

## THE OMNIBUS SUSTAINABILITY PACKAGE – HEADLINES

1. In February 2025, the European Commission introduced an **"Omnibus Package"** of proposed changes to a number of the flagship EU sustainability legislation, in particular impacting sustainability-related reporting and due diligence obligations. The Omnibus Package was conceived as part of the EU's simplification agenda and aims to limit the regulatory and compliance burden for companies based and/or operating in the EU.
2. Broadly, the Omnibus Package included two separate, substantive proposals:
  - one focused on timing, aiming to delay certain reporting deadlines under the **EU Corporate Sustainability Reporting Directive ("CSRD")** and transposition deadlines for the **EU Corporate Sustainability Due Diligence Directive ("CSDDD")** (the **"Omnibus Stop the Clock Directive"**); and
  - the other proposing amendments to the specific requirements of the CSRD and CSDDD (the **"Omnibus Simplification Directive"** or **"Commission Proposal"**) that would result in a more limited scope of both directives and other substantive changes.
3. The Omnibus Stop the Clock Directive, published in the EU Official Journal in April 2025, requires transposition by Member States by the end of the year. For large EU undertakings that had not yet commenced reporting under the CSRD, it postpones their first reporting date by two years to 1 January 2028. Additionally, it extends the transposition date for the CSDDD by two years to July 2028.
4. For "first wave" companies already reporting under the CSRD, and for non-EU parent companies that are due to report in 2029, reporting deadlines were not delayed. However, in July 2025, the Commission published a "quick fix" **delegated regulation**. This delegated regulation aimed to reduce certain phased-in reporting requirements that first wave companies would have otherwise faced in 2026, providing short-term clarity during the transitional period before the Omnibus Package is finalised.
5. While most timing changes were approved swiftly, scoping and substantive changes to the CSRD and the CSDDD obligations continue to be heavily negotiated as part of the European legislative process.
6. In June 2025, the Council of the European Union (the **"Council"**) published its **agreed position** on the Omnibus Simplification Directive, as negotiated between the governments of EU Member States (the **"Council Proposal"**). In November 2025, the European Parliament adopted its position after an intense negotiation period (the **"Parliament Proposal"**). MEPs had been sharply divided on the direction of the Parliament's position, with right-leaning parties looking for more substantive changes than those in the Commission's Proposal or to scrap the requirements altogether. Based on the **press release** and **texts adopted**, the Parliament Proposal reflects concessions made in that it dilutes CSRD and CSDDD beyond the Commission Proposal, particularly in introducing a higher employee number threshold for the CSRD and removing the requirement to prepare climate transition plans under CSDDD.
7. The number of companies in scope of CSRD would be reduced under all Proposals: the Commission and Council align on raising the employee threshold to over 1,000 employees for EU companies (up from 250), however the Council Proposal also increases the EU net turnover threshold to over EUR 450M (up from EUR 50M). The Parliament Proposal raises the employee threshold further to over 1,750 employees, also with an increased net annual turnover of over EUR 450M. Under the Commission, Council and Parliament Proposals, non-EU companies would be subject to the same EUR 450M threshold for turnover in the EU (up from EUR 150M), but would have no minimum employee number.
8. The Commission Proposal included no proposed changes to the overall CSDDD scope, such that it would still apply 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 and the Parliament Proposal increase these thresholds to more than 5,000 employees and over EUR 1.5BN net annual turnover (as above, non-EU companies would not be subject to the minimum employee number). Significant concerns over the extraterritorial

reach of CSDDD have been raised, including by the US, where specific legislation has been tabled in the Senate which would prohibit certain US companies from being forced to comply. In October 2025, the US and Qatar were reported to have together written to EU energy ministers expressing their concerns, suggesting that the CSDDD could also damage trade deals, investment and energy supplies.

9. In terms of substantive obligations: under CSRD, all three Proposals agree on simplifying and reducing reporting standards and retain the concept of a Double Materiality Assessment, albeit simplified; and under CSDDD, due diligence obligations, which focus on reporting adverse environmental and human rights impacts in supply chains, are scaled back (albeit with some expected variations) and focus on direct business partners above a certain threshold. CSDDD requirements related to

climate transition plans remain in the Commission and Council Proposals (albeit in a diluted form) but have been removed from the Parliament Proposal. EU Member States are anticipated to assume responsibility for enforcement and setting penalties (within certain guidelines to be published by the Commission).

10. Trilogues, or negotiations between representatives of the European Parliament, the Council and the Commission on the three Proposals, are expected to begin on 18 November, with a view to finalising the Omnibus Package by the end of this year.

This rapidly evolving landscape necessitates close monitoring due to its significant impact on public and private (including PE portfolio) companies and certain other entities in terms of processes, resources, systems, and preparation.

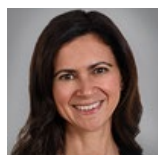
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JAMES BROMLEY

+44 20 7903 1067  
james.bromley@weil.com



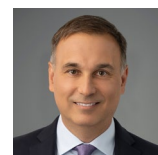
REBECCA GRAPSAS

+1 212 310 8668  
rebecca.grapsas@weil.com



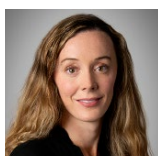
SETH KERSCHNER

+1 212 310 8450  
seth.kerschner@weil.com



MATT MORTON

+1 202 682 7053  
matthew.morton@weil.com



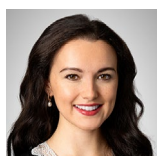
AMY WADDINGTON

+44 20 7903 1469  
amy.waddington@weil.com



HANNAH LAURIE

+44 20 7903 1161  
hannah.laurie@weil.com



BRYONY PEARSON

+44 20 7903 1683  
bryony.pearson@weil.com



KATE BYSTRYK

+44 20 7903 1171  
katarzyna.bystryk@weil.com

# WEIL.COM

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