

OMNIBUS I – CSRD & CSDDD SIMPLIFICATION PROPOSAL

We set out below what would (and what wouldn't) change under the Omnibus Package proposals.

- **Pink text** shows changes proposed by the Commission to the Level 1 text of the Audit Directive, Accounting Directive, CSRD and CSDDD.
- **Green text** shows changes to the Commission's proposal as put forward by the Council in its negotiating mandate.

Topic	Current status	Commission's proposed amendments	Council's proposed amendments	Comment on Council position
Sustainability reporting / amendments to Accounting Directive, Audit Directive and CSRD				
CSRD - Scoping (EU undertakings)	<p><u>Large undertakings</u></p> <p>Undertaking meeting 2 of the 3 criteria:</p> <ul style="list-style-type: none"> • Balance sheet total > EUR 25m • Net turnover > EUR 50m • Average no. of employees > 250 <p><u>Listed SME</u></p> <p>Undertaking meeting 2 of the 3 criteria:</p> <ul style="list-style-type: none"> • Balance sheet total > EUR 450k • Net turnover > EUR 900k • Average no. of employees > 10 <p>with transferable securities admitted to trading on an EU</p>	<p>Undertaking with average no. of employees > 1000 and either:</p> <ul style="list-style-type: none"> • Net turnover > EUR 50m; or • Balance sheet total > EUR 25m <p>Parent undertaking of group which, on a consolidation basis, has average no. of employees > 1000 and either:</p> <ul style="list-style-type: none"> • Net turnover > EUR 50m; or • Balance sheet total > EUR 25m 	<p>Undertaking with average no. of employees > 1000 and Net turnover > EUR 450m</p> <p>Parent undertaking of group which, on a consolidation basis, has average no. of employees > 1000 and Net turnover > EUR 450m</p> <p>A new provision to add a review clause allowing future reassessment of the scope, including to third-country undertakings operating directly on the Union internal market without an EU subsidiary or branch.</p>	<p>The Council supports raising the employee threshold to 1,000 (from 250) and taking listed SMEs out of scope.</p> <p>However, the Council proposes a new €450 million net turnover threshold to further reduce the scope of CSRD – this marks a significant departure from the current requirement to meet either a balance sheet total exceeding EUR 25m or net turnover exceeding EUR 50m.</p>

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	<p>regulated market.</p> <p><u>Parent undertaking of large group</u></p> <p>Consolidated group meeting 2 of the three criteria on consolidated basis:</p> <ul style="list-style-type: none"> • Balance sheet total > EUR 25m • Net turnover > EUR 50m • Average no. of employees > 250 			
<p>CSRD - Scoping (non-EU undertakings)</p>	<p><u>Listed companies</u>: Undertaking with transferable securities admitted to trading on an EU regulated market (and subject to the Transparency Directive) – if undertaking meets the criteria above for EU undertakings</p> <p><u>“Article 40a” companies</u>: Ultimate parent undertaking of a group which:</p> <ul style="list-style-type: none"> • generates EU turnover > EUR 150m <p>and has either:</p> <ul style="list-style-type: none"> • EU subsidiary qualifying as a large undertaking or listed SME 	<p><u>Listed companies</u>: Undertaking with transferable securities admitted to trading on an EU regulated market (and subject to the Transparency Directive) – aligned with the above criteria for EU undertakings.</p> <p><u>“Article 40a” companies</u>: Ultimate parent undertaking of a group which:</p> <ul style="list-style-type: none"> • generates EU turnover > EUR 450m <p>and has either</p> <ul style="list-style-type: none"> • a large EU subsidiary (i.e., meeting 2 of the 3 criteria: 	<p>No change to the Commission's proposed scoping for non-EU undertakings, but see changes to criteria for EU undertakings above.</p>	

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	<p>(see above); or</p> <ul style="list-style-type: none"> EU branch which generates > EUR 40m 	<p>balance sheet total > EUR 25m; net turnover > EUR 50m; average number of employees > 250); or</p> <ul style="list-style-type: none"> EU branch which generates > EUR 50m 		
<p>CSRD - Assurance</p>	<p>In scope companies to obtain limited assurance from a third party in respect of their sustainability report, covering compliance with ESRS, double materiality assessment process, EU Taxonomy disclosures and digital tagging.</p> <p>Commission to adopt limited assurance standards by 1 October 2026.</p> <p>Following a feasibility study, the Commission to adopt reasonable assurance standards by 1 October 2028, and specify when reasonable assurance standards shall apply to sustainability reports.</p>	<p>Sustainability reports remain subject to limited assurance.</p> <p>Commission to be given more flexibility to adopt limited assurance standards (with no deadline).</p> <p>Requirement to transition to reasonable assurance standards removed.</p>	<p>No change to the Commission's proposal on limited/reasonable assurance.</p> <p>Amendments to approval requirements for audit firms that carry out assurance of sustainability reporting to ensure proportionality.</p>	
<p>CSRD - Voluntary</p>	<p>N/A</p>	<p>A new provision empowering the Commission to adopt voluntary</p>	<p>No change to provision empowering Commission to adopt</p>	

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<p>reporting standards</p>		<p>sustainability reporting standards for otherwise out of scope companies.</p>	<p>voluntary sustainability reporting standards, but see below.</p> <p>A new provision requiring the Commission to review the delegated act including the voluntary sustainability standards at least every 4 years.</p>	
<p>CSRD - Value chain reporting</p>	<p>Sustainability reports to contain information about a company's own operations and value chain (with 3 year "comply or explain" phase-in to the extent that value chain information is not available).</p> <p>The ESRS are required to take into account the difficulties companies may face in obtaining information from value chain companies, particularly those not subject to CSRD.</p>	<p>In the context of value chain reporting, the reporting company is limited in respect of the information it can obtain from companies in the value chain with no more than 1000 employees to:</p> <ul style="list-style-type: none"> information set out under the voluntary sustainability standards (see above); and if relevant, additional sustainability information commonly shared between companies in that sector. <p>This is without prejudice to the Union requirements to conduct a due diligence process.</p> <p>Assurance providers are required</p>	<p>In the context of value chain reporting, companies in the value chain with <1,000 employees shall have a statutory right to decline to provide information exceeding the voluntary sustainability standards.</p> <p>This is without prejudice to the Union requirements to conduct a due diligence process. It also does not prohibit sharing information, such as information commonly shared between companies in that sector, on a voluntary basis.</p>	<p>A driver behind the Omnibus Package was to reduce the "trickle down" burden of CSRD on otherwise out of scope companies (e.g. unlisted SMEs) in the value chain of in scope companies.</p> <p>While the ESRS are currently required to take the impact on value chain companies into account, the Council's position builds upon the Commission's proposals to "hardwire" this protection by giving companies in the value chain with <1,000 employees a statutory right to decline to provide information exceeding the voluntary reporting standards.</p>

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		<p>to respect this obligation on reporting companies when preparing their assurance opinion.</p> <p>The three year “comply or explain” phase-in provisions are retained.</p>	<p>Assurance providers are required to respect this right to decline to provide information to the reporting entity exceeding the voluntary sustainability standards when preparing their assurance opinion.</p> <p>The three year “comply or explain” phase-in provisions are retained.</p>	
<p>CSRD - Digital tagging / single electronic reporting format</p>	<p>Companies to mark up their sustainability report (and Taxonomy alignment disclosures) in accordance with the electronic reporting format.</p> <p>The company board has collective responsibility for ensuring the management report (including the sustainability report) are drawn up and published in accordance with the digital tagging/ single electronic format reporting requirements.</p>	<p>Companies will not be required to mark up their sustainability reporting until the rules for electronic reporting are adopted.</p> <p>The board’s collective responsibility extends only to the publication of the management report in the single electronic format, not to the preparation of the report in the single electronic format.</p>	<p>No change to the Commission’s proposal on electronic reporting format under Article 29(d) of the Audit Directive.</p> <p>The board’s collective responsibility extends to the publication of the management report in the single electronic format, and Member States may provide that this does not extend to the preparation of the report in the single electronic format.</p>	

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CSRD - Double materiality	<p>Companies to report on both impact and financial materiality (other than non-EU undertakings not listed on an EU regulated market).</p>	<p>No change but, as noted in the row below, it is expected that the revised ESRS will provide greater clarity on materiality.</p>	<p>No change to the Commission's position.</p>	
CSRD – European Sustainability Reporting Standards (ESRS)	<p>ESRS have been adopted by Delegated Regulation and have applied since 1 January 2024.</p> <p>The ESRS consist of 2 cross-cutting standards and 10 sector agnostic topical standards.</p> <p>The ESRS cover include approximately 1,191 individual data points, although companies only have to disclose material sustainability impacts, risks and opportunities following a double materiality assessment.</p>	<p>Omnibus I does not amend the ESRS.</p> <p>However, the Commission has stated that it intends to adopt a delegated act to revise the first set of ESRS within 6 months of approval of Omnibus I.</p>	<p>No change to the Commission's position.</p>	<p>According to the Commission and the Council, the revised ESRS would substantially reduce the number of mandatory data points by:</p> <ul style="list-style-type: none"> • removing those deemed least important • prioritising quantitative data points over narrative text • further distinguishing between mandatory and voluntary data points <p>The revised ESRS would:</p> <ul style="list-style-type: none"> • clarify provisions deemed unclear • improve consistency with other EU legislation • provide clarity on the materiality principle

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				<ul style="list-style-type: none"> • simplify the structure and presentation of the standards • enhance interoperability with global standards • take into account experience of the first application of the ESRS. <p>The Council has added that the revised ESRS would, if appropriate in light of the goal of reducing burden and providing clarification, also introduce provisions regarding the specific situation of financial sector undertakings.</p>
CSRD - further standards	Commission required to adopt: <ul style="list-style-type: none"> • sector specific standards • standards for "Article 40a" non-EU companies by 30 June 2026	The requirement to adopt sector specific standards is deleted . The requirement for Article 40a company standards is retained.	No change to the Commission's position.	

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EU Taxonomy				
<p style="text-align: center;">Note that Omnibus I does not amend the Level 1 EU Taxonomy Regulation. However, certain amendments to the Accounting Directive impact the application of the Taxonomy disclosure requirements – these are set out below.</p> <p style="text-align: center;">As set out in our original note on the Omnibus proposals, the Commission is also consulting on amendments to the Level 2 Taxonomy Delegated Acts.</p>				
Taxonomy - Scope (Article 8 reporting)	As per CSRD (other than in relation to non-EU undertakings in scope of Article 40a).	<p>As Article 8 of the EU Taxonomy cross references Articles 19a and 29a Accounting Directive, the proposed change of scope of CSRD would also apply to companies reporting under Article 8 EU Taxonomy.</p> <p>The Omnibus I package does propose an “opt in” taxonomy reporting requirement for all but the largest companies. A company (or parent of a group on a consolidated basis) which:</p> <ul style="list-style-type: none"> • has average no. of employee >1000; • has net turnover of ≤ EUR 450m; and • does not claim its economic activities align or partially align with the EU Taxonomy, 	No change to the Commission's proposal on optional Taxonomy reporting for certain undertakings	

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		<p>would be out of scope of mandatory Taxonomy Reporting.</p> <p>However if such a company did claim full or partial Taxonomy alignment of its economic activities, it would need to comply with new disclosure requirements to be adopted by the Commission under delegated act and specifically designed for such "opt in" disclosures.</p> <p>A company (or parent of a group on a consolidated basis) with > 1000 employees and net turnover > EUR 450m, will need to comply with the full requirements of the Taxonomy Article 8 delegated act.</p>		

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Sustainability Due Diligence / CSDDD				
CSDDD - Scope	<ul style="list-style-type: none"> • EU company with both: <ul style="list-style-type: none"> ◦ Net turnover > EUR 450m ◦ Average no. of employees > 1000 • Ultimate EU parent company of a group with both (on a consolidated basis): <ul style="list-style-type: none"> ◦ Net turnover > EUR 450m ◦ Average no. of employees > 1000 • Non-EU company with net turnover in EU > EUR 450m • Non-EU ultimate parent company with net turnover in EU (on consolidated basis) > EUR 450m. • EU (parent) company which made > EUR 22.5m from franchising or licensing royalties 	<p>No change.</p>	<ul style="list-style-type: none"> • EU company with both: <ul style="list-style-type: none"> ◦ Net turnover > EUR 1.5bn ◦ Average no. of employees > 5000 • Ultimate EU parent company of a group with both (on a consolidated basis): <ul style="list-style-type: none"> ◦ Net turnover > EUR 1.5bn ◦ Average no. of employees > 5000 • Non-EU company with net turnover in EU > EUR 1.5n • Non-EU ultimate parent company with net turnover in EU (on consolidated basis) > EUR 1.5n • EU (parent) company which made > EUR 22.5m from franchising or licensing royalties 	<p>The Council proposes limiting the CSDDD to companies with at least 5000 employees and €1.5 billion in net turnover – this marks a significant departure from the current thresholds and may become a sticking point once trilogue negotiations begin.</p>

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	<p>and had a global turnover > EUR 80m.</p> <ul style="list-style-type: none"> • Non-EU (parent) company which made > EUR 22.5m from franchising or licensing royalties in the EU and had a turnover generated in the EU > EUR 80m 		<p>and had a global turnover > EUR 80m.</p> <ul style="list-style-type: none"> • Non-EU (parent) company which made > EUR 22.5m from franchising or licensing royalties in the EU and had a turnover generated in the EU > EUR 80m 	
CSDDD – Transposition timing	Deadline for transposition: 26 July 2026 (pre-Omnibus).	Deadline for transposition deferred by 1 year to 26 July 2027 under “Stop-the-clock” directive.	Deadline for transposition deferred by an additional year to 26 July 2028 .	
CSDDD - Harmonisation	Member states can impose stricter due diligence requirements in certain areas.	Member states would no longer be allowed to impose stricter due diligence requirements in certain areas , including: <ul style="list-style-type: none"> • Risk assessment; • Penalties; • Value chain due diligence. 	No change to the Commission's proposed amendments.	
CSDDD - Due diligence within chain of activities	Companies are to conduct assessment of actual or potential adverse impacts that may occur in their entire value chains, including at the level of indirect business partners.	As a general rule, due diligence is limited only to the company's own operations, those of its subsidiaries and those of its direct business partners (tier 1) . The assessment may be extended	As a general rule, due diligence is limited only to the company's own operations, those of its subsidiaries and those of its direct business partners (tier 1). The assessment may be extended	

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	<p>In-scope companies may request all necessary information for their assessments from any business partners in their value chain.</p>	<p>to indirect business partners if the company has plausible information suggesting that adverse impacts have arisen or may arise at that level.</p> <p>In-scope companies may request only a limited set of information from their SMEs and SMCs business partners (<500 employees), i.e., the information specified in the CSRD voluntary sustainability reporting standards (see above), unless strictly necessary to carry out the mapping and provided that these information may not be obtained in another way.</p>	<p>to indirect business partners if the company has, or can be reasonably expected to know of, objective and verifiable information that adverse impacts have arisen or may arise at that level.</p> <p>In-scope companies to carry out a scoping exercise based on reasonably available information to identify where adverse impacts are likely to occur, and carry out an in-depth assessment in the identified areas.</p> <p>In-scope companies may only request information from direct business partners where that information is necessary, and from their SMEs and SMCs business partners with <1000 employees where it cannot reasonably be obtained by other means.</p>	

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CSDDD - Use of termination of business relationships	<p>As a last resort, companies are required to terminate business contracts in case of non-compliant suppliers or when the potential or actual adverse impact is severe.</p>	<p>Removal of the obligation to terminate the business relationship as a last resort measure.</p>	<p>No significant change to the Commission's proposed amendments.</p>	
CSDDD - Stakeholder engagement	<p>Companies are required to consult with stakeholders at various stages of the due diligence process.</p> <p>The scope of stakeholders under the Directive is broad.</p>	<p>The list of stakeholders is reduced, by eliminating the generic reference to consumers and other individual groupings, as well as national human rights and environmental institutions, civil society organisations whose purposes include the protection of the environment.</p> <p>Furthermore, individuals or communities are considered stakeholders only if they have rights or interests that are or could be directly affected by the products, services and operations of the company and relevant business partners.</p> <p>Finally, stakeholder engagement is required only with "relevant" stakeholders and the number of</p>	<p>No change to the Commission's proposed amendments.</p>	

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		<p>stages of the due diligence process where such engagement is required is reduced.</p>		
<p>CSDDD - Frequency of monitoring of due diligence arrangements</p>	<p>Periodic assessments and policy updates are to be regularly carried out every year.</p>	<p>The interval between two regular periodic assessments and policy updates has been extended to 5 years. Companies shall carry out assessments even before the 5-year interval when measures are no longer adequate or effective.</p>	<p>No change to the Commission's proposed amendments.</p>	
<p>CSDDD - Penalties</p>	<p>Penalties shall be based on the company's net worldwide turnover with a maximum limit not less than 5% of yearly net turnover.</p>	<p>Removal of the "minimum cap" for financial penalties, generally empowering the Commission, in collaboration with Member States, to issue guidance on the level of penalties.</p>	<p>A maximum limit for financial penalties of 5% of the net worldwide turnover of the company.</p>	<p>The Council's proposal for a maximum limit is more prescriptive than the Commission's proposal, potentially decreasing the maximum fines that Member States adopt when transposing the directive into national law.</p>
<p>CSDDD - Civil liability</p>	<p>EU-wide civil liability regime under which companies which intentionally or negligently fail to comply with their obligations can be held civilly liable if their non-compliance causes damage to a</p>	<p>Removal of the EU-wide civil liability regime and the only remaining reference is to national law regimes of civil liability.</p> <p>The Commission is also proposing the elimination of the obligation for</p>	<p>No change to the Commission's proposed amendments.</p>	

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	<p>person's legal interest, as protected under national law.</p> <p>Member States are to set conditions for the representative actions by trade unions and NGOs.</p>	<p>States to allow the representative actions by trade unions and NGOs.</p>		
<p>CSDDD - Review of downstream financial services</p>	<p>By 26 July 2026 the Commission is to publish a report on due diligence obligations for regulated financial undertakings in the provision of financial services and investment activities.</p>	<p>Review of the application of CSDDD to the downstream provision of financial services is removed.</p>	<p>No change to the Commission's proposed amendments.</p>	
<p>CSDDD – Climate transition plans</p>	<p>In-scope companies shall adopt and put into effect a transition plan for climate change mitigation.</p>	<p>The adoption of transitions plans for climate mitigation aligned with the CSRD. The obligation is now limited to the adoption (and not to the put into effect) of a transition plan, with specific reference to implementing actions.</p>	<p>The obligation is now limited to the adoption (and not to the put into effect) of a transition plan.</p> <p>Business model and strategy of the company to contribute to (rather than be compatible with) the transition to a sustainable economy and to limiting global warming in line with the Paris Agreement on a reasonable efforts basis (rather than best efforts).</p>	<p>The Council proposes not only removing the obligation to “put into effect” a transition plan, but also reducing some of the substantive requirements of such plan. It also postpones the obligation to adopt transition plans by two years.</p>