Certain corporate sustainability reporting and due diligence requirements (Omnibus I)

2025/0045(COD) - 26/02/2025 - Legislative proposal

PURPOSE : to simplify the rules in the field of sustainability reporting and sustainability due diligence requirements ('omnibus simplification package').

PROPOSED ACT: Directive of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: following up on the Draghi report on the future of European competitiveness, the Commission confirmed in its Communication 'A Compass for EU Competitiveness' that it would propose a first '**omnibus package on simplification**' that would include far-reaching simplification in the areas of sustainability disclosures in the financial services sector, sustainability due diligence and taxonomy. In its February 2025 Communication 'A Simpler, Faster Europe', the Commission set out the vision for an implementation and **simplification** agenda that delivers rapid and visible improvements for citizens and businesses on the ground.

In the context of the Commission's commitment to reduce reporting burdens and enhance competitiveness, it is necessary to amend Directives 2006/43/EC (Audit Directive), 2013/34/EU (Accounting Directive), (EU) 2022/2464 (Corporate Sustainability Reporting Directive, the 'CSRD') and (EU) 2024/1760 (Corporate Sustainability Due Diligence Directive, the 'CSDDD'), while maintaining the strategic objectives of the European Green Deal and the Sustainable Finance Action Plan.

Alongside this proposal, the Commission is presenting a separate legislative proposal aimed at postponing the entry into force of the CSDDD and certain provisions of the CSRD.

CONTENT: this proposal for an omnibus directive amends the provisions of the Audit Directive, the Accounting Directive, the Corporate Sustainability Reporting Directive (CSRD), and the Corporate Sustainability Due Diligence Directive (CSDDD). These directives set out complementary reporting and behavioural duties in the area of sustainability.

This proposal aims to reduce the reporting burden and to limit the trickle down of obligations on smaller companies. Key measures include the following:

- to reduce the number of undertakings subject to sustainability reporting obligations by approximately 80%, excluding large companies with up to 1 000 employees (i.e., some second wave undertakings and some first wave undertakings) and listed SMEs (i.e., all third-wave companies). The reporting requirements would only apply to large companies with an average of more than 1 000 employees and a turnover of more than EUR 50 million or a balance sheet of more than EUR 25 million);

- to introduce, for companies not subject to sustainability reporting requirements, of a **proportionate standard for voluntary use**, based on the voluntary standard for SMEs developed by EFRAG;

- to ensure that sustainability reporting requirements on large companies do not burden smaller companies in their value chains. The value-chain cap would be **extended and strengthened** and would protect all undertakings with up to 1000 employees rather than just SMEs as is currently the case.

- the abandonment of sector-specific reporting standards, which would avoid an increase in the number of prescribed data points that companies would have to report;

- the impossibility of moving from a limited assurance requirement to a reasonable assurance requirement, so as to clarify that the insurance costs borne by the companies concerned will not be increased in the future;

- to publish **assurance guidelines** by 2026, instead of imposing a requirement to adopt sustainability assurance standards;

- to reduce the burden of the **EU Taxonomy reporting obligations** and limit it to the largest companies, while keeping the possibility to report **voluntarily** for the other large companies within the future scope of the CSRD. This is expected to deliver significant cost savings for smaller companies, while allowing businesses that wish to access sustainable finance to continue that reporting;

- to introduce the option of reporting on activities that are **partially aligned with the EU Taxonomy**, fostering a gradual environmental transition of activities over time, in line with the aim to scale up transition finance to help companies on their path towards sustainability;

- to introduce simplifications to the most complex "**Do no Significant harm**" (DNSH) criteria for pollution prevention and control related to the use and presence of chemicals that apply horizontally to all economic sectors under the EU Taxonomy – as a first step in revising and simplifying all such DNSH criteria;

- to adjust, among others, the main Taxonomy-based key performance indicator for banks, the Green Asset Ratio (GAR).

Furthermore, the Commission will adopt a proposal to amend the **Carbon Border Adjustment Mechanism** (CBAM) as part of the same omnibus simplification package.