



## Factsheet Omnibus proposal

On 26 February 2025, the Commission published its proposal for an Omnibus legislation (“**Omnibus proposal**”) which contains several important changes to the Corporate Sustainability Reporting Directive<sup>1</sup> (“**CSRD**”), the Corporate Sustainability Due Diligence Directive<sup>2</sup> (“**CSDDD**”) and the EU Taxonomy<sup>3</sup>. In this Factsheet we discuss the in our view most important changes to these regulations by the Omnibus proposal.

We note that the Omnibus is still a proposal and must be approved by the Council of the EU and the European Parliament. Therefore, it is possible that changes will still be made to the Omnibus proposal before it is approved. It remains unclear how long the adoption process will take, but it will likely be several months before there is more clarity.

Member states had until 5 July 2024 to implement the CSRD into national legislation. The Netherlands missed this deadline and is still in the process of finalising the implementation of the CSRD into Dutch law. The Dutch implementation legislation will need to be updated to reflect the amendments in the Omnibus (once it is finalised). This will likely cause further delays in the implementation process, and it is uncertain whether the Dutch government will postpone the implementation process until the Omnibus is adopted.

### Changes to the CSRD

#### Scope of application

**Large companies:** The CSRD applies to all ‘large EU companies’ that meet at least two of the following three criteria, either individually or on a consolidated basis: (i) a turnover exceeding EUR 50 million per year, (ii) a balance sheet total of more than EUR 25 million, and/or (iii) more than 250 employees (averaged over a year). The

Omnibus proposal proposes that the CSRD will only apply to companies with at least 1,000 employees on average and meeting one of the other two criteria. Therefore, the minimum of 1,000 employees must always be met.

**Small and medium-sized enterprise listed in the EU:** Due to the minimum requirement of 1,000 employees, small and medium-sized listed companies that do not meet this criterion are out of scope.

**Non-EU companies:** The CSRD also includes a (less extensive) reporting obligation for non-EU parent companies with (i) a net turnover of at least EUR 150 million in the EU for each of the last two financial years, and (ii) one EU subsidiary meeting the “large company” criteria, or a branch with a turnover exceeding EUR 40 million. The Omnibus proposal suggests raising the minimum net turnover from EUR 150 million to EUR 450 million. For the second criterion, the Omnibus proposal requires an EU subsidiary that meets the “large company” criteria under the old definition (i.e., not necessarily requiring a minimum of 1,000 employees), or a branch with a turnover exceeding EUR 50 million instead of EUR 40 million. The last change allows a non-EU parent company to fall within the CSRD’s scope, even if it does not have an EU subsidiary that meets the CSRD criteria.

### **Entry into force**

**EU-listed companies** already under the scope of the Non-financial Reporting Directive<sup>4</sup> (“**NFRD**”), had to report in line with the CSRD in 2025 for the financial year 2024. The Omnibus proposal postpones this reporting obligation by one year, meaning these companies will now have to report in 2026 for the financial year 2025.

**Large companies:** Under the CSRD, large companies must report for the first time in 2026 for the financial year 2025. A separate directive<sup>5</sup> proposes postponing the obligation for large EU companies (with at least 1,000 employees) by two years, meaning they will have to report in 2028 for the financial year 2027.

**Non-EU companies:** This group must report for the first time in 2029 over financial year 2028. The Omnibus proposal does not delay these reporting obligations.

### **Simplification ESRS**

The European Sustainability Reporting Standards (“**ESRS**”) outline the detailed reporting requirements for companies under the CSRD. The ESRS have been adopted as a delegated act by the European Commission and have direct force of law in the EU. The Omnibus proposal states that within six months of its adoption, the Commission will revise the ESRS to significantly reduce the number of mandatory datapoints by (i) removing those deemed least important for general sustainability reporting, (ii) prioritising quantitative datapoints over narrative text, and (iii) further distinguishing between mandatory and voluntary datapoints.

### **Clarification of ‘double materiality’**

The Omnibus proposal confirms that the double materiality principle will remain in place. However, in the revision of the ESRS, the Commission will provide clearer instructions on how to apply the materiality principle.

### **No sector specific ESRS**

The existing ESRS include ‘sector-agnostic’ reporting standards that apply to all companies. Under the CSRD, it was intended that ‘sector-specific’ reporting standards would also be adopted, containing additional requirements for different sectors (such as ‘oil and gas’). However, the Omnibus proposal announces that no sector-specific standards will be adopted.

### **Voluntary standard for companies below threshold**

For companies not within the CSRD’s scope, the Omnibus proposal mentions that the Commission will adopt a voluntary reporting standard based on a draft for small and medium-sized companies.

The Omnibus proposal states that companies within the CSRD's scope should limit information requests to those specified in the voluntary standards for companies in their value chain that are not within the CSRD's scope, except for additional sustainability information commonly shared within the sector. Assurance providers must also consider this 'cap' on information requests in the value chain.

### **No reasonable assurance in the future**

Currently, the CSRD requires limited assurance by accountants on the sustainability report, with the possibility of future reasonable assurance under certain conditions. The Omnibus proposal announces that reasonable assurance will not be required later.

## Changes to the CSDDD

### **No change in scope of application**

The Omnibus proposal does not change the scope of application of the CSDDD. It therefore still applies to 'EU companies' with (i) more than 1000 employees on average and (ii) a net *worldwide* turnover of more than EUR 450 million, and to 'non-EU companies' with a minimum turnover of EUR 450 million *in the EU*. For non-EU companies the number of employees is therefore irrelevant.

### **Delay entry into force**

In a separate proposed directive, the Commission aims to postpone the start of the application period for large companies with one year. For EU companies, the following timeline will apply to comply with the CSDDD:

- 26 July 2028: > 3000 employees and > EUR 900 million turnover;
- 26 July 2029: > 1000 employees and > EUR 450 million turnover.

For non-EU companies the same timeline applies, depending solely on the generated turnover.

### **Restriction due diligence obligation in the value chain**

The due diligence obligation will continue to apply to the company's own activities and those of its subsidiaries. The most significant change proposed by the Omnibus is the narrowing of due diligence requirements in the value chain to only the direct (tier-one) business partners of the company. There are two exceptions to this: (a) if the company has information – for example, from credible media reports or reports by NGOs – suggesting adverse impacts at the operations of an indirect business partner, or (b) if the indirect relationship is an artificial arrangement to circumvent the due diligence obligation. In these cases, the company may still need to take action to prevent or mitigate adverse impacts caused by indirect business partners.

### **No obligation to terminate business relation**

The Omnibus proposal removes the obligation to terminate business relationships as a last resort if the business relationship fails to prevent or mitigate adverse impacts. However, a company may still be required to suspend a business relationship under certain circumstances.

### **Maximum harmonisation**

The Omnibus proposal expands the maximum harmonisation regarding due diligence requirements. This means that Member States have less room to establish stricter or diverging due diligence requirements from those included in the CSDDD.

### **Climate transition plans**

Article 22 CSDDD currently states that companies must adopt a climate transition plan ("**CTP**") to ensure that their business model and strategy are compatible with the transition to a sustainable economy and with limiting global warming to 1.5°C, in line with the Paris Agreement. The Omnibus proposal removes the obligation to "put

into effect” the CTP and replaces it with the requirement to include “implementing actions” in the CTP. Otherwise, the requirements for what must be included in the CTP remain the same.

### **Enforcement**

The Omnibus proposal (i) no longer requires fines to be linked to a company’s worldwide turnover, and (ii) removes the *minimum* cap on fines, which was previously set at 5% of a company’s net worldwide turnover. Instead, the Commission will issue guidelines for fines. Otherwise, the prescribed possible sanctions and enforcement powers in the CSDDD remain unchanged.

### **Civil liability**

The CSDDD includes provisions to (i) harmonise civil liability for adverse impacts on human rights or the environment, and (ii) provide legal standing to trade unions or NGOs under certain circumstances. The Omnibus proposal removes these harmonisation attempts. However, the CSDDD confirms that Member States must provide access to justice and guarantee the right to an effective remedy.

### **Relation with the CSRD**

The Omnibus proposal aims to ensure that companies subject to both the CSRD and the CSDDD are not required by the CSDDD to report any information additional to what they are required to report under the CSRD.

### **Guidelines:**

The Omnibus proposal brings forward the deadline for the Commission to issue due diligence guidelines from 26 January 2027 to 26 July 2026. This adjustment would give companies in the initial group two years to familiarise themselves with and implement the practical advice and best practices detailed in the Commission's guidelines on due diligence before the CSDDD takes effect for them. The deadline for the Commission to provide guidance on the climate transition plan remains unchanged: 26 July 2027.

## **Updates Taxonomy**

### **Scope of application**

The Omnibus proposal does not change the scope of the Taxonomy itself. However, if the proposal to reduce the scope of CSRD reporting is adopted, the number of companies subject to Taxonomy reporting will also be reduced. Furthermore, the Omnibus proposal introduces an opt-in regime for certain companies that remain subject to the Taxonomy by amending the Accounting Directive<sup>6</sup>.

### **Opt-in regime**

Taxonomy reporting will remain mandatory for large undertakings with over 1,000 employees and a net turnover exceeding EUR 450 million. However, under the opt-in regime, Taxonomy reporting will be voluntary for companies with 1,000 employees that do not meet this turnover threshold. These undertakings will only need to disclose their turnover and CapEx KPIs, and may choose to disclose their OpEx KPI if they claim their activities are aligned or partially aligned with the Taxonomy. Taxonomy reporting is not required for undertakings below the EUR 450 million threshold who do not claim their activities are aligned or partially aligned with the Taxonomy. The opt-in approach will eliminate the cost of compliance with Taxonomy reporting rules for large undertakings with over 1,000 employees and a net turnover not exceeding EUR 450 million, who do not claim their activities are associated with environmentally sustainable economic activities under the Taxonomy.

**Voluntary standards will be adopted:** The Commission will adopt delegated acts to establish sustainability reporting standards for voluntary use by undertakings that are out of scope. Until a Delegated Regulation for

the marking up of sustainability reporting is adopted, undertakings are not required to markup their sustainability reporting. The proposed Taxonomy delegated act is open for public consultation until 26 March 2025 and will then be adopted by the Commission.

## Endnotes

- 1 Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No. 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting, OJEU 2022, L 322.
- 2 Directive (EU) 2024/1760 of the European Parliament and of the Council of 13 June 2024 on corporate sustainability due diligence and amending Directive (EU) 2019/1937 and Regulation (EU) 2023/2859, OJEU 2024, L 5 July 2024
- 3 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.
- 4 Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups, OJEU 2014, L 330.
- 5 Proposal for a Directive of the European Parliament and of the Council amending Directives (EU) 2022/2464 and (EU) 2024/1760 as regards the dates from which Member States are to apply certain corporate sustainability reporting and due diligence requirements.
- 6 Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.

## Contact

If you have any questions about the Omnibus proposal, please contact Ronnie Bloemberg, Marloes Brans, Marije Verweij or RMarthe Bollen.



**RONNIE BLOEMBERG**  
ADVOCaat | ASSOCIATE  
T +31 20 605 65 95  
r.bloemberg@houthoff.com



**MARLOES BRANS**  
ADVOCaat | PARTNER  
T +31 20 605 69 18  
m.brans@houthoff.com



**MARIJE VERWEIJ**  
ADVOCaat | COUNSEL  
T +31 20 605 66 35  
m.verweij@houthoff.com



**MARTHE BOLLEN**  
ADVOCaat | COUNSEL  
T +31 20 605 61 00  
m.bollen@houthoff.com

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