



European Commission proposes “Omnibus package” amending sustainability reporting and due diligence requirements

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Summary

- The European Commission's “Omnibus package” proposes amendments to the CSRD, CS3D, and Taxonomy reporting, aiming to simplify and align sustainability reporting and due diligence requirements.
- New thresholds and implementation dates are introduced, potentially removing around 80% of companies from the scope of CSRD.
- Listed SMEs are excluded from CSRD reporting, and changes limit due diligence obligations under CS3D, including a shift from mandatory termination of business relationships.
- Civil liability under CS3D is maintained but left to national laws, and the review of financial sector exemptions is no longer required.

On 26 February 2025, the European Commission published an “Omnibus package” (the **Omnibus**) aimed at simplifying and aligning its sustainability reporting and due diligence laws. The Omnibus seeks to introduce amendments to the EU Corporate Sustainability Reporting Directive (**CSRD**), [Corporate Sustainability Due Diligence Directive \(CS3D\)](#) and Taxonomy reporting. The proposal consists of two draft Directives which cover, respectively, a) dates for implementation and b) scope of application and substantive requirements.

While CSRD took effect in January 2023 and [CS3D](#) in July 2024, they were intended to be complementary from the outset. The Omnibus seeks to align their thresholds and implementation dates, limit their impacts on SMEs, and reduce certain aspects of CS3D's due diligence obligations. Apart from the amendments set out in the Omnibus, their provisions remain otherwise unchanged.

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New thresholds and implementation dates

Aimed at aligning the group of companies caught by CSRD and CS3D, the Omnibus introduces new amended thresholds and implementation dates as set out in the table below. According to the European Commission, these new thresholds will remove around 80% of companies from the scope of CSRD.

	CSRD	CS3D
EU companies	<p>For financial years starting from 1 January 2027 (with first reports due in 2028):</p> <p>Large EU undertakings (including large undertakings with securities admitted to trading on an EU regulated market) with 1000 employees which meet one of the following two criteria (or parent companies of such a corporate group):</p> <ul style="list-style-type: none"> • a turnover of above €50 million; or • a balance sheet total of over €25 million. 	<p>From 26 July 2028:</p> <p>EU companies with more than 3000 employees and €900 million turnover in the EU (or ultimate parent companies of such a corporate group).</p> <p>From 26 July 2029:</p> <p>EU companies with more than 1000 employees and €450 million turnover in the EU (or ultimate parent companies of such a corporate group).</p> <p>and</p> <p>Companies with: (i) EU franchising or licensing agreements for annual royalties that exceed €22.5 million; and (ii) an annual net worldwide turnover in excess of €80 million (or ultimate parent companies of such a corporate group).</p>
Non-EU companies	<p>For financial years starting from 1 January 2027 (with first reports due in 2028):</p> <p>Large undertakings whose securities are admitted to trading on an EU regulated market with 1000 employees which meet one of the following two criteria:</p> <ul style="list-style-type: none"> • a turnover of above €50 million; or • a balance sheet total of over €25 million. <p>For financial years starting from 1 January 2028 (with first reports due in 2029):</p> <p>Non-EU ultimate parent companies with over €450 million turnover in the EU at group level and a large EU subsidiary which meets two of the following three criteria:</p> <ul style="list-style-type: none"> • a turnover of above €50 million; • a balance sheet total of over €25 million; • an average number of over 250 employees per financial year, or with a branch in the EU with a turnover of above €50 million. 	<p>From 26 July 2028:</p> <p>Non-EU companies with €900 million turnover in the EU (or ultimate parent companies of such a corporate group).</p> <p>From 26 July 2029:</p> <p>Non-EU companies with €450 million turnover in the EU (or ultimate parent companies of such a corporate group).</p> <p>and</p> <p>Non-EU companies with: (i) EU franchising or licensing agreements for annual royalties that exceed €22.5 million in the EU; and (ii) an annual net turnover of more than €80 million in the EU (or ultimate parent companies of such a corporate group).</p>

Key substantive amendments to CSRD

- **Exclusion of listed SMEs:** Listed SMEs will no longer be required to report under the CSRD.
- **Exclusion of ‘first wave’ of companies currently caught by the CSRD:** Under the CSRD currently in force, the first companies required to comply for financial years starting from 1 January 2024 (with the first reports due in 2025) are EU public-interest entities with more than 500 employees. Non-EU entities with securities admitted to trading with more than 500 employees are also required to report. The Omnibus removes these companies from the scope of the CSRD. However, given that the Omnibus is only in draft form and the majority of Member States have already transposed the provisions of the existing CSRD, it would appear that this category of companies would still need to comply with the CSRD until these changes come into effect and are transposed in the law of individual Member States.
- **Revisions to the European Sustainability Reporting Standards (ESRS):** Whilst not specifically provided for in the Omnibus, the European Commission has announced that it will revise and simplify the existing ESRS with the aim of “*substantially reducing the number of data points*”, clarifying certain provisions and improving consistency with other pieces of legislation. This is expected within 6 months from the entry into force of the Omnibus. Notably, however, the double materiality standard is not being amended. In addition, the Omnibus proposes that no sector-specific ESRS are to be developed in the future.

- **Limitation on the information from suppliers with less than 1000 employees:** Similar to the amendments sought in relation to CS3D (see below), for the purpose of reporting on sustainability information, in-scope undertakings will be prohibited from seeking from partners in their value chain with less than 1000 employees any information which exceeds the information specified in the standards for voluntary use "*except for additional sustainability information that is commonly shared between undertakings in the sector concerned*". This is "*without prejudice to Union requirements on undertakings to conduct a due diligence process*".
- **Optional Taxonomy reporting for certain companies:** Companies with more than 1000 employees and a turnover below €450 million will be allowed to make Taxonomy disclosures on an 'optional' or 'opt-in' basis by way of derogation to Article 8 of the Taxonomy Regulation. This amendment will only apply to companies which claim that their activities qualify (or partially qualify) as 'environmentally sustainable' under the Taxonomy Regulation and will be required to make certain disclosures in their management report.
- **Voluntary reporting for out-of-scope companies:** For companies which do not fall within the scope of the CSRD, the Omnibus proposes proportionate sustainability reporting standards for voluntary use which will be adopted in due course.

Key substantive amendments to CS3D

- **Direct business partners and "plausible information":** Companies would still be required to undertake a risk mapping of their value chains (both direct and indirect business partners) to identify "*general areas where adverse impacts are most likely to occur and to be most severe*". However, the obligation to carry out in-depth assessment based on the results of such mapping would only apply to the company's direct business partners, unless "*plausible information*" suggests that there may be adverse impacts at the level of an indirect business partner, in which case an in-depth assessment would be required. In addition, companies will be required to "*seek contractual assurances*" that direct business partners will "*ensure compliance with the company's code of conduct by establishing corresponding contractual assurances from [their own] business partners*".
- **Civil liability:** Member States would no longer be required to introduce a civil remedy, but it is envisioned that companies may be "*held liable pursuant to national law for damage caused to a natural or legal person by a failure to comply with the due diligence requirements under [CS3D]*". In such cases, the affected persons will be entitled to "*full compensation*". The existing civil procedural provisions around limitation periods, costs and injunctive measures are retained.
- **Seeking information from business partners:** Where a direct business partner has fewer than 500 employees, a company would be prohibited from asking it for information that exceeds the information specified in the "*standards for voluntary use*" which the Omnibus seeks to introduce, unless such information is necessary "*in light of indications of likely adverse impacts or because the standards do not cover relevant impacts*"; and where the information could not reasonably be "*obtained by other means*". Article 29ca of the Accounting Directive (as proposed to be amended by the Omnibus) would provide for Commission delegated legislation to be adopted on such standards for voluntary use. A similar prohibition on seeking information is introduced in CSRD, although it refers to business partners with fewer than 1000 employees, and applies "*without prejudice to Union requirements on undertakings to conduct a due diligence process*".
- **Suspension and terminating business relationships:** The proposal removes the existing obligation to terminate a business relationship under certain circumstances where an adverse impact has been identified, and specifies that:

As long as there is a reasonable expectation that the enhanced prevention action plan will succeed, the mere fact of continuing to engage with the business partner shall not trigger the company's liability.

- **No review of financial sector "exemption":** The existing Directive stipulates that the exclusion of financial institutions' "downstream" business partners (including clients and investees) from their due diligence obligations would be subject to review by July 2026. Such a review would no longer be required under the Omnibus proposal.
- Other amendments include a more limited definition of **stakeholders** and requirements around when they need to be consulted, reducing the frequency of **monitoring** to at least every 5 years (and ad hoc as necessary), and removing the minimum maximum penalties of 5% of net worldwide turnover. It also requires "*implementing actions*" in relation to **climate transition plans**, instead of the existing language which requires companies to "*put into effect*" their climate transition plans.

Next steps

The proposed Directives will now need to pass through the EU's legislative procedure, which includes adoption by the European Parliament and the Council. Once approved, the legislation will take effect after being published in the EU Official Journal.

In the interim, CSRD is already in force and has been transposed into several Member States. In 2024, the European Commission took action against 17 Member States which had failed to meet the transposition deadline of July 2024.

If adopted, the Omnibus would require Member States to transpose the amendments to the relevant implementation dates by **31 December 2025** at the latest. These amendments are contained in a separate draft Directive, presumably so they can progress through the legislative process faster, and ahead of the existing substantive provisions of CSRD which would otherwise apply as of 2026 (for reporting on the 2025 financial year).

In order to obtain this time-sensitive objective, the European Commission has “invite[d] the co-legislators to treat this omnibus package with priority, in particular the proposal postponing certain disclosure requirements under the CSRD and the transposition deadline under CSDDD”. Whether the proposal is adopted and transposed into the domestic legislation of individual Member States “in time” is to be seen. Time is certainly of the essence.

Norton Rose Fulbright will continue to monitor the progress of the proposals as they undergo the legislative process and will provide an update in due course.

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