD (proportion of eligible activities and activities that comply with Taxonomy): In the case of companies with more than 1,000 employees but with a net turnover up to 450 million euros, submitting information will be voluntary. Additionally, such companies may decide to voluntarily report on partial compliance with Taxonomy requirements to prove their progress towards sustainability. The EC shall develop Delegated Acts to standardise the content and presentation of such information while maintaining the relevance of indicators based on turnover and capital expenditure, with the indicator based on operational expenditure becoming voluntary.

[10] All those large companies that meet two of three thresholds (net turnover exceeding EUR 50 million, a balance sheet worth EUR 25 million and 250 employees) and listed SMEs.

Pregunta

What are the modifications proposed to the other rules?

Respuesta

Delegated Acts of the Taxonomy. In addition to the changes to the Taxonomy reporting to be provided under the CSRD referred to in the previous section, the EC proposes to amend the Taxonomy Disclosures Delegated Act and the Taxonomy Climate and Environmental Delegated Acts and making them subject to a public consultation that ended on 26 March, thus expecting the EC to adopt the final acts in the second quarter of 2025. The following is proposed:

1. Simplify reporting templates (which would result in a reduction of data points by almost 70% for non-financial companies).
2. As set out in the amendment to the CSRD, the modification of the Taxonomy Delegated Acts includes the possibility of reporting on partial compliance with Taxonomy in order to promote the transition.
3. Introduce a threshold of relative materiality to exempt companies from assessing the eligibility and alignment with the Taxonomy of economic activities that are not financially relevant to their business (those not exceeding 10% of their total turnover or capital expenditure (CapEx) in the case of non-financial companies and total assets for financial companies, while for operational expenditure (OpEx) of non-financial companies, a threshold of 25% is considered, given its relatively lower informational value).
4. Additionally, in order to avoid an indirect burden on smaller entities, it is proposed to modify the key performance indicators of financial entities, including the green asset ratio (GAR) for the trading portfolio of credit institutions, to exclude exposures related to companies not subject to the CSRD from its denominator.
5. Given their limited use for certain financial entities, the application of key performance indicators for credit entities relating to their trading portfolio, as well as to their fees and commission for services other than lending, is postponed until 2027.
6. Introduce simplifications of the most complex criteria relating to the “do no significant harm” for pollution prevention and control associated with the use and presence of chemicals that apply horizontally to all economic sectors within the framework of the Taxonomy as a first step towards reviewing and simplifying all related criteria.

CSDDD Directive. In addition to postponing the transposition and application of this Directive, as mentioned above, the following is also proposed:

1. Relieve companies from the obligation to systematically carry out in-depth assessments of adverse impacts that occur or may occur at the level of indirect business partners and require full due diligence related to the value chain beyond the direct business partner only in cases where the company has plausible information suggesting that adverse impacts have occurred or may occur there.
2. Reduce the frequency of periodic assessments of the adequacy and effectiveness of due diligence measures from one to five years, allowing the execution of ad hoc assessments when necessary. This will also reduce the burden on partners, many of which are SMEs, who may receive requests for detailed information during these assessment exercises.
3. Remove the obligation to terminate the business relationship as a last resort, while suspension remains in place.
4. Limit the information that large companies can request, in general terms, from smaller commercial partners (SMEs and small mid-cap companies) to that covered by voluntary standards for SMEs provided in the CSRD.
5. Remove the harmonised European civil liability regime to refer to national laws, while preserving the right of victims to full compensation for damage caused by a breach of the corresponding rules and protecting companies against excessive compensation, within the framework of Member States' civil liability regimes.
6. Align the requirements to adopt transition plans for climate change mitigation with the CSRD.
7. Extend maximum harmonisation of key due diligence obligations to avoid fragmentation among different national standards and ensure a level playing field across the European Union.
8. Remove the review clause that provided for the inclusion of financial services within the scope of the CSDDD.

Carbon Border Adjustment Mechanism Regulation. The main objective is to simplify processes and cut red tape. A key modification is the exemption for importers of small quantities of goods below the cumulative annual threshold of 50 tonnes from the obligations imposed by this regulation. This measure is expected to exclude close to 90% of importers, mainly SMEs and individuals, from obligations, while covering more than 99% of CO_2 emissions from imports in four sectors of the Mechanism (iron and steel, aluminium, cement and fertilisers). In the case of companies that remain within the scope, the authorisation of declarants, the calculation of emissions, the reporting requirements and financial liability are simplified. This will be combined with measures to make the mechanism more effective in order to prevent abuse and circumvention. Such simplification precedes a future extension of the Mechanism to other sectors of the emissions trading system, followed by a new legislative proposal on the extension of the scope in early 2026.

InvestEU Regulation. The objective is to reduce the administrative and reporting burden for the different agents involved in the InvestEU value chain (implementing partners, financial intermediaries and final recipients), in particular for SMEs, by reducing the frequency and content of reports and through other measures. Said simplifications are expected to mobilise an additional EUR 50 billion for public and private investment focused primarily on promoting growth and innovation in key sectors such as clean technology, digitisation and sustainable infrastructure.

Links of interest:

Texts related to the Omnibus I Directive published by the European Commission on 26 February 2025 Texts related to the Omnibus II Directive published by the European Commission on 26 February 2025 Public consultation for the amendment of the Delegated Acts on Taxonomy