10 QUESTIONS ON THE EU OMNIBUS SUSTAINABILITY PACKAGE

1. What are the headlines?

- In February 2025, the European Commission introduced an Omnibus Package of proposed changes to a number of the flagship EU sustainability regulations, in particular impacting sustainability-related reporting and due diligence obligations. In this Briefing, we summarize the important points for companies to be aware of: condensing a significant number of interconnected developments into key Q&As.
- For large EU undertakings, the original **EU Corporate Sustainability Reporting Directive** ("**CSRD**") reporting deadlines have formally been postponed by two years to 1 January 2027. For companies already reporting under CSRD, or non-EU parent companies, reporting deadlines have not been delayed. However, in July 2025, the Commission published a new "quick fix" **delegated regulation** to reduce additional phased-in reporting requirements for the first wave companies that are already reporting. This will provide some short term clarity during the transitional period, before the Omnibus Package is finalized.
- The transposition date for the original **EU Corporate Sustainability Due Diligence Directive** ("**CSDDD**") has formally been postponed by one year to July 2027, which pushes back the first reporting date under CSDDD to July 2028. It may be postponed by a further year pursuant to the latest Council Proposal (defined below).
- Whilst (most) timing changes have been approved, scoping and substantive changes to CSRD and CSDDD obligations continue to be negotiated as part of the European legislative process. All proposals indicate that scoping thresholds are likely to rise and result in significantly fewer companies in scope of the CSRD and CSDDD obligations.
- In terms of sustainability disclosures, the proposed amendments would reduce the number of specific disclosures required and increase consistency between international sustainability-related frameworks.
- Due diligence obligations are due to be scaled back in various ways, in particular to focus on reporting on direct business partners above a certain threshold.
- In June 2025, the Council of the European Union (the "**Council**") published its **agreed position** on the Omnibus Simplification Directive (defined below), as negotiated between the governments of Member States (the "**Council Proposal**"). The Council Proposal will be negotiated with the European Parliament, once the latter reaches its own negotiating position, with a view to reaching a final agreement.
- In total, the legislative process is expected to take 12 to 18 months.
- Overall, this fast moving landscape requires close monitoring given the real impact on companies (public and private, which could include PE portfolio companies) in terms of processes, resources, systems and preparation.

2. What is the Omnibus Sustainability Package?

On 26 February 2025, the European Commission (the "**Commission**" or "**EC**") published its "**Omnibus Package**": a set of legislative proposals aimed principally at scaling back and postponing sustainability reporting and sustainability-related supply chain due diligence obligations under specific legislation, including (i) the CSRD; (ii) the CSDDD; (iii) the EU Taxonomy Regulation; and (iv) the EU Carbon Border Adjustment Mechanism ("**CBAM**").

The Omnibus Package included two separate proposals: one on timing, aiming to delay certain reporting deadlines for CSRD and transposition deadlines for CSDDD (the "**Omnibus Stop the Clock Directive**"); the other proposing amendments to the specific requirements of the legislation in scope (the "**Omnibus Simplification Directive**" or the "**Commission Proposal**").

The Omnibus Stop the Clock Directive moved quickly through the legislative process, with no changes to the proposed text, largely because of the interim uncertainty on timing and deadlines. It was published in the Official Journal in April 2025 and needs to be transposed by Member States by 31 December 2025.

The Omnibus Simplification Directive is more detailed and reflects changes to scoping thresholds and substantive obligations. The Council Proposal builds on and revises the Commission Proposal, introducing new thresholds further discussed in Q&A 4 and 5 below.

3. Why has the EU decided to simplify sustainability reporting?

The Omnibus Package aims to, on the one hand, reduce regulatory complexity, compliance costs and administrative burdens and, on the other hand, encourage investment and growth within the EU. In the **accompanying press release**, the Commission says that the Omnibus amendments are estimated to reduce administrative costs by more than EUR 6BN.

The proposals (or a version of them) had been expected since November 2024, following indications from EC President Ursula von der Leyen. They also relate to the analysis provided in the "**Future of European Competitiveness" report**, published by Mario Draghi, former President of the European Central Bank, in September 2024. That report called out "red tape", "compliance costs" and "regulatory burden" as some of the main challenges for innovation and growth in the EU and discussed concerns arising from sustainability-related requirements, including the CSRD and CSDDD.

In addition to cutting red tape, the Omnibus Package signals increased efforts to improve European competitiveness as recommended in the Draghi Report and to boost investment in the EU, including through proposed amendments to the **InvestEU Regulation** and the **Regulation on the European Fund for Strategic Investments** ("**EFSI Regulation**"), as well as **The Clean Industrial Deal**, which were announced at the same time. Together, they are indicative of the Commission's shift toward balancing sustainability with industrial competitiveness and pragmatism. While the **EU Green Deal** initially emphasised strict environmental targets, the wider investment program prioritises reducing regulatory burdens, streamlining approval processes and supporting low-carbon industrial investment to keep the EU globally competitive.

The Omnibus amendments also follow a series of postponements and delays in the application of sustainability-related regulation, including for the **EU Deforestation Regulation** ("**EUDR**") (implementation postponed by a year to December 2025 with various updated guidance and delegated regulations published so far this year, as well as several Member State proposals to further simplify the regulation); the proposed **EU Green Claims Directive** (which was expected to be approved in 2024, but is delayed); and expected reforms to the **EU Sustainable Finance Disclosure Regulation** ("**SFDR**"), on which also see Q&A 8.

4. How does the Omnibus Package affect CSRD reporting?

TIMING

The Omnibus Stop the Clock Directive confirmed the following changes to reporting deadlines. These changes need to be transposed by Member States by 31 December 2025.

CSRD Position Pre-Omnibus	Confirmed Changes
"First wave" companies (large undertakings with securities trading on an EU regulated market that are already subject to the Non-Financial Reporting Directive): reporting on FY2024 in 2025	No change (but see below proposed changes to scope and reporting obligations that impact first wave companies)
"Second wave" companies (large EU undertakings that do not have securities trading on an EU regulated market and large non-EU issuers with securities trading on an EU regulated market and < 500 employees): reporting on FY2025 in 2026	Reporting postponed to January 2028 (but see below proposed changes to scope that impact second wave companies)
"Third wave" companies (small and medium sized undertakings ("**SMEs**") with securities trading on an EU regulated market: reporting on FY2026 in 2027	Not addressed in the Commission Proposal (see below proposed changes to scope, taking listed SMEs out of scope)
"Fourth wave" companies (non-EU ultimate parent undertakings): reporting on FY2028 in 2029	No change

As referred to and linked in Q&A 1, in July 2025, the EC published a new "quick fix" delegated regulation to the first set of European Sustainability Reporting Standards ("**ESRS**"), which reduces the additional phased-in reporting requirements for first wave companies that have already reported their 2024 data and are obliged to report again for FY2025 and FY2026. See Q&A 10 below for further information. Pursuant to the main Omnibus Package, and, as shown in the tables above and below, from FY2027, many of these first wave / prior reporting companies may be de-scoped entirely and those that do report again are likely to do so against further reduced reporting requirements.

Second wave companies now have extra time to prepare their reports and should await further detail regarding simplified disclosure requirements. In addition, under the Council Proposal, Member States are given the power to waive reporting requirements for companies until 31 December 2026. This could mean that first wave companies are entirely exempt from reporting until 1 January 2027, when they will report with other in-scope companies.

SCOPING

The number of companies in scope of CSRD was reduced by the Commission Proposal and further amended by the Council Proposal. The Commission Proposal and Council Proposal align on raising the employee threshold to over 1,000 employees, however the Council Proposal increases the EU net turnover threshold to EUR 450M (up from EUR 50M in the Commission Proposal). Note that the Council Proposal also removes the requirement of having a balance sheet total threshold.

CSRD Position Pre-Omnibus	Commission Proposal	Council Proposal
Companies with securities trading on an EU regulated market and that have both of the following: ▪ > 500 employees; ▪ Net turnover > EUR 50M AND/OR balance sheet total > EUR 25M	Employee threshold changed to > 1,000 and either of: ▪ Net turnover > EUR 50M; or ▪ Balance sheet total > EUR 25M	Employee threshold remains > 1,000 Net turnover threshold increased to EUR 450M Balance sheet threshold removed
Large EU undertakings are in scope if they have at least two of the following: ▪ ≥ 250 employees; ▪ Net turnover > EUR 50M; or ▪ Balance sheet total > EUR 25M	Large EU undertakings are in scope if they have > 1,000 employees and either of: ▪ Net turnover > EUR 50M; or ▪ Balance sheet total > EUR 25M	Employee threshold remains > 1,000 Net turnover threshold increased to EUR 450M Balance sheet threshold removed
Large non-EU undertakings with securities trading on an EU regulated market and < 500 employees	Large non-EU undertakings with securities trading on an EU regulated market are in scope if they have > 1,000 employees and either of: ▪ Net turnover > EUR 50M; or ▪ Balance sheet total > EUR 25M	Employee threshold remains > 1,000 Net turnover threshold increased to EUR 450M Balance sheet threshold removed
SMEs with securities trading on an EU regulated market other than 'micro-companies'; micro-companies meet at least two of: ▪ ≤ 10 employees; ▪ Net turnover ≤ EUR 900K; and ▪ Balance sheet total ≤ EUR 450K	Due to the > 1,000 employees threshold, listed SMEs are no longer in scope	No change to the Commission Proposal
Non-EU parent companies are in scope if they: ▪ Generate net turnover in the EU of > EUR 150 million; and have either: ▪ A large EU subsidiary in-scope; or ▪ An EU branch that generated net turnover of > EUR 40M	Non-EU parent companies are in scope if they: ▪ Generate net turnover in the EU of > EUR 450M; and have either: ▪ A large EU subsidiary (applying the existing definition, without any increase in the employee threshold); or ▪ An EU branch that generated net turnover of > EUR 50M	No change to the Commission Proposal

SIMPLIFICATIONS

The Omnibus Simplification Directive proposes various changes to CSRD reporting requirements:

- **Simplification of the EU ESRS.** The Commission intends to reduce the number of data points required to be disclosed pursuant to the ESRS by removing those that are deemed to be less important and prioritising quantitative data. These changes are due to be adopted within six months of the entry into force of the Omnibus Simplification Directive. In June 2025, EFRAG (previously known as the European Financial Reporting Advisory Group) published a **Progress Report** on its work to simplify and streamline the ESRS, stating that it is working to reach a 50+ per cent reduction in the number of mandatory datapoints, including to simplify double materiality assessments (also see below). These changes to the ESRS are separate from the "quick fix" simplifications for first wave companies addressed elsewhere in this Briefing. The revised ESRS will be opened to public consultation in September 2025, with the final version submitted to the Commission by November 2025.

- **Double Materiality Assessment ("DMA").** Sustainability reports under CSRD are required to include information about impacts, risks and opportunities across environmental, social and governance matters determined to be material from the impact materiality perspective, the financial materiality perspective, or both. The Commission and the Council did not propose amendments to the DMA framework in CSRD. However, EFRAG's Progress Report suggests that the double materiality principle will be simplified.

- **Removing sector-specific standards.** The Commission proposes to remove the requirement for it to adopt sector-specific ESRSs, which had in any case not yet been published. This also aligns with the Council Proposal. At an entity level, companies will still need to consider whether their material impacts, risks or opportunities are covered in sufficient detail by the ESRS (which are sector-agnostic), and if not, they may need to include additional disclosures.

- **Voluntary reporting.** The Commission aims to limit the information that larger entities need to request from smaller entities with fewer than 1,000 employees, based on the **voluntary sustainability reporting for SMEs** developed by EFRAG.

- **Removing reasonable assurance requirements.** The Commission Proposal and the Council Proposal both propose to remove the requirement to move from a limited to reasonable assurance requirement. Under CSRD, reasonable assurance standards were required to be adopted by October 2028. CSRD requires the Commission to adopt limited assurance standards by October 2026, but this deadline has been proposed to be deleted in the Omnibus Simplification Directive and Council Proposal. The proposals include a requirement to provide targeted assurance guidelines by 2026.

- **Optional EU Taxonomy Reporting.** The Commission proposes an EU Taxonomy "opt-in" regime for large undertakings with a net turnover not exceeding EUR 450M, among other revisions. See Q&A 6 below for more detail.

5. How does the Omnibus Package affect CSDDD reporting?

TIMING AND SCOPE

The Omnibus Stop the Clock Directive postponed the transposition date for CSDDD by one year to July 2027. This defers the deadline for Member State implementation to July 2028. Two waves of implementation will follow from then, ending in July 2029. Despite the adoption of the Omnibus Stop the Clock Directive, the Council Proposal includes a further delay to the transposition date of the CSDDD, which would push the first reporting obligation to July 2029.

The Commission Proposal included no proposed changes to the overall CSDDD scope, such that it still applies to (i) EU companies with more than 1,000 employees and net worldwide turnover of more than EUR 450M; and (ii) non-EU companies with net turnover in the EU of more than EUR 450M. The Council Proposal increases these thresholds to 5,000 employees and EUR 1.5BN net turnover.

CSDDD Position Pre-Omnibus	Confirmed Changes	Council Proposal
Transposition date: July 2026	Delayed to July 2027	Delayed to July 2028
Applicable in July 2027: ▪ EU companies with > 5,000 employees and net worldwide turnover > EUR 1.5BN ▪ Non-EU companies with a net turnover in the EU of > EUR 900M	Removed as a separate reporting category, thereby deferring applicability to July 2028 (see below)	Delayed to July 2029: ▪ EU companies with > 5,000 employees and net worldwide turnover > EUR 1.5BN ▪ Non-EU companies with a net turnover in the EU of > EUR 1.5BN
Applicable in July 2028: ▪ EU companies with > 3,000 employees and net worldwide turnover > EUR 900M ▪ Non-EU companies with a net turnover in the EU of > EU 900M	No change	Removed
Applicable in July 2029: ▪ EU companies with > 1,000 employees and net worldwide turnover > EUR 450M ▪ Non-EU companies with a net turnover in the EU of > EUR 450M	No change	Removed

SIMPLIFICATIONS

Proposed changes to diligence requirements include:

- **Narrowing the supply chain diligence / tier 1.** The Commission Proposal limits diligence to the companies' own operations, those of its subsidiaries and direct "tier 1" businesses in their value chain which have 500 employees or more. The Council Proposal adopts a risk-based approach, focusing on areas where actual and potential adverse impacts are most likely to occur. Companies should conduct a scoping exercise based on "reasonably available information" to identify where adverse impacts are likely to occur; identified adverse impacts should then be subject to a more in-depth assessment. The Council Proposal states that, with respect to direct business partners, information should only be requested where it is necessary and, in the case of those partners with fewer than 1,000 employees, cannot reasonably be obtained by other means.
- **Tier 2 suppliers.** Under the Commission Proposal, indirect supply chain relationships, or 'tier two' relationships, which were previously in scope, would only need to be subject to due diligence pursuant to CSDDD where there is "plausible information" that suggests adverse impacts at the level of the operations of an indirect business partner have arisen or may arise. The Council Proposal includes a narrower threshold for determining adverse impact at the tier 2 level, based on "objective and verifiable information", which is information that objectively has a reasonable likelihood of being true, taking into account multiple factors including a credible source.
- **Limited stakeholder engagement.** Under the existing regime, in-scope companies are required to conduct "meaningful engagement" with stakeholders, including ongoing consultation allowing for "genuine interaction and dialogue at the appropriate level". The scope of stakeholders currently stretches to (among others) "communities or entities whose rights or interests are or could be affected by the products, services and operations of the company, its subsidiaries and its business partners". The Commission proposes to limit the definition of "stakeholder" to subsidiaries, business partners, workers and their representatives, as well as individuals and communities whose interests are or could be "directly" affected by the products, services or operations of the company, its subsidiaries and its business partners. The Council Proposal includes the same definition.
- **Suspending business relationships with severe adverse impacts.** In alignment with the Commission Proposal, the Council Proposal suggests removing the obligation to terminate business relationships where there are actual or potential adverse impacts. Instead, where the business operations of a supplier are linked to severe adverse impacts (such as child labour or significant environmental harm), and the company has unsuccessfully exhausted all due diligence measures to address these impacts, the company, as a last resort measure, should suspend the business relationship while continuing to work with the supplier towards a solution, where possible using any increased leverage resulting from the suspension.

- **Reducing frequency of periodic assessments of due diligence effectiveness.** In alignment with the Commission, the Council proposes to require due diligence effectiveness to be assessed every five years at a minimum (instead of annually), as well as without delay after a significant change occurs and whenever there are reasonable grounds to believe that measures are no longer adequate or effective, or that new risks of the occurrence of adverse impacts may arise.
- **Application to downstream activities.** Both the Commission Proposal and the Council Proposal include the removal of the requirement for the EC to review application of CSDDD to the downstream activities of financial services companies.

PENALTIES/FINES

Both the Commission and Council Proposals would remove the existing CSDDD provision that provides (i) for penalties to be based on net worldwide turnover; and (ii) that any cap on penalties should not be less than 5% of net worldwide turnover. Instead, the Commission and Council Proposals only set guidelines for penalties and defer to national laws to decide on specific measures. The Council Proposal includes a further requirement for Member States to set a maximum limit on penalties which should be no more than 5% of net worldwide turnover.

TRANSITION PLANS

Both the Commission and Council Proposals retain the requirement for a climate transition plan, which should include time-bound targets as well as annual updates showing progress toward achieving defined goals. The key details include:

- **Obligation to adopt a transition plan.** The Commission Proposal retained the original "best efforts" requirement to adopt a transition plan which is compatible with limiting global warming by 1.5 degrees and the Paris Agreement. The Commission Proposal included a clarification that the obligation to adopt a transition plan would mean outlining implementing actions only, instead of "putting into effect" a transition plan, which is considered less onerous. The Council Proposal replaces the "best efforts" requirement with "reasonable efforts" and removes the reference to limiting global warming to 1.5 degrees.
- **Substance.** The Council Proposal clarifies that companies should be given flexibility over the content of the plan, including the option to not include short term and long term time-barred targets. The Council Proposal grants supervisory authorities the power to investigate and request information from companies on their transition plans, while noting that supervisory authorities should only supervise mandatory adoption of the transition plans and should prioritise cooperation over enforcement action.
- **Timing.** The Council Proposal includes a transitional period, during which the adoption of transition plans should not be mandatory. The transitional period should last two years following the application of CSDDD, meaning that (following the Council's proposal to further delay transposition to 2028 and application to 2029), transition plans would be mandatory from July 2031.

6. How do the Omnibus Package proposed amendments affect non-EU companies?

In a nutshell, the key changes for non-EU companies are:

- **Fewer companies in scope of CSRD.** As set out in Q&A 4 above, the Commission Proposal and Council Proposal amendments increase the threshold for amount of turnover generated in the EU to EUR 450M, from the existing EUR 150M threshold.
- **No change in respect of timing for reporting under CSRD.** Non-EU companies in scope will still need to report in 2029.
- **Removing extraterritorial reach of CSDDD.** Both the Commission and Council Proposals look to amend the CSDDD provision on harmonised EU conditions for civil liability by issuing guidance to assist supervisory authorities in determining the level of penalties and otherwise deferring to national civil liability regimes. This proposal addresses concerns raised by the Biden and Trump Administrations about the impact of CSDDD on US companies. The **Prevent Regulatory Overreach from Turning Essential Companies into Targets Act** (the "**PROTECT USA Act**") was introduced in the US Senate earlier this year and has recently been referred to the US Senate Committee on Foreign Relations. It aims to prohibit certain US entities from being forced to comply with any foreign sustainability due diligence regulation (defined to include CSDDD), prohibit the taking of any adverse action against such entities for action or inaction related to the regulation, and establish a private right of action for such entities to bring civil actions when aggrieved.

- **CSDDD reporting delayed by a year for non-EU companies with over EUR 1.5BN net turnover in the EU (subject to further delay following the Council Proposal).** Non-EU companies with EUR 1.5BN or less net turnover in the EU would be out of scope. See further detail in Q&A 5 above.
- **Simplified requirements.** For companies in scope, simplifications will be made to the number and substance of disclosure requirements and extent of diligence obligations. See Q&A 4 and 5 above for further detail.

7. Beyond CSRD and CSDDD, what other regulatory changes are being proposed under the Omnibus Package?

EU TAXONOMY

Under the current Taxonomy Regulation, large companies and groups, and certain SMEs, subject to CSRD reporting must complete Taxonomy reporting. The proposed changes to the scope of CSRD will take many companies out of scope of this mandatory Taxonomy reporting. Those that are in scope but do not meet the proposed EUR 450M net turnover test will be able to voluntarily "opt in". Companies that choose to claim that their activities qualify, fully or partially, as environmentally sustainable under the Taxonomy Regulation would be required to disclose their turnover and CapEx KPIs and may choose to disclose their OpEx KPI.

In July 2025, the Commission proposed various amendments to specific reporting requirements under the Taxonomy Regulation and its delegated acts, as summarised and linked in the accompanying **press release**. Amendments include a 10% de minimis threshold (calculated by total turnover, CapEx or OpEx) for revenue-generating activities which would be considered immaterial and not subject to reporting; streamlining reporting templates by cutting the number of reported data points; and simplifying the Do No Significant Harm criteria for pollution prevention and control related to chemicals. The Commission's amendments will next be scrutinised by Parliament and the Council and, once endorsed by both, published in the Official Journal.

In parallel with the above changes, the Commission is undertaking a more comprehensive review of the EU Taxonomy criteria and disclosures. Subject to publishing a statement contained within a management report, confirming activities in no way claim to be associated with environmentally sustainable activities under the Taxonomy Regulation, it is possible for companies to avoid reporting detailed Taxonomy information and KPIs. This flexibility is offered until 31 December 2027, until the Commission reviews in detail the Taxonomy disclosure rules and criteria. For more information, see the Commission's **Taxonomy Q&A**.

THE CARBON BORDER ADJUSTMENT MECHANISM AMENDMENTS

The Omnibus Package notes that the requirements under the current CBAM regime (which is due to apply fully in 2026) resulted in too many administrative hurdles for occasional importers of small quantities of CBAM goods (which cover cement, iron and steel, aluminium, fertilisers, electricity and hydrogen). Proposed amendments to the CBAM include introducing a new de minimis threshold for determining in-scope importers up to 50 tonnes of covered goods. This is expected to reduce the number of importers by 90%. This should have a knock-on effect on non-EU companies selling into the EU, who would therefore also be exempt from the regulation. The CBAM is scheduled to be fully reviewed later this year. The EU Parliament and the Council confirmed their agreement to the proposed amendments to the CBAM in June 2025. The amendments will only enter into force once fully endorsed by both the EU Parliament and the Council.

EU INVESTMENT

As mentioned in Q&A 2, the Omnibus Package aims to simplify and amend the InvestEU Regulation, which established a program in 2021 to support financing that primarily contributes to competitiveness, economic growth, as well as green and digital transitions in the EU. The program currently has a budgetary guarantee of EUR 26.2BN to support such initiatives. In order to qualify for support, participants have to comply with several monitoring and reporting requirements.

The Omnibus Package proposes to increase the size of the EU guarantee by EUR 2.5BN and increase the InvestEU's funding capacity through the use of reflows from the European Fund for Strategic Investments and combining other legacy financial instruments portfolios such as CEF Debt Instrument and InnovFin Debt Facility.

The proposed changes are expected to mobilise around EUR 50BN in additional public and private investment and are intended to target toward "higher risk activities" such as tech sectors, defence and the Clean Industrial Deal.

In keeping with the rest of the Omnibus amendments, the Commission proposes to simplify and reduce InvestEU reporting requirements. In particular, it intends to propose simplifications to key performance and monitoring indicators which affect SMEs and social enterprises.

8. Is SFDR impacted by the Omnibus changes?

The SFDR is not directly in scope of the Omnibus Package changes. However, various aspects of the proposed reforms will indirectly impact the SFDR. For example, certain information required to complete the SFDR periodic disclosures may rely on CSRD-reported data, so any reduction in corporate sustainability reporting obligations could lead to inconsistencies or gaps in disclosures for investment funds subject to SFDR.

The Commission is separately considering significant reforms to the SFDR regime and is likely to look for specific alignment opportunities.

For more information on proposed SFDR reforms, see our Briefing "**The EU Sustainable Finance Disclosure Regulation 2.0: 10 Questions**" or contact us directly.

9. How has the market responded to the Omnibus proposals?

The delay in reporting requirements has been broadly welcomed by the market, particularly by companies that were struggling to comply with the existing CSRD requirements.

The proposal to reduce the scope of entities caught by CSRD provoked mixed reactions. Some stakeholders welcome the proposed simplification of the reporting obligations, considering it a necessary easing of the regulatory burden. Others are concerned that the changes could lead to regulatory uncertainty and inconsistencies in sustainability disclosures, especially where financial institutions and funds rely on ESG data in order to quantify and assess investment risk. Some market participants have also suggested proposals dilute the EU's sustainability ambitions.

In April 2025, ClientEarth and seven other NGOs filed an **official complaint** to the European Ombudsman about the Omnibus Package, claiming the Commission failed to conduct an impact assessment, carry out a public consultation and adhere to EU rules and principles surrounding transparent, evidence-based and inclusive policy and lawmaking. As a result, the EU Ombudsman, Teresa Anjinho, opened an inquiry into the process behind the Omnibus on the grounds of alleged procedural shortcomings. As of July 2025, these claims are progressing with a recent update from ClientEarth suggesting the Omnibus Package may violate several EU Treaty provisions.

In June 2025, over 198 signatories, including institutions such as the Principles for Responsible Investment, Global Reporting Initiative and the Institutional Investors Group on Climate Change published a **joint statement** emphasising the importance of preserving the core of the EU sustainable finance framework. It says that regulatory simplification can be achieved without compromising on the substance of sustainability rules or their significant benefits for businesses across the EU.

10. What does the Omnibus Package mean for now, in practice?

- **Uncertainty.** As reflected in this Briefing, the Omnibus Package proposes substantive, long term changes to CSRD and CSDDD. However, the ongoing legislative negotiation and projected timelines means that uncertainty for companies remains. Staying up to date with developments is critical for efficiency, risk management and preparedness.
- **First wave companies.** A large number of first wave companies have published their first CSRD reports amidst the Omnibus uncertainty: according to a **white paper** published by Key ESG, as at June 2025, nearly 500 companies had already published reports. As referenced and linked earlier in this Briefing, in July 2025, a new delegated regulation to the ESRS was published to relieve first wave companies from additional reporting requirements during FY2025 and FY2026 and to largely eliminate a prior distinction between first wave companies with more or less than 750 employees (i.e. companies with more than 750 employees will now benefit from the reduced requirements that previously just applied to companies with less than 750 employees). Refer to this link for a **summary of the modifications**. This "quick fix" ESRS delegated act will come into effect once published in the Official Journal, and will apply for the financial year starting 1 January 2025.

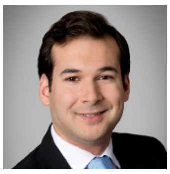
Notably, and in the context of the main Omnibus Package, the Council Proposal also looks to address the issues faced by first wave companies by allowing Member States to disapply reporting requirements for companies until 31 December 2026. This would be particularly relevant for CSRD reporting obligations in 2026, as companies caught in the transition may struggle to determine whether to pause their compliance efforts or continue preparing. However, the Council Proposal needs to be negotiated and endorsed by Parliament and then be implemented by Member States, giving it a much longer runway.

- **Member State implementation.** Companies operating in the EU should monitor how Member States are responding to the Omnibus Package and plan accordingly. A large number of EU countries have already transposed the CSRD (France, Greece, Italy, Poland, Sweden, among others) and will need to consider how best to manage any corresponding adaptations to national law, including whether or not companies already in scope will be required to publish reports.
- **Diligence.** The Omnibus Package may present significant cost-saving opportunities for investors in M&A and PE transactions. With higher employee and revenue thresholds, many companies that previously anticipated mandatory sustainability reporting may now fall out of scope and will need to determine whether to disclose sustainability information on a voluntary basis, for example, to satisfy investor or other stakeholder expectations. Some businesses that have already invested in compliance teams and reporting infrastructure may find these systems to be overly complex and no longer fit for purpose. Investors are likely to examine whether a target company has overinvested in sustainability compliance and whether cost-cutting measures could increase profitability, EBITDA and valuation.

  For PE firms, the delayed implementation of CSDDD provides additional time to assess risk exposure before compliance obligations take effect. The one-year postponement (or potentially two-year postponement under the Council Proposal) means that investors have more flexibility to align ESG due diligence with commercial priorities rather than rushing to meet regulatory deadlines. This is particularly relevant when considering supply chain risks because, post Omnibus, companies may only need to conduct in-depth assessments on their direct business partners, rather than the entire value chain. The reduction in data collection burdens from smaller businesses also ensures that SMEs in PE portfolios face fewer compliance costs, making them more attractive acquisition targets.
- **Implementing transition plans.** The Council Proposal would seem to only make transition plans mandatory from July 2031, but companies should factor in competing requirements and deadlines under other frameworks, such as the ISSB (International Sustainability Standards Board) IFRS standards, noting the need to assess their obligations across multiple regimes and jurisdictions.

For More Information

For further information, including how Weil can support with further questions on Omnibus-related preparation or development tracking and/or to be notified of future Weil ESG publications, please contact any of the authors below.



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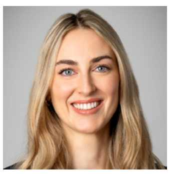

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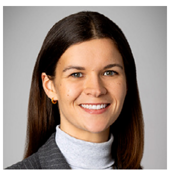

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