

Omnibus I and Omnibus II

Sustainable simplification?

March 2025

After much anticipation, speculation and a leaked draft, on 26 February 2025 the Commission finally published the first two in a series of omnibus packages aimed at simplifying EU rules, boosting competitiveness, and unlocking significant investment capacity in the EU.

The packages, [Omnibus I](#) and [Omnibus II](#) (together, the **Omnibus Package**), provide substantial simplification in the field of sustainability and EU investment programmes.

It is important to note that this is not a proposal to remove the EU's sustainability reporting and due diligence obligations – the aim is to reduce the compliance burden and knock on effects that have been identified as resulting from these initiatives. However, some companies will find that the impact of these initiatives would be materially reduced if these proposals were enacted.

BACKGROUND TO THE OMNIBUS PACKAGE

On 8 November 2024, Ursula von der Leyen (European Commission president) [announced](#) an “omnibus proposal” to simplify the requirements under the Corporate Sustainability Reporting Directive (**CSRD**), the Corporate Sustainability Due Diligence Directive (**CSDDD**) and the EU Taxonomy to reduce the administrative burden on in scope companies. This followed the [report](#) by Mario Draghi which identified the CSRD, CSDDD and EU Taxonomy as a “major source of regulatory burden” for EU companies.

The Omnibus Package can be seen in the context of a wider “simplification” process being driven by the Commission as, for example, evidenced in its [Annual Work Programme](#) and five year programme “[A simpler and faster Europe: 2024-2029](#)” published earlier in February.

In its five year programme the Commission stated that the **Omnibus I** would “ensure better alignment of the requirements with the needs of investors, proportionate timelines, financial metrics that do not discourage investments in smaller companies in transition, and obligations proportionate to the scale of activities of different companies. It will notably address the trickle-down effect to prevent smaller companies along the supply chains from being subjected in practice to excessive reporting requests that were never intended by the legislators. The carbon border adjustment mechanism requirements will be eased to the benefit of smaller importers, specifically for SMEs and authorities.”

Omnibus II was promised to “facilitate, among others, the deployment of InvestEU and the European Fund for Strategic Investments, and simplify reporting.”

WHAT DOES THE OMNIBUS PACKAGE DO?

Omnibus I is a package of two Level 1 amending directives and one Level 1 amending regulation which, if adopted, would amend the following:

- [EU Accounting Directive](#) (which includes the Level 1 rules for sustainability statements).
- [EU Audit Directive](#) (which includes specific provisions for assurance providers in relation to sustainability statements).
- [EU CSRD](#) (which amended the Accounting Directive to introduce the requirements for corporate sustainability reporting, and, importantly, sets out the timings for publication of sustainability statements). See more on CSRD [here](#).
- [EU CSDDD](#) (which introduces a harmonised requirement for corporate due diligence in relation to human rights and environmental adverse impacts, as well as climate transition plans). See our insights article on CSDDD [here](#).
- EU Carbon Border Adjustment Mechanism (**CBAM**) [Regulation](#), which is the EU's tool to put a fair price on the carbon emitted during the production of carbon intensive goods entering the EU, with the aim of ensuring the carbon price of imports is equivalent to the carbon price of domestic production. See more on the EU CBAM [here](#).

Omnibus II is a Level 1 amending regulation which, if adopted, would amend the [InvestEU Regulation](#). The InvestEU programme provides the EU with long-term funding by leveraging private and public funds in support of a sustainable recovery following COVID, and also aims to mobilise private investment for the EU's policy priorities, including the European Green Deal. The proposed amendments to the InvestEU Regulation would include consequential amendments to each of the following:

- European Fund for Strategic Investments (**EFSI**) [Regulation](#) – the EFSI is a fund managed by the European Investment Bank using public funding to mobilise private investment for a wide range of projects in the EU.
- Connecting Europe Facility (**CEF**) [Regulation](#) – the CEF is a key EU funding instrument targeting infrastructure investment at the European level.
- [Horizon Europe Regulation](#) – Horizon Europe is the framework programme for research and innovation in the EU.

HOW WOULD THE OMNIBUS PACKAGE WORK?

The Omnibus I package consists of three acts:

- Level 1 directive proposing the postponement of (i) the application of CSRD to companies (other than those already subject to reporting) by 2 years and (ii) the application of CSDDD by 1 year.
- Level 1 directive proposing substantive changes and simplification to the sustainability reporting requirements (including scoping) and CSDDD
- Level 1 regulation proposing changes to the EU CBAM.

Omnibus II proposes changes to the InvestEU programme, including the reduction of the reporting and administrative burden on actors in the InvestEU value chain.

A detailed summary of the proposed changes to CSRD, CSDDD, CBAM and the InvestEU programme is set out below.

DOES THE OMNIBUS PACKAGE AMEND THE EU TAXONOMY?

No, the Omnibus Package would not amend the Level 1 EU Taxonomy Regulation.

However, as the scope and timing of the corporate taxonomy alignment reporting requirements under Article 8 Taxonomy are determined by the scope and timing of corporate sustainability reporting under the Accounting Directive, the EU Taxonomy would be impacted by the Omnibus I proposals.

Furthermore the Omnibus I proposals introduce a concept of “opt in” taxonomy reporting for all but the largest undertakings. More details are set out below.

Alongside the Omnibus Package, the Commission is also [consulting](#) on a draft Level 2 delegated act which would amend:

- the [Taxonomy Disclosure Delegated Act](#) - the delegated act which sets out the details of the Taxonomy’s disclosure obligation for financial and non-financial undertakings and which contains the method of calculating the relevant KPIs and the reporting templates; and
- the Taxonomy [Climate](#) and [Environmental](#) Delegated Acts - which set out the technical screening criteria for the Taxonomy’s six environmental objectives of climate change mitigation, climate change adaptation, the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control and the protection and restoration of biodiversity and ecosystems.

The main proposed changes to the Taxonomy Delegated Acts are:

- Simplification of the reporting templates which would reduce the data points by approximately 70%;
- The introduction of a materiality threshold to make disclosure of alignment for companies with less 10% eligible activities voluntary;
- The simplification of the Green Asset Ratio (**GAR**); and
- The simplification of certain of the ‘Do no significant harm’ (**DNSH**) criteria.

Taxonomy reporting for financial market participants subject to the Sustainable Finance Disclosure Regulation (**SFDR**) would not be directly impacted by this Level 2 delegated act – although financial market participants will need to account for any changes to Taxonomy technical screening criteria, and the changes to the scope and content of corporate taxonomy reporting will impact the availability and format of taxonomy disclosures of investee companies.

The Taxonomy Level 2 consultation period is open for 4 weeks, closing on 26 March.

WHAT HAPPENS NEXT?

Each of the Level 1 amending acts within the Omnibus Package will need to be agreed by the EU Parliament and Council of the EU as part of the trilogue negotiations and then adopted. As a result, there could still be changes to the Omnibus proposals.

As the Omnibus I proposal for the postponement of CSRD and CSDDD is a separate act, this means it can, in theory, pass through trilogue independently of the more substantial proposed changes to CSRD and CSDDD. The Commission explicitly invites the Parliament and Council to reach “rapid agreement” on the proposed postponement, given the uncertainty created by the other proposed amendments to CSRD and CSDDD under Omnibus I. However, there is no guarantee that they will do so. If it is adopted, Member States would be required to implement rules reflecting the postponement by 31 December 2025.

The Omnibus I proposal for more substantive changes to CSRD and CSDDD would, if adopted, enter into force on the 20th day following publication in the Official Journal. Member States would then have 12 months to implement the changes in local law.

As regulations, the Omnibus I proposed amendments to CBAM and the Omnibus II proposals would enter into force once published in the Official Journal.

Final timing of the Level 1 amending acts within the Omnibus Package remains uncertain.

In relation to the proposed amendments to the Taxonomy Delegated Acts, as these are Level 2 regulations the process does not involve trilogue negotiations. Instead, subject to the result of the consultation, the Commission will adopt the Level 2 amending act and, if there are no objections from the EU Parliament or Council within 4 months, the Level 2 amending act will enter into force.

WHAT SHOULD FIRMS BE DOING NOW?

As yet, nothing has changed – the Omnibus Package is just a set of proposals and, as set out above, these can (and likely will) change through the trilogue negotiations.

This is of particular relevance for sustainability reporting under CSRD which is not only already implemented in (most) EU Member States, but “phase 1” companies (large public interest entities with at least 500 employees) are due to publish their first reports during the course of this year and “phase 2” companies reporting in 2026 (who would be impacted by the postponement) are well advanced in their CSRD projects.

As a result, no one should be disbanding their sustainability reporting (or due diligence) working groups yet, and firms will need to be keeping a close eye on the developments. However, “phase 1” companies may want to consider what they would do if they are in fact taken out of scope of reporting under CSRD in future. Many of these companies (and some “phase 2” companies) will have already invested significant resource (both time and money) in putting in place procedures to collect the necessary data and therefore some may choose to continue to report (but on a voluntary basis) in future.

Firms reporting under the EU Taxonomy (and consumers of such reports, such as SFDR financial market participants) may wish to respond to the Commission's consultation and, in any event, will need to follow this package closely – noting that the process and timing for adoption of these Level 2 Taxonomy changes will likely move much faster than the Omnibus Package proposals.

Non-EU companies will need to review the proposed changes under Omnibus I to understand the impacts that these changes could have to them and their groups. In the context of corporate sustainability reporting, the proposed changes could take them out of scope – although it is important to appreciate that the proposed changes could bring non-EU parent companies in scope, even if they do not have in scope EU companies within the group.

SFDR financial market participants will be tracking these changes closely, even if they are not themselves directly in scope. The CSRD sustainability reports were intended to be an answer to the sustainability data availability concerns that firms have been only too aware of for the past four years (given their disclosure obligations under SFDR). Per the Commission's 2025 Annual Work Programme, it looks like firms are going to have to wait until Q4 to find out how the proposed simplification of SFDR (SFDR 2.0) reflects the simplification for corporates under the Omnibus Package.

WHAT ARE THE PROPOSED CHANGES?

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

OMNIBUS I

Topic	Current status	Proposed amendments	Comment
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 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>	<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>While the balance sheet total and turnover thresholds do not change, the baseline requirement for over 1000 employees is new (as is Listed SMEs being taken out of scope), and represents a material reduction in scope of CSRD (the Commission estimates an 80% reduction in scope).</p>

Topic	Current status	Proposed amendments	Comment
	<ul style="list-style-type: none"> Balance sheet total > EUR 25m Net turnover > EUR 50m Average no. of employees > 250 		
CSRD - Scoping (non-EU undertakings)	<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 (see above); or EU branch which generates > EUR 40m 	<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: balance sheet total > EUR 25m; net turnover > EUR 50m; average number of employees > 250); or EU branch which generates > EUR 50m 	<p>Note that non-EU undertakings would still be in scope of CSRD even if their subsidiary was not in scope on a standalone basis, as the 1000 employee baseline requirement does not apply. Now that EU undertakings have a baseline requirement for 1000 employees, the absence of an employee threshold for non-EU undertakings is a more pronounced difference in application between EU and non-EU undertakings.</p> <p>While the proposed turnover threshold for unlisted non-EU undertakings under CSRD are broadly aligned with thresholds under CSDDD (which are not changing), it is important to remember that a non-EU company does not need an EU branch or subsidiary to be in scope of CSDDD.</p>
CSRD - Timing	<p>Large undertakings or parents of large groups (including in scope listed non-EU companies) that are in “phase 2” (i.e. not public interest entities with at least 500 employees) – first reporting in 2026 in relation to FY 2025</p>	<p>Large undertakings or parents of large groups (including in scope listed non-EU companies) that are in “phase 2” (i.e. not public interest entities with at least 500 employees) – first reporting in 2028 in relation to FY 2027</p>	<p>The deadline for EU (and listed non-EU) undertakings for CSRD reporting is delayed by 2 years.</p> <p>The deadline for non-EU undertakings subject to Article 40a does not change.</p>

Topic	Current status	Proposed amendments	Comment
	<p>Listed EU and non-EU SMEs – first reporting in 2027 in relation to FY 2026</p> <p>“Article 40a” companies – first reporting in 2029 in relation to FY 2028</p>	<p>Listed EU and non-EU SMEs – first reporting in 2029 in relation to FY 2028</p> <p>“Article 40a” companies – first reporting in 2029 in relation to FY 2028 (no change).</p>	<p>As set out above, the proposal to postpone CSRD is separate to the other proposed amendments to sustainability reporting requirements. As a result, the postponement can be negotiated and agreed independently to the more substantial changes (including changes to scope).</p> <p>If the proposed changes to the scope of CSRD are adopted, listed SMEs and large EU undertakings with less than 1000 employees would avoid sustainability reporting altogether. “Phase 1” large undertakings with less than 1000 employees will also be out of scope (despite having already published sustainability reports in 2025).</p>
<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</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>This would reduce the risk of future increased assurance costs for companies.</p> <p>The Commission has indicated that, rather than issue limited assurance standards, it intends to issue “targeted assurance guidelines” by 2026 which will enable them to address emerging assurance issues quickly and without generating unnecessary burden.</p>

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	reasonable assurance standards shall apply to sustainability reports.		
CSRD - Voluntary reporting standards	N/A	A new provision empowering the Commission to adopt voluntary sustainability reporting standards for otherwise out of scope companies.	The intention is that this would be a proportionate standard for voluntary use and the Commission has indicated that this would be based on the voluntary standards for unlisted SMEs developed by EFRAG.
CSRD - Value chain reporting	<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 to respect this obligation on reporting companies when preparing their assurance opinion.</p>	<p>A driver behind the Omnibus Package was to reduce the “trickle down” burden of CSRD on otherwise out of scope companies (eg 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 Omnibus I proposals would “hardwire” this protection by limiting what the reporting company can request rather than limiting what the ESRS specify.</p> <p>The limit would be defined by the voluntary reporting standards (see above).</p>

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		<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>The rules on electronic reporting are already delayed and therefore this proposal reflects existing guidance as to how firms were expected to proceed.</p> <p>The clarity as to board collective responsibility for publication in the electronic format only would be welcomed.</p>
<p>CSRD - Double materiality</p>	<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>Despite rumours that the Omnibus Package might remove the double materiality concept and focus on financial materiality only (eg aligned with the ISSB standards), the CSRD double materiality requirement has been retained.</p>
<p>CSRD – European Sustainability Reporting Standards (ESRS)</p>	<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>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>According to the Commission 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

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	<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>		<ul style="list-style-type: none"> • further distinguishing between mandatory and voluntary data points <p>The revised ESRS would also</p> <ul style="list-style-type: none"> • clarify provisions deemed unclear, • improve consistency with other EU legislation, • provide clarity on the materiality principle • 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>CSRD - further standards</p>	<p>Commission required to adopt:</p> <ul style="list-style-type: none"> • sector specific standards • standards for “Article 40a” non-EU companies <p>by 30 June 2026</p>	<p>The requirement to adopt sector specific standards is deleted.</p> <p>The requirement for Article 40a company standards is retained.</p>	<p>EFRAG has been working on developing sector specific standards, but these would no longer be used.</p> <p>The intention of removing this requirement is to avoid an increase in reporting requirements (although some companies have been hoping that the sector specific standards would assist in the application of the existing sector agnostic standards).</p>

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EU Taxonomy			
<p>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>As set out above, the Commission is also consulting on amendments to the Level 2 Taxonomy Delegated Acts.</p>			
<p>Taxonomy - Scope (Article 8 reporting)</p>	<p>As per CSRD (other than in relation to non-EU undertakings in scope of Article 40a).</p>	<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, <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</p>	<p>It had been anticipated that Taxonomy disclosures would be made voluntary.</p> <p>The proposed changes create an “opt in” reporting obligation for all but the largest companies.</p> <p>If the “opt in” disclosure requirements applied, a company would be required to disclose turnover and CapEx KPIs and could choose to disclose OpEx KPIs.</p> <p>The “opt in” disclosure requirements would also introduce the ability to report “partial” Taxonomy alignment where not all Taxonomy technical screening criteria are met. The intention of this is to allow companies making progress toward environmental sustainability under the EU Taxonomy to demonstrate their existing efforts and progress</p>

Topic	Current status	Proposed amendments	Comment
		<p>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 and had a global turnover > EUR 80m. • 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>No change.</p>	<p>Note that while the employee threshold under CSDDD is aligned with the proposed changes to CSRD, the scoping under CSRD and CSDDD is not fully aligned.</p>

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CSDDD - Timing	<p>Deadline for transposition: 26 July 2027</p> <p>Staged application from 26 July 2027 to 26 July 2029, depending on worldwide turnover and no. of employees, most notably:</p> <ul style="list-style-type: none"> • 26 July 2027: <ul style="list-style-type: none"> ○ EU (parent) companies with >5,000 employees and net worldwide turnover > EUR 1.5bln ○ Non-EU (parent) companies with net EU turnover > EUR 1.5bln • 26 July 2028 <ul style="list-style-type: none"> ○ EU (parent) companies with >3,000 employees and net worldwide turnover > EUR 900m ○ Non-EU (parent) companies with net EU turnover > EUR 900m • 26 July 2029 <ul style="list-style-type: none"> ○ All other in-scope companies 	<p>Deadline for transposition deferred by 1 year to 26 July 2028</p> <p>Staged application deferred by 1 year and with fewer steps, most notably:</p> <ul style="list-style-type: none"> • 26 July 2028 <ul style="list-style-type: none"> ○ EU (parent) companies with >3,000 employees and net worldwide turnover > EUR 900m ○ Non-EU (parent) companies with net EU turnover > EUR 900m • 26 July 2029 <ul style="list-style-type: none"> ○ All other in-scope companies 	<p>Member States will have more time to transpose the CSDDD due to the changes that the Omnibus I proposal will bring.</p> <p>The staged approach has remained, praised for its proportionality, in consideration of the different capacities to implement the new mandatory framework that companies different in size have.</p> <p>Larger in-scope companies will benefit from the postponement of the application date by 1 year, which would allow to take into account future Commission's guidance on how to conduct due diligence, expected by 26 July 2026.</p> <p>As set out above, the proposal to postpone CSDDD is separate to the other proposed amendments to the directive. As a result, the postponement can be negotiated and agreed independently to the more substantial changes.</p>
CSDDD - Harmonisation	<p>Member states can impose stricter due diligence requirements in certain areas.</p>	<p>Member states would no longer be allowed to impose stricter due diligence requirements in certain areas, including:</p>	<p>The extension of the maximum harmonization clause to several additional provisions of the CSDDD aims to ensure a level playing field</p>

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		<ul style="list-style-type: none"> • Risk assessment; • Penalties; • Value chain due diligence. 	<p>across the EU by ensuring that companies face fewer additional procedural rules (gold-plating) and less variations of the rules in the different Member States. This facilitates greater harmonisation within the EU; however, it significantly constrains the flexibility of Member States.</p>
<p>CSDDD - Due diligence within chain of activities</p>	<p>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.</p> <p>In-scope companies may request all necessary information for their assessments from any business partners in their value chain.</p>	<p>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 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>The proposal to limit the assessment of adverse impacts to direct business partners, as a general rule, will significantly reduce costs for companies; in fact, the CSDDD was perceived as imposing significant regulatory burden especially when value chains are very complex and extensive. The proposal, however, provides for exceptions in case of (i) plausible information suggesting potential or actual adverse impacts at indirect business partners level or (ii) artificial business relationship structures lacking economic rationale.</p> <p>This limitation does not prejudice potential due diligence obligations extending beyond tier 1 business partners under special regimes including social and environmental legislation. Furthermore, extensive due diligence may continue to be carried out if the relevant</p>

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			<p>company adheres to voluntary frameworks such as those by the UN and the OECD.</p> <p>The limitation of the information that in-scope companies may request from their SMEs and SMCs business partners aims to reduce burdens and costs for companies that do not fall within the scope of the CSDDD.</p>
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>As part of their due diligence obligations, companies would continue to be obliged to suspend business relationships in case of non-compliance. The proposal would limit burdens and costs for companies as they are not obliged to find new business partners, and maintain adequate leverage to push partners towards compliance.</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</p>	<p>Stakeholder engagement has been clarified and targeted. In particular, the notion of stakeholder has been limited; similarly, the proposal restrict the stages of the due diligence process that require stakeholder engagement.</p> <p>Furthermore, the introduction of the requirement of “direct effect” for individuals or communities will extensively reduce the</p>

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		<p>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 stages of the due diligence process where such engagement is required is reduced.</p>	<p>possibility for the general public to be engaged in companies’ due diligence efforts.</p> <p>On the other hand, limiting stakeholder engagement would risk losing the value that meaningful engagement bring, including early identification of adverse impacts and building trust.</p>
CSDDD - Frequency of monitoring of due diligence arrangements	Periodic assessments and policy updates are to be regularly carried out every year.	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.	Reducing the frequency of monitoring reduces the time and cost burden for in scope entities but also increases the risk of non-compliance and fines. Therefore, each company shall judge what monitoring frequency (up to every 5 years) is in their best interests.
CSDDD - Penalties	Penalties shall be based on the company’s net worldwide turnover with a maximum limit not less than 5% of yearly net turnover.	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.	Each Member State will set its own penalties system based on future Commission’s guidance.
CSDDD - Civil liability	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 person's legal interest, as protected under national law.	<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 States to allow the representative actions by trade unions and NGOs.</p>	The level of benefits for companies in light of the deletion of the EU-wide civil liability regime will depend on how the national civil liability regime is structured.

Topic	Current status	Proposed amendments	Comment
	Member States are to set conditions for the representative actions by trade unions and NGOs.		The deletion reduces access to justice, which may be criticised under other international law regimes.
CSDDD - Review of downstream financial services	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.	Review of the application of CSDDD to the downstream provision of financial services is removed .	<p>It has long been argued by the financial services sector that the prescriptive requirements under CSDDD would not be appropriate for financial services firms.</p> <p>While the deletion will likely be welcomed by the industry, the deletion does not prejudice the Commission’s right of legislative initiative to propose dedicated due diligence rules for the financial sector.</p>
CSDDD – Climate transition plans	In-scope companies shall adopt and put into effect a transition plan for climate change mitigation.	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.	The proposed amendment reduces liability for companies as they are obliged only to adopt a transition plan, while the obligation to implement it has been deleted.

Topic	Current status	Proposed amendments	Comment
Carbon Border Adjustment Mechanism (CBAM)			
CBAM simplification	CBAM will apply in its definitive regime from 2026, while the current transitional phase lasts between 2023 and 2025. This gradual introduction of the CBAM is aligned with the phase-out of the allocation of free allowances under the EU Emissions Trading System (ETS) to support the decarbonisation of EU industry	<ul style="list-style-type: none"> • Simplification of CBAM for small CBAM importers, by introducing a new CBAM de minimis threshold exemption of 50 tonnes mass. • For those importers who expect to remain in the CBAM scope, the proposed changes will facilitate compliance with CBAM obligations. For instance, simplification of the authorisation of declarants, the calculation of emissions, and the management of CBAM financial liability. • Measures will be implemented to make CBAM more effective, strengthening anti-abuse provisions and developing an anti-circumvention strategy 	The CBAM rules are necessary but also detailed and can be difficult to apply in practice without specialist advisors to navigate them. For smaller businesses the cost of compliance can be high. These proposals should be welcomed, provided that they achieve the aim of simplification and do not bring additional complexity.

OMNIBUS II

<p>InvestEU Regulation</p>	<p>Aiming to unlock additional capacity of around EUR 50 billion in public and private investment, amendments are proposed to:</p> <ul style="list-style-type: none"> • increase the EU guarantee by EUR 2.5 billion, and • allow effective combinations of the InvestEU guarantee with existing capacity available under three legacy programmes (EFSI, CEF Debt Instrument and InnovFin Debt Facility) to support new InvestEU financing and investment operations. <p>In terms of simplification, the following amendments are proposed:</p> <ul style="list-style-type: none"> • a revised SME definition (previously: a micro, small or medium-sized enterprise within the meaning of Commission Recommendation 2003/361/EC; now: (a) in case of financial products not conferring advantage in State aid terms, an enterprise which, according to its last annual or consolidated accounts, employs an average number of employees during the financial year of less than 250, or (b) in case of other types of financial products, a micro, small or medium-sized enterprise within the meaning of Commission Recommendation 2003/361/EC or as otherwise defined in the guarantee agreement), • for small-size operations not exceeding EUR 100 000 the reporting requirements are alleviated by reducing the number of indicators on which the implementing partner (counterpart with whom the Commission has concluded a guarantee agreement) will need to report, • the frequency of reporting under EFSI from the EIB to the Commission is reduced to annual from semi-annual, and • reporting on investment barriers is no longer obligatory to any implementing partner. <p>The simplifications are expected to save around EUR 350 million for implementing partners, financial intermediaries and final recipients of InvestEU funds.</p>
<p>EFSI Regulation</p>	<p>To mirror the adjustments made in the InvestEU Regulation for effective combinations of the InvestEU guarantee with existing capacity, adjustments were also made to the EFSI Regulation. In terms of simplification, the frequency of reporting from the implementing partners to the Commission is reduced to annual from semi-annual and reporting on investment barriers is removed since the investment period under EFSI has ended. For the same reason, two types of reporting are discontinued.</p>
<p>CEF Regulation and Horizon Europe Regulation</p>	<p>Amendments to these two Regulations aim at allowing the combinations of the support of these instruments with the EU guarantee under InvestEU Fund as provided for in the proposed amendments to the InvestEU Regulation.</p>

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