

BSR

# EU Omnibus Fact Sheet

March 2025

# The Context

The Omnibus Simplification Package was released on February 26, 2025.



- On February 26, 2025, the **European Commission proposed significant adjustments to corporate sustainability regulations**, following through on its [earlier announced plan](#) to streamline reporting requirements in three EU Green Deal laws: the [EU Taxonomy](#), the [Corporate Sustainability Reporting Directive \(CSRD\)](#), and the [Corporate Sustainability Due Diligence Directive \(CSDDD\)](#). The proposed changes, included in the Omnibus Simplification Package I, affect all three complementary pieces of the legislation, as well as the Carbon Adjustment Mechanism (CBAM) and the InvestEU Regulation.
- The legislative proposals will be sent to the European Parliament and the Council for negotiations and approval. The amendments will take effect once both co-legislators reach an agreement and the final text is published in the EU Official Journal.

# Focus on CSRD updates




The omnibus preserves double materiality

Main proposed changes	Implications
Scope	<ul style="list-style-type: none"> <li>The CSRD would now apply only to               <ol style="list-style-type: none"> <li>1) Large European companies with over 1,000 employees <b>and</b> either a €50 million turnover <b>or</b> a €25 million balance sheet.</li> <li>2) Non-EU undertakings with a net turnover of more than €450 million <b>and</b> with a branch with net turnover of more than €50 million</li> </ol> </li> <li>These changes are expected to <b>reduce the number of companies in scope by approximately 80%</b>, aligning it more closely with CSDDD</li> <li>The omnibus would <b>remove reporting obligations for all companies with less than 1000 employees</b></li> </ul>
“Stop-the-clock” provision	<ul style="list-style-type: none"> <li>The Commission proposes a <b>two years delay</b> for the application of all reporting requirements in the CSRD for companies that are due to report in 2026 and 2027 (so-called wave 2 and 3 companies), to allow for time to adapt to possible changes in requirements</li> </ul>
Value chain cap	<ul style="list-style-type: none"> <li>The value chain cap aims to substantially decrease the trickle-down effect of sustainability reporting across the value chain. <b>Data requests from large companies in scope of CSRD would be limited</b> by the newly introduced voluntary standard for any companies in their value chain with fewer than 1000 employees.</li> </ul>
Voluntary sustainability reporting	<ul style="list-style-type: none"> <li>For companies not in scope of CSRD, i.e., with <b>fewer than 1,000 employees</b>, the Commission proposes a <b>proportionate standard based on the VSME standards</b></li> </ul>
Assurance requirements	<ul style="list-style-type: none"> <li>Limited assurance requirements would <b>not move to reasonable assurance</b> over time</li> <li>Targeted <b>European assurance guidelines</b>, instead of standards, would be <b>published by the Commission in October 2026</b></li> </ul>
Revision of ESRS	<ul style="list-style-type: none"> <li>The ESRS would be revised to <b>reduce the number of data points</b>, simplify unclear provisions, emphasize <b>quantitative data over narrative text</b>, <b>clearly differentiate mandatory from voluntary data points</b>, align more closely with other EU legislation, <b>offer clearer guidance on applying the materiality principle</b>, streamline the structure and presentation of standards, and improve compatibility with global sustainability reporting frameworks</li> </ul>
Sector-specific ESRS	<ul style="list-style-type: none"> <li>The Commission proposes <b>to lift the mandate of adopting sector-specific standards</b></li> </ul>

# Focus on CSDDD updates

Main proposed changes	Implications
Transposition deadline	<ul style="list-style-type: none"> <li>The CSDDD transposition deadline for Member States may be <b>extended by one year to July 26, 2027</b></li> </ul>
Extended timelines	<ul style="list-style-type: none"> <li>The first phase of due diligence obligations for the largest companies may be <b>delayed to July 2028</b> instead of 2027</li> </ul>
Due diligence obligations	<ul style="list-style-type: none"> <li>Companies would only be required to conduct full <b>due diligence on direct Tier 1 business partners</b>, indirect supply chain assessments only <b>necessary where "plausible information"</b> on risks to people and the environment exists</li> <li>Data requests of partners with fewer than <b>500 employees</b> should be limited to data point in CSRD's <b>VSME Standard, unless</b> additional information on impacts not in scope of the VSME is necessary and is not available through other reasonable means</li> <li>Assessment of due diligence measures required <b>every five years instead of annually</b>, with updates to measures only necessary if there are clear indications that they are no longer effective</li> <li>Companies <b>no longer required to end contracts</b> with business partners where use of leverage has failed to create change</li> </ul>
Legal liability	<ul style="list-style-type: none"> <li><b>EU-wide civil liability provisions may be removed and left to national laws</b></li> <li>Victims will retain the right to compensation, but companies will not be over-penalized</li> </ul>
Stakeholder engagement	<ul style="list-style-type: none"> <li>The definition of stakeholders is narrowed and the requirement to engage is limited to specific due diligence steps</li> </ul>
Climate transition plan	<ul style="list-style-type: none"> <li>Companies would only be required to adopt (as opposed to implement) a climate transition plan</li> </ul>
Exclusion of financial services	<ul style="list-style-type: none"> <li>The omnibus proposes the exclusion of financial services from the scope of CSDDD</li> </ul>

# Focus on EU Taxonomy updates

 The Taxonomy delegated acts are open for public consultation until March 26, with expected adoption in Q2 2025

Main proposed changes	Implications
<p><b>Changes in scope and opt-in mechanism</b></p>	<ul style="list-style-type: none"> <li>• The omnibus suggests to limit EU Taxonomy reporting obligations <b>to the largest companies</b> (corresponding to the scope of the CSDDD), while keeping the possibility to report voluntarily for the other large companies within the future proposed scope of the CSRD</li> <li>• Undertakings in scope and ones that choose to <b>voluntarily report</b> that their activities are Taxonomy-aligned are required to disclose their turnover <b>and CapEx KPIs and <u>may choose to disclose their OpEx KPI</u></b></li> <li>• Companies can report on activities that might be <b>partially taxonomy aligned</b> (i.e., meet certain technical screening criteria and not all)</li> </ul>
<p><b>Reporting templates</b></p>	<ul style="list-style-type: none"> <li>• The Commission recommends to <b>simplify</b> the reporting templates, leading to a <b>reduction of data points by nearly 70 percent</b></li> </ul>
<p><b>Materiality threshold</b></p>	<ul style="list-style-type: none"> <li>• Companies <b>may be exempted from taxonomy assessments</b> of their economic activities that represent less than <b>10 percent of their total turnover, capital expenditure, or total assets</b> and are therefore <b>considered not financially material</b></li> </ul>
<p><b>Key performance indicators of financial institutions</b></p>	<ul style="list-style-type: none"> <li>• <b>Banks may be able to exclude from the denominator of the green asset ratio (GAR)</b> exposures that relate to large undertakings not under the proposed new regime of CSRD</li> </ul>
<p><b>DNSH criteria</b></p>	<ul style="list-style-type: none"> <li>• The Commission has opened public consultation regarding <b>simplification of the most complex “Do No Significant Harm” criteria for pollution prevention and controls related to the use and presence of chemicals</b> that apply horizontally to all economic sectors under the EU Taxonomy</li> </ul>

# Focus on CBAM updates

Main proposed changes	Implications
<p><b>Changes in scope</b></p>	<ul style="list-style-type: none"> <li>• The proposal introduces a new CBAM cumulative annual <b>threshold of 50 tons per importer</b></li> <li>• With a new threshold, the Commission aims to eliminate CBAM obligations for approximately 182,000 or 90 percent of importers, most of which are SMEs. The importers remaining in scope represent 99 percent of the CO2 emissions covered by CBAM</li> </ul>
<p><b>Simplification measures</b></p>	<ul style="list-style-type: none"> <li>• For importers in scope of CBAM, the proposed changes aim to facilitate compliance with CBAM requirements by <b>simplifying the authorization of declarants, the calculation of emissions, and the management of CBAM financial liability</b></li> </ul>
<p><b>Enforcement</b></p>	<ul style="list-style-type: none"> <li>• The Commission proposes measures to make CBAM more effective such as <b>strengthening anti-abuse provisions and developing a joint anti-circumvention strategy</b> together with national authorities</li> </ul>
<p><b>Review and extension</b></p>	<ul style="list-style-type: none"> <li>• 2025 will see a <b>full review of CBAM</b> to assess a <b>potential extension to other Emissions Trading System sectors, downstream goods, indirect emissions</b></li> <li>• The Commission will also examine how to help exporters of CBAM products at risk of carbon leakage. This will be followed by a legislative proposal in early 2026</li> </ul>

# BSR can help your business meet existing and emerging sustainability regulations

**New sustainability regulations** are expanding and intensifying across the globe. Though these regulations can feel onerous, approached pragmatically they present an opportunity to more deeply integrate sustainability across your business and facilitate data driven performance improvement.

## BSR supports our members to:

- **Understand what the regulatory requirements mean** and how they relate to your business.
- **Design customized due diligence and reporting approaches** that meet the letter and the spirit of the law in a way that is right for your business.
- **Develop robust targets, KPIs, action plans, and governance structures** that drive progress across the value chain.
- **Deepen critical relationships** with internal and external stakeholders.
- **Connect and collaborate with peers and practitioners to stay ahead** in a world where "best practice" approaches are rapidly evolving.

## Our Service Offerings



### Capacity building:

- Board / C-suite engagement and training
- Cross-functional upskilling
- Stakeholder mapping and engagement



### Identifying and managing impacts, risks and opportunities:

- Human rights and environmental risk assessments to identify adverse impacts
- Climate risk assessments, scenario analyses and futures thinking
- Roadmaps and action plans to cease, prevent or mitigate adverse impacts
- Management systems design to track implementation and results



### Strategy, governance and reporting :

- Double materiality assessments
- Strategy development and goal setting
- Governance design and policy development
- Due diligence gap analyses: CSDDD, EUDR, EUFL
- Reporting gap analyses and disclosure strategies (voluntary or mandatory: CSRD, ESRS, IFRS, US state and country level).

# Thank You

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BSR® is a sustainable business network and consultancy focused on creating a world in which all people can thrive on a healthy planet. With offices in Asia, Europe, and North America, BSR provides its 300+ member companies with insight, advice, and collaborative initiatives to help them see a changing world more clearly, create long-term value, and scale impact.

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