



Q&A 'Omnibus' package

Brussels, 26 February 2025

Sustainability Omnibus Overview

1. Why are you proposing this omnibus legislation on sustainability rules?

The recent Competitiveness Compass sets the vision for strengthening the EU's competitiveness and making the EU's economy more prosperous, building on the recommendations of the Draghi report.

To boost our competitiveness and unleash growth, the EU needs to foster a favourable business environment and ensure that companies are not stifled by excessive regulatory burdens. This, in turn, will enable our businesses to grow and create quality jobs, attract investments and get the necessary funds for their transition towards a more sustainable economy and help the EU meet the Green Deal's ambitious objectives. We need to get the balance right. Today, the Commission is also adopting a Clean Industrial Deal, bringing together climate and competitiveness under an overarching growth strategy.

That is why the Commission is recalibrating some EU rules in a growth-friendly manner that will enable more cost-effective delivery of our policy objectives. The Commission has a clear target to deliver an unprecedented simplification effort, by achieving at least 25% reduction in administrative burdens and at least 35% for SMEs before the end of the mandate.

The Commission's work programme, published on 11 February, announced a first series of "Omnibus" packages. They will address overlapping, unnecessary or disproportionate rules that are creating unnecessary burden for EU businesses.

Today's proposals will provide substantial simplification in the field of sustainability and EU investment programmes. The Commission prioritises efforts in this area in line with the Draghi report, the Competitiveness Compass and the findings of the Commission's call for evidence in 2023.

The package includes amendments to the Corporate Sustainability Reporting Directive (CSRD), the Corporate Sustainability Due Diligence Directive (CSDDD), the Carbon Adjustment Mechanism (CBAM), and the InvestEU Regulation. The package is accompanied by a draft Taxonomy Delegated Act for public consultation. The aim is to square the EU's ambition towards a sustainable transition with enhancing EU companies' competitiveness.

2. What changes are you proposing today?

Today's omnibus package includes:

- A proposal for a Directive amending the CSRD and the CSDDD;
- A proposal which postpones 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) and which postpones the transposition deadline and the first wave of application of the CSDDD by one year to 2028.
- A draft Delegated act amending the Taxonomy Disclosures and the Taxonomy Climate and Environmental Delegated Acts subject to public consultation.
- A proposal for a Regulation amending the Carbon Border Adjustment Mechanism Regulation
- A proposal for a Regulation amending the InvestEU Regulation

3. How will companies benefit from this proposal?

Companies across the EU – large and small – will benefit from the simplifications of the omnibus proposals. If adopted and implemented as set out today, the proposals are conservatively estimated

to bring total savings in annual administrative costs of around EUR 6.3 billion and to mobilise additional public and private investment capacity of EUR 50 billion to support policy priorities.

Today's omnibus package will protect SMEs from excessive sustainability information requests that they receive when they are included in the value chains of larger companies or from financial institutions, such as banks, which fall in the scope of the CSRD and the CSDDD. All companies with up to 1,000 employees and 50 million turnover will be outside the scope of the CSRD. For the companies in scope (above 1,000 employees and 50 million turnover), the Commission will adopt a delegated act to revise and simplify the existing sustainability reporting standards (ESRS). The proposed provisions in CSRD also create a derogation for companies with more than 1,000 employees and a turnover below EUR 450 million by making the reporting of Taxonomy voluntary, and also, put a stronger emphasis on transition finance by introducing the option of reporting on partial Taxonomy-alignment.

While boosting EU companies' competitiveness by cutting administrative burden, today's proposal will still allow companies not in the scope of the CSRD to report on sustainability issues if they so wish (voluntary standards for companies not in scope of the CSRD and voluntary EU Taxonomy reporting for companies below a certain threshold).

Simplified due diligence obligations will benefit both the very large companies (including company groups, license and franchise systems) that fall under the scope of the CSDDD (estimated to be about 6000 EU and 900 non-EU companies) and their value chain partners, including SMEs and small midcap companies (i.e. companies with not more than 500 employees). CSDDD amendments such as the extension of maximum harmonisation, the streamlining of stakeholder engagement, and the clarification – and better alignment with the CSRD – of the obligations regarding adoption of transition plans for climate change mitigation will benefit, in particular, the very large companies that fall under the scope.

Additionally, the Commission is also today publishing possible amendments to the Taxonomy Disclosures Delegated Act and the Taxonomy Climate and Environmental Delegated Acts which, among others, simplify the reporting templates, leading to a reduction of data points by almost 70%, introduce a materiality threshold to make disclosure of alignment for companies with less 10% eligible activities not mandatory, introduce the option of reporting partial disclosure to foster transition finance, simplify and make more useful the Green Asset Ratio (GAR) used by banks, reduce the scope for mandatory reporting on operational expenditure and simplify certain 'Do no significant harm' (DNSH) criteria.

Regarding CBAM, the main beneficiaries will be the importers of small quantities of CBAM goods, as the proposed new cumulative annual threshold will allow to exempt approximately 90%, 182,000, importers from CBAM obligations, while maintaining the environmental goal of the mechanism by still encompassing more than 99% of the total emissions of the imports across four CBAM sectors (iron and steel, aluminium, cement, fertilisers). And for importers that will still be in scope, we simplify the authorisation of declarants, emissions calculations, reporting requirements and the financial liability.

Finally, amending the InvestEU Regulation, different actors (implementing partners, financial intermediaries, final recipients) in the InvestEU value chain would benefit from reduced reporting and administrative burden. Such simplifications are expected to save around EUR 350 million to those companies while at the same time releasing €50 billion of extra resources in additional public and private investment

4. How does this proposal help achieve the objectives of the Green Deal?

When presenting the Competitiveness Compass in January, President von der Leyen confirmed clearly that we are staying the course with our Green Deal objectives. In Europe, sustainability and competitiveness should go hand in hand. Companies are supportive of our Green Deal objectives but they request us to be pragmatic and simple. The Commission has listened to concerns of stakeholders, who consider that some sustainability reporting and due diligence rules are too complex and costly to implement, and of limited usefulness for investors and others, hindering the EU's competitiveness and its investment drive. Many companies have highlighted difficulties in applying certain provisions, noting that the accumulation of requirements sometimes leads to unnecessary complexity and costs. Rules designed for larger companies may inadvertently impact SMEs.

By making EU companies' lives easier and creating a more favourable business environment, the EU

can drive growth and quality jobs, boost investments and, ultimately, enable companies to embrace the transition to a sustainable economy in a more effective and pragmatic way. This makes our rules fit for purpose, more proportionate and also more appealing.

Corporate Sustainability Reporting Directive

5. What are the main changes that the omnibus package is bringing to the CSRD?

The omnibus package will bring several changes to the CSRD, making it more proportionate and easier to implement by companies:

- **Reduction of the scope of reporting companies:** The reporting requirements would only apply to large undertakings with more than 1000 employees (i.e. undertakings that have more than 1000 employees and either a turnover above EUR 50 million or a balance sheet total above EUR 25 million) This means that the number of companies in scope will be reduced by about 80%. The new scope will be more closely aligned with the key scope thresholds of the CSDDD.
- **'Value chain cap':** For companies which will not be in the scope of the CSRD any more (up to 1,000 employees), the Commission will adopt by delegated act a voluntary reporting standard, based on the standard for SMEs (VSME) developed by EFRAG. That standard will act as a shield, by limiting the information that companies or banks falling into the scope of the CSRD can request from companies in their value chains with fewer than 1,000 employees..
- **Commission's commitment to revise the European Sustainability Reporting standards ("ESRS"):** The Commission will revise the delegated act establishing the ESRS, with the aim of substantially reducing the number of data points, clarifying provisions deemed unclear, improving consistency with other pieces of legislation and reducing the number of data points.
- **Deletion of sector-specific standards requirement:** The proposal will delete the empowerment for the Commission to adopt sector-specific standards.
- **Removing the reasonable assurance standard:** The proposal is removing the possibility for the Commission to propose moving from a limited assurance requirement to a reasonable assurance requirement.
- **Postponement of reporting requirements:** Today's package proposes postponing by two years the entry into application of the reporting requirements for large companies that have not yet started implementing the CSRD and for listed SMEs (Wave 2 and 3) in order to give time to the co-legislators to agree to the Commission's proposed substantive changes.

6. What is the scope of the new CSRD?

Currently, the CSRD applies to all large companies (defined as companies above two out of the three following thresholds: €50 million net turnover, €25 million balance sheet total, 250 employees), as well as SMEs whose securities are listed on an EU regulated market. However, many businesses and industry associations have suggested that the Commission should revise the scope by excluding the smaller companies. Mario Draghi's report on competitiveness also highlighted that the rules would impose a disproportionately high burden on SMEs and small mid-caps than on larger companies.

Today's proposal will reduce the current scope of the CSRD to large companies with more than 1000 employees (i.e. companies that have more than 1000 employees and either a turnover above EUR 50 million or a balance sheet above EUR 25 million). Those companies will be required to report against the European Sustainability Reporting Standards (ESRS), while these standards will also be revised and simplified.

Companies outside the scope of CSRD (companies with up to 1,000 employees) may choose to report voluntarily on the basis of a simplified voluntary standard to be adopted by the Commission, based on the voluntary standards for SMEs (VSME) developed by EFRAG.

The Commission estimates that the proposal will reduce the number of companies in scope by 80%.

7. What are the main changes that the omnibus package is bringing to the CSDDD?

- **Giving companies more time to prepare for implementing the new framework** by postponing, by one year, the transposition deadline (26 July 2027) and the first phase of the

application of the sustainability due diligence requirements, covering the largest companies (to 26 July 2028). In the meantime, the necessary guidelines by the Commission will be advanced to July 2026, allowing companies to build more on best practices and reduce their reliance on legal counselling and advisory services

- **Relieving companies from the obligation to systematically conduct in-depth assessments of adverse impacts** that occur or may occur in often complex value chains at the level of indirect business partners and requiring full due diligence with respect to the value chain beyond direct business partner only in cases where the company has plausible information suggesting that adverse impacts have arisen or may arise there;
- **Simplify other aspects of sustainability due diligence requirements** so that large companies avoid unnecessary complexities and costs, including by prolonging the intervals between two regular periodic assessments and updates from one year to 5 years, while clarifying that a company needs to assess the implementation of its due diligence measures and update them whenever there are reasonable grounds to believe that the measures are no longer adequate or effective; by streamlining the stakeholder engagement obligations; and by removing the obligation to terminate the business relationship as a last resort measure;
- **Reducing the trickle-down effect further by limiting the information that companies** within scope may request from their SME and small midcap business partners (i.e. companies with not more than 500 employees) to the information specified in the CSRD voluntary sustainability reporting standards (VSME standard). This limitation applies unless they need additional information to carry out the mapping (for instance on impacts not covered by the standards) and they cannot obtain that information in any other reasonable way.
- **Deferring to the various national civil liability regimes** by deleting the harmonised EU conditions for civil liability and revoking the obligation for Member States regarding representative actions by trade unions or NGOs. Leaving national law to define whether its civil liability provisions override otherwise applicable rules of the third country where the harm occurs;
- **Aligning the requirements on the adoption of transition plans** for climate mitigation with the CSRD;
- **Extending maximum harmonisation** to more provisions regarding core due diligence obligations to better ensure a level playing field across the EU;
- **Deleting the review clause on inclusion of financial services** in the scope of the due diligence directive.

8. How is the omnibus package protecting SMEs and small mid-caps from excessive sustainability information requests?

SMEs (with the exception of listed SMEs) are currently out of the scope of CSRD. However, in practice, many of them are subject to sustainability information requests when they are included in the value chain of larger companies or from financial institutions, such as banks, which fall within the scope of CSRD.

Today's proposal will address this "trickle-down" effect by preventing all companies out of scope from being subject to excessive reporting requests. The Commission will adopt a voluntary standard for all companies out of scope, including SMEs, based on the voluntary standard for SMEs ("VSME") , developed by EFRAG and to be adopted by delegated act.

The VSME voluntary standard will be a simple tool helping companies not in scope to provide sustainability information to large companies subject to CSRD requirements . The VSME voluntary standard will act as a shield or a "value-chain cap" for those out-of-scope companies. Companies in the scope of the CSRD will not be able to request from companies in their value chain that are out of scope, including SMEs and small mid-caps, information that goes beyond the information set out in the VSME voluntary standard.

According to the proposal, the Commission would adopt the voluntary standard as a delegated act. In the meantime, to address market demand, the Commission intends to issue a recommendation on voluntary sustainability reporting as soon as possible, based on the VSME standard developed by EFRAG.

Similarly, while SMEs and SMCs are not subject to any obligations under the CSDDD, they can be indirectly impacted when large companies need to request information from them to comply with their due diligence obligations. The proposal will limit the general requests for information for impact mapping that large companies in scope may address to SMEs and SMCs (small midcap companies with up to 500 employees) to information specified in the VSME standard, unless it is necessary for instance because the standard does not cover a relevant impact.

Furthermore, a number of simplification amendments proposed to the CSDDD will alleviate the burden of smaller business partners in the value chain, including reducing due diligence obligations beyond direct business partners and reducing the frequency of the monitoring of the effectiveness of due diligence measures, moving from a yearly assessment to an assessment every 5 years. Those measures will significantly relieve burden for SMEs and SMCs in the value chain of larger companies subject to CSDDD.

9. What are the expected benefits of the proposed modifications to CSRD on companies?

The proposed measures reducing the scope of the CSRD and the reporting requirements for companies remaining in scope, including future changes to the ESRS, will generate significant cost savings for companies and should boost the EU's competitiveness.

The total annual cost savings of the changes in the CSRD scope and future modifications to the ESRS could be about €4.4 billion. This includes annual cost savings resulting from the reduced scope of Taxonomy reporting, as a result of the reduced CSRD scope, of €0.8 billion. On top of those recurrent savings, there would be the one-off cost savings in relation to setting up the reporting and assurance processes that would be avoided for exempted firms, which amount to about €1.6 billion in relation to CSRD/ESRS and €0.9 billion for the Taxonomy.

10. What are the expected benefits of the proposed modifications to the CSDDD for companies?

In general, companies will be subject to a sustainability due diligence framework that is less complex and more harmonised, ensuring burden reduction and a level playing field. The most important costs savings are expected to arise as a result of the simplification of the due diligence obligations with respect to harmful impacts arising at the level of indirect business partners and the less frequent (5-yearly) regular monitoring exercises. In addition, smaller companies in scope will be protected from unnecessary information requests from their large business partners. These savings have been conservatively estimated at €320 million per annum, as well as substantial one-off cost savings.

11. Is the Commission changing the principle of double materiality of the CSRD?

No. The omnibus proposal does not change the 'double materiality perspective', meaning that companies remaining in scope will have to report about how sustainability risks affect their business and about their own impact on people and the environment.

Taxonomy

12. What are the main changes to the Taxonomy ?

The Omnibus package includes, on the one hand, **amendments to the CSRD regarding Taxonomy reporting as a derogation to Article 8 Taxonomy Regulation** and, on the other hand, the **Commission proposes draft amendments to the Taxonomy Disclosures, Climate and Environmental Delegated Acts**.

For companies within the future CSRD scope (large companies that have more than 1,000 employees) with a net turnover up to 450 million, the Omnibus proposal envisages voluntary Taxonomy reporting. This will reduce the number of companies that are obliged to report their Taxonomy alignment.

Moreover, companies that have made progress towards sustainability targets, but only meet certain EU Taxonomy requirements, may choose to voluntarily report on their partial Taxonomy-alignment. This enables them to demonstrate their existing efforts and progress towards full alignment and receive recognition for their commitment to sustainability. The Omnibus proposal also mandates the Commission to develop delegated acts to ensure standardisation in terms of the content and presentation of the respective reporting.

The Commission is also publishing for consultation draft amendments to the Taxonomy Disclosures

Delegated Act and the Taxonomy Climate and environmental Delegated Acts which:

- simplify the reporting templates, leading to a reduction of data points by almost 70%.

exempt companies from assessing Taxonomy-eligibility and alignment of their economic activities that are not financially material for their business (e.g. those not exceeding 10% of their total turnover, capital expenditure, or total assets).

Furthermore, we propose amendments to the main key performance indicators of financial institutions, especially the green asset ratio (GAR) for banks. Based on the published text banks will be able to exclude from the denominator of the GAR, exposures that relate to undertakings which are not under the future scope of the CSRD (i.e. companies that are not large undertakings with 1,000 or more employees).

- asking for feedback on two alternative options for simplifying the most complex “Do no Significant harm” 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. In the public consultation, stakeholders are invited to provide feedback to both alternative options.

CBAM

13. What are the main changes that you are proposing to CBAM?

- The proposed changes simplify processes for businesses and cut red tape.
- The changes will exempt small importers from CBAM obligations, mostly SMEs and individuals. These are importers who import small quantities of CBAM goods, representing very small quantities of embedded emissions entering the EU from third countries.
- We propose measures to simplify the small occasional importations of CBAM goods, below the maximum threshold of 50 tonnes per year. This threshold corresponds to approximately 80 tonnes of CO₂ equivalent on average per importer. These importers will no longer be subject to any CBAM obligation. For those importers that remain in the CBAM scope, the proposed changes will facilitate compliance with the reporting requirements and aim at simplifying the authorisation of declarants, the calculation of emissions, reporting requirements and compliance with the financial liability.
- This will be coupled with measures making CBAM more effective, by strengthening anti-abuse provisions and developing a joint anti-circumvention strategy together with national authorities.

14. What is the aim of these proposed simplification amendments?

The proposed amendments aim to simplify and strengthen the CBAM mechanism.

They aim to spare 90% of concerned companies from reporting requirements, while still covering 99% of the CO₂ emissions.

The proposed simplifications reflect the insights gathered in the transitional period, in place since October 2023.

Overall, simplification is key to reducing administrative burden for SMEs and occasional importers.

This learning period, during the CBAM transitional phase, has allowed us to develop the policy measures jointly with stakeholders. Simplification is also a precondition to review CBAM and make it stronger and more efficient.

Going forward, the next steps will include a full review of CBAM later this year, to assess its potential extension to other ETS sectors, downstream goods, indirect emissions.

The Commission will also examine, in this context, how to help exporters of CBAM products at risk of carbon leakage.

This will be followed by a legislative proposal in early 2026.

15. What is the formula for determining this new annual mass-threshold?

The formula is set up to determine the level of mass-threshold that would exempt as many importers as possible, while making sure that we capture at least 99% of emissions. To do this, we estimate all

emissions of imports that would stay in scope for a given mass-threshold and divide this by all emissions of all importers of CBAM goods.

Step 1: We count all emissions of all importers of CBAM goods.

Step 2: We find out how many importers need to stay in scope to capture at least 99% of emissions. An algorithm counts, for each possible mass threshold, only those emissions from importers that import more than the mass-based threshold. Example: For a mass-threshold of 40t, all emissions of all importers with annual mass of more than 40t of CBAM goods are counted. The algorithm does the same for every possible number within a credible range and then divides for each possible mass-based threshold the emissions above the threshold by total emissions in scope if no de minimis were to apply. This gives us a number of around 51.3t.

Step 3: For simplicity and clarity in communication, and also to avoid having to update the threshold in the future at the margin, we round the threshold to the nearest ten, i.e. in this case to 50t. The goal is to set an annual based threshold so that at least 99% of all emissions from these imported goods are tracked. This system ensures that the vast majority of emissions are accounted for, without tracking every small importer. If trade patterns or emission intensities change significantly over time, the threshold will be adjusted to maintain the 99% emissions coverage.

Investment Omnibus

16. What specific regulations will be simplified, and how will this reduce administrative burdens for businesses and citizens and improve competitiveness?

The InvestEU and EFSI Regulations will be simplified with a view to reducing the frequency and the content of some reports e.g. exempting small final recipients such as SMEs, as well as the application of certain rules (e.g. the adjusted application of the SME definition for certain financial products), in line with the principle of proportionality. In this way, it aims at reducing the administrative burden for the InvestEU implementing partners and also for financial intermediaries and final recipients, notably the SMEs, which need to provide information for reports to the Commission and also to apply the established rules.

The simplification will also cover non-legislative requirements applying to InvestEU, EFSI and to legacy instruments (like InnovFin, CEF ...), in particular regarding the reduction of frequency and content of certain reports.

Such simplifications are expected to save around EUR 350 million for implementing partners, financial intermediaries, final recipients of InvestEU funds.

17. What measures are being proposed to ensure that small and medium-sized enterprises (SMEs) benefit from these simplification efforts?

Many of the proposed measures will benefit SMEs directly and, in some cases, exclusively. This is in particular the case for a simplified application of the SME definition and for the waiver of KPIs for small transactions. Furthermore, the reduction of frequency and content of some reports will also benefit SMEs, to the extent they will not be required to provide inputs for these reports to the implementing partners.

18. How exactly the proposed measures will unlock the investment capacity of around EUR 50 billion?

The proposal to amend the InvestEU Regulation would help mobilise additional EUR 50 billion of investment by:

- 1) increasing the size of the EU guarantee by EUR 2.5 billion, and
- 2) facilitating the combined use of the InvestEU guarantee with existing capacity available under three legacy programmes (EFSI, CEF Debt Instrument and InnovFin Debt Facility) to support new InvestEU financing and investment operations.

By streamlining the programs' operations, the Commission expects to unlock around €50 billion in public and private investment, driving growth and innovation in key sectors such as clean tech, digitalization, and sustainable infrastructure.

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