ACCOUNTANCY EUROPE.

OMNIBUS EXPLAINED: KEY CHANGES TO CSRD PROPOSED BY THE EUROPEAN COMMISSION

Factsheet

FACTS.

SUSTAINABILITY
MARCH 2025

INTRODUCTION

Accountancy Europe's has issued three factual analysis of the European Commission's (EC) recent Omnibus proposal focusing on the Corporate Sustainability Reporting Directive (CSRD), sustainability reporting standards, and Corporate Sustainability Due Diligence Directive (CSDDD). These papers aim to give stakeholders an initial overview of the key proposed changes expected to reshape sustainability reporting and due diligence practices across Europe. Read also our statement on the EC Omnibus sustainability proposal.

This paper will focus on the proposed changes for CSRD.

For more information about the CSRD requirements check out our *FAQs: All you need to know about the Corporate Sustainability Reporting Directive (2022)*

OMNIBUS BACKGROUND

The EC launched the Omnibus sustainability rules simplification package on 26 February 2025. This is the first step of an ambitious simplification agenda to enhance European economic competitiveness. It aims to reduce administrative and reporting burdens on companies and unlocking businesses' investment potential.

The new simplification agenda set bold targets, including a 25% cut in reporting burdens for companies and 35% for SMEs. The EC expects this effort to boost European companies' competitiveness while maintaining climate and decarbonisation goals of the Green Deal. The Omnibus package proposes amendments to several sustainability laws. These include the CSRD, the CSDDD, the EU Taxonomy for sustainable activities, and the Carbon Border Adjustment Mechanism (CBAM).

KEY CHANGES

Amongst key changes, around 80% of companies in the CSRD scope are estimated to be exempted from reporting obligations. Reporting requirements will focus on the largest companies with more than 1000 employees. The EU Taxonomy has been simplified, for instance, by limiting reporting to largest companies, introducing a financial materiality threshold for the reporting. The proposed amendments to the CSDDD text will limit due diligence obligations to direct business partners and reduce the frequency of assessments from annually to once every five years. The EC has also proposed to exempt importers of small quantities of CBAM goods that are mostly SMEs and individuals.

WAY FORWARD

It is important to note that the EC proposals are not final. The EC will submit the proposal to the two co-legislators - the European Parliament (EP) and the Council of the European Union - for their review, input and adoption. These institutions hold the power to amend the currently proposed Omnibus sustainability package.

OMNIBUS PROPOSED AMENDMENTS FOR CSRD

The EC issued two separate proposals amending the CSRD under the Omnibus package:

- the first proposal[1] postpones the application of reporting obligations for 'wave 2' and 'wave 3' companies by two years. This is essentially meant to 'stop the clock' for these companies and give time to the co-legislators to agree to the EC's proposed substantive changes
- the second proposal[2] focuses on changes to CSRD scope, sustainability reporting standards, assurance, EU Taxonomy requirements

KEY TAKEAWAYS

The proposed amendments to the CSRD:

- postpone the application of reporting requirements for 'wave 2' and 'wave 3' companies by two years
- reduce the CSRD scope to large undertakings and parent undertakings of a large group with 1000 employees on average and either exceeding € 25 million total on a balance sheet or € 50 million turnover
- change thresholds applicable to a third country to €450m million net turnover generated in the EU and having a large subsidiary or a branch generating € 50 million turnover
- modify sustainability reporting standards – see our factsheet on Omnibus proposed changes to sustainability reporting standards
- propose a more flexible way for certain undertakings to report on EU Taxonomy
- delete the obligation to adopt a reasonable assurance standard and the possibility of moving to a reasonable assurance requirement
- include EC's intention to issue targeted assurance guidelines by 2026

The table below provides a factual comparison between the CSRD requirements and the Omnibus proposed amendments.

[1] European Commission Proposal postponing the application of some reporting requirements in the Corporate Sustainability Reporting Directive and the transposition deadline and application date of the Corporate Sustainability Due Diligence Directive – Omnibus I – COM(2025)80
[2] European Commission Proposal for a Directive amending the Audit Directive, Accounting Directive, Corporate Sustainability Reporting Directive, and the Corporate Sustainability Due Diligence Directive – Omnibus I - COM(2025)81

	CSRD	Omnibus proposal

Scope & reporting timeline	**2025: Reporting on the 2024 data – wave 1**
	• large undertakings and parent undertakings of a large group that are Public Interest Entities (PIEs)* exceeding:
	  • 500 employees on average and
	  • € 25 million total balance sheet and/or
	  • € 50 million net turnover
	*PIEs as defined per Accounting Directive:
	  • companies listed on an EU regulated market
	  • credit institutions
	  • insurance undertakings
	  • undertaking designated as a PIE by a Member State (MS)
	(*ref. CSRD Article 5(2)*)
		Wave 1 companies are expected to continue their reporting under current CSRD requirements until further changes are agreed on. The proposal does not amend the application date for 'wave 1' companies now.
		The proposal suggests reducing the CSRD scope to large undertakings and parent undertakings of a large group exceeding:
		  • 1000 employees on average and
		  • € 25 million total balance sheet or
		  • € 50 million turnover
		Companies falling under this revised scope would be expected to report in accordance with ESRS as from 1 January 2027 to issue reports in 2028. This would equally apply to 'wave 1' companies.
		(*ref. Omnibus proposal COM(2025)81 Article 3 paragraph 1 (a) deletes CSRD Article 5(2) subparagraph 1(a)*)
		The proposed amendments are meant to align the scope with the Corporate Sustainability Due Diligence Directive (CSDDD). See our CSRD and CSRDDD table that outlines key aspects of the two legislations.

	2026 reporting on the 2025 data – wave 2
	• large undertakings exceeding at least two of these three criteria:
	  • € 25 million total balance sheet
	  • € 50 million net turnover
	  • 250 employees on average
		First, the omnibus proposal postpones the reporting requirements for these large companies by two years. This is meant to give time to the co-legislators to agree to the EC's proposed substantive changes.
		(*ref. Omnibus COM(2025)80 Art. 1 to amend CSRD Article 5(2)*)
		At the same time, the proposal suggests reducing the scope to large undertaking or parent undertakings of a large group exceeding:
		  • 1000 employees on average and

	• parent companies of a large group that exceed the above-mentioned criteria on consolidated basis during the financial year (*ref. CSRD Article 5(2)*)	• € 25 million balance sheet or • € 50 million turnover These companies would be expected to report in accordance with ESRS as from 1 January 2027. *(ref. Omnibus COM(2025)81 Article 3 amends the CSRD Article 5(2))*

	2027: reporting on the 2026 data – wave 3
	
	• listed small and medium enterprises (SMEs)* that <u>do not</u> exceed two of these three criteria:
	  ◦ € 25 million total balance sheet
	  ◦ € 50 million net turnover
	  ◦ 250 employees on average
	• small and non-complex financial institutions (that are **large** or listed SMEs)
	• captive insurance and reinsurance undertakings (that are **large** or listed SMEs)
	
	(*ref. CSRD Article 5(2)*)
		First, the omnibus proposal postpones the reporting requirements for these listed SMEs by two years This is meant to give time to the co-legislators to agree to the EC's proposed substantive changes.
		
		(*ref. Omnibus COM(2025)80 Article 1 to amend CSRD Art 5(2)*)
		
		At the same time, the proposal suggests revising the thresholds (see above) which would exempt undertakings in this category from reporting obligations.
		
		As a result, the proposal deletes the two-year opt out from sustainability reporting option for listed SMEs to reflect listed SMEs exclusion from the scope.
		
		(*(ref. Omnibus COM(2025)81 Article 3 amends the CSRD Article 5(2))*

	2029: Reporting on the 2028 data • non-EU company generating a net turnover > € 150 million in the EU for each of the last two consecutive financial years and having either: ◦ an EU subsidiary fulfilling the criteria of a large company or a listed SME (except micro)	The Omnibus also suggests changing thresholds applicable to define whether a third country undertaking falls under the scope as follows: • increasing the net turnover threshold for non-EU undertakings to EUR 450 million generated in the Union • limiting the size for a subsidiary undertaking to the criteria for large undertakings as defined in Article 3(4) of the Accounting Directive • increasing the net turnover threshold for a branch to EUR 50 million, to align with the turnover threshold for large undertakings

	• an EU branch generating > € 40 million net turnover N.b. these companies are expected to report on their impacts *(ref. Article 40a(1) Accounting Directive)*	The proposal does not change the reporting timeline for non-EU companies. *(ref. Omnibus COM(2025)81 paragraph (12) amends Article 40a(1) of the Accounting Directive)*
Sustainability reporting standards	See our factsheet on Omnibus changes related to Sustainability reporting standards	
EU Taxonomy	The undertakings subject to sustainability reporting requirements under the CSRD (Article 19a and 29a) will also have to comply with Article 8 of EU Taxonomy Regulation. (*ref. EU Taxonomy Art 8.)*	The omnibus proposal introduces new Articles 19b and 29aa on optional taxonomy reporting for certain (parent) undertakings. It is proposed to allow large undertakings with an average of more than 1000 employees and a net turnover **below** EUR 450 million during the financial year to disclose information referred to in Article 8 of the EU Taxonomy Regulation in **a more flexible way*.*** These undertakings which claim that their activities are aligned or partially aligned with the EU Taxonomy shall disclose their turnover and CapEx KPIs and may choose to disclose their OpEx KPI. It is proposed to empower the EC to adopt a delegated act to supplement the reporting regime, specifying the content and presentation of information. The omnibus package also includes a Draft Delegated Act* proposing changes to: • the EU Taxonomy Disclosures Delegated Act • the Taxonomy Climate Delegated Act • the Taxonomy Environmental Delegated Act *Note: * this is currently open for feedback till 26 March 2025.*

Digital tagging	Companies shall prepare their management report in the electronic reporting format and mark-up their sustainability reporting to upload them to the European Single Access Point (ESAP) as per Delegated Regulation (EU) 2019/815 on single electronic reporting format. (*ref. Article 29d Accounting Directive*) *See our factsheet on ESAP*	The Omnibus proposal suggest specifying that until a Delegated Regulation for the marking up of sustainability reporting is adopted, undertakings are not required to markup their sustainability reporting. (*ref. Omnibus COM(2025)81 Article 2 paragraph (9) replacing Article 29d of the Accounting Directive*) The Omnibus proposal also amends the article on administrative, management and supervisory bodies members' responsibility related to (consolidated) management report preparation according with Art 29. It is proposed to clarify that those bodies do not have collective responsibility over this. (*ref. Omnibus proposal COM(2025)81 Article 2 paragraph (10) replacing Article 33 paragraph 1 of the Accounting Directive)*
Assurance requirement	The CSRD requires statutory auditor to conduct limited assurance engagement over sustainability reporting as from 2025 *(ref. Accounting Directive Article 34)*	The proposal does not amend the requirement to have limited assurance. However, it proposes to: • remove reference to the listed SMEs standards due to the proposal to exclude listed SMEs from the scope • introduce provisions requiring assurance providers, when preparing assurance opinion, to respect the obligation that undertakings should not request information from their value chain companies with <1000 employees' that goes beyond what is included in the voluntary sustainability reporting standard. Exception applies to sustainability information that is commonly exchanged within the relevant sector– *see our factsheet on Omnibus changes to sustainability reporting standards.* *(ref. Omnibus proposal COM(2025)81 paragraph (11) amends Article 34 of the Accounting Directive)*

Transition from limited to reasonable assurance requirement	The EC shall adopt reasonable assurance standards following a positive feasibility assessment on transition for companies and auditors. Those delegated acts shall specify the date from which the statutory auditor should be required to express an opinion based on a reasonable assurance requirement and based on reasonable assurance standards. *(ref. Audit Directive Article 26a)*	The proposal suggests deleting the possibility of moving from a requirement for limited assurance to a requirement for reasonable assurance. *(ref. Omnibus proposal (COM (2025) 81 Article 1 amends Audit Directive Art 26a (3) – see below assurance standards)*
Assurance providers	Art. 34 requires the statutory auditor to express an opinion on the sustainability reporting. Members States may allow another statutory auditor or an independent assurance services provider (IASP) to express an opinion on sustainability reporting.	No changes proposed.
Assurance standards	The EC shall adopt, by means of delegated acts, limited assurance standards before 1 October 2026. Art 26 a (3) paragraph 2 states that, by 1 October 2028, the EC shall adopt assurance standards for reasonable assurance, following an assessment to determine if it is feasible for the auditors and for the undertakings. The EC should then specify when reasonable assurance would be required. *(ref. CSRD Artiicle 2 amends Audit Directive Art 26a (3) paragraph 1)*	The proposal keeps the EC's delegated power to adopt a limited assurance standard proposing to extend this power for an indetermined period. However, it removes the deadline to adopt the limited assurance standard by 1 October 2026. The proposal also deletes an obligation to adopt *reasonable assurance standards*. *(ref. Omnibus proposal COM(2025) 81 Article 1 amends Audit Directive Art 26a (3))* The recital notes that the EC will issue targeted assurance guidelines by 2026. The EC believes this approach will enable to address emerging issues in sustainability assurance more quickly, preventing unnecessary burden on undertakings that are subject to reporting requirements. *(ref. Omnibus proposal COM(2025) 81 Recital page 5)*

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