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Omnibus I and II

EC´s simplification packages and implications on sustainability requirements

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1 General overview
Executive summary

On February 26, 2024, the EC unveiled the Omnibus Legislative Package, a set of reforms designed to simplify sustainability reporting, streamline due diligence, refine carbon border measures, and optimize investment programs. These changes aim to reduce regulatory burdens while maintaining the EU's climate commitments and competitiveness objectives

Context

- In November 2024, during the Budapest Declaration on the New European Competitiveness Deal, EU Heads of State and Government called for simplifying the regulatory framework on sustainability. They urged the European Commission (EC) to propose concrete measures to reduce reporting requirements by **at least 25% in the first half of 2025.**
- Consequently, the EC introduced a simplification package addressing sustainability rules, known as **Omnibus I**, which amends the **CSRD, CSDDD, EU taxonomy, and CBAM.**
- Additionally, the EC proposed amendments under **Omnibus II** to simplify and optimize the use of various investment programs, including **InvestEU, EFSI**, and legacy financial instruments to enhance the competitiveness of EU enterprises.

Next Steps

Directive postponing by 2y CSRD (waves 2&3) and 1y CSDDD (wave 1)	• **EP&Council to consider and adopt rapidly**. • **31/12/2025**. Transposition deadline.
Directive amending other CSRD and CSDDD requirements	• **4m after entry force.** Final vers. of voluntary standard available. • **6m after entry force.** Final vers. of first set ESRS available. • **12m after entry force.** Transposed.
Taxonomy Delegated Acts	• **26/03/2025. Feedback** period ending. • **2Q25.** Delegated Acts adopted.
CBAM & Invest EU	• **EP&Council to consider and adopt amending Regulations**.

Omnibus Package

CSRD
- **Streamline sustainability reporting** by delaying compliance deadlines, narrowing scope, limiting value chain-related obligations, eliminating sector-specific standards, and removing the EC's ability to propose reasonable assurance.

CSDDD
- Limit obligations to direct business partners, delay **compliance deadlines**, reduce **the frequency of reporting, limit the information that large companies can request from companies in their value chain, and eliminate mandatory contract termination.**

EU Taxonomy
- Simplify sustainability reporting by reducing **administrative burdens, streamlining KPIs**, and **refining technical screening criteria** for financial and non-financial entities while maintaining transparency.

CBAM
- Simplify requirements by exempting small importers, **streamlining reporting** for **larger businesses**, strengthening **anti-circumvention measures**, and setting the **stage** for future expansion, ensuring a fair, efficient, and effective carbon regulation system.

InvestEU
- Increase **investment capacity**, streamlines funding access, reduce administrative burdens, and enhances SME support, unlocking €50 billion for innovation, sustainability, and economic growth.

Acess to detailed documents

2 Omnibus I
CSRD

The Omnibus proposal for the CSRD streamlines sustainability reporting by lowering the scope for companies, delaying compliance deadlines for wave 2 and wave 3 undertakings, limiting value chain obligations, eliminating sector-specific standards, and potentially reducing data burdens, ensuring a more practical and proportionate regulatory framework

1	**Scope**	• The scope is limited to large companies with over **1,000 employees** and either a **€50M net turnover** or a **€25M balance sheet total** (reducing the number of companies in by about 80%). • Reporting thresholds for **non-EU group companies now apply** to those with **over €450 million in EU net turnover**, provided they have either a **qualifying EU subsidiary** classified as a **large undertaking** (i.e., meeting at least two of the following: €25 million balance sheet total, €50 million net turnover, or 250 employees), or an **EU branch** with at **least €50 million in net turnover**. • Companies outside the scope may choose to report voluntarily, in accordance with the voluntary standards to be adopted by the EC.
2	**Assurance**	• The EC's power to set **limited assurance standards** is **maintained. However, the 1 October 2026 deadline is removed** to allow the EC to consider companies' concerns. • The EC power to adopt **reasonable assurance standards** following an assessment of feasibility is **removed**.
3	**Value chain reporting**	• Companies will have restricted ability to request additional information **to obtain sustainability data from the undertakings in the value chain to those that do not exceed the 1,000 employees in average during the FY other than that specified in the voluntary reporting standard.**
4	**Digitalisation**	• The proposal clarifies that the marking up sustainability reporting requirement will only become effective once the RTS on the European Single Electronic Format (ESEF) defining marking up rules for sustainability reporting has been adopted.
5	**Timing**	• Postponing the first application date for **wave 2** (large undertakings with up to 500 employees not included in wave 1) and **wave 3** (listed SMEs, small and non-complex credit institutions, and captive insurance and reinsurance undertakings) **by 2 years**. The new fiscal years will start on 1 January 2027 and 1 January 2028, respectively.
6	**Pending development**	• The Commission shall adopt: • **≤ 4 months after entry into force** of the new contents amending Directive, **new sustainability reporting standards for voluntary use**. • **≤ by 6 months after entry into force** of the new contents amending Directive, first set of ESRS simplified (prioritising quantitative datapoints, further distinguishing between mandatory and voluntary datapoints).

2 Omnibus I
CSDDD

The Omnibus proposal for CSDDD streamlines due diligence by limiting obligations to direct business partners, reducing reporting frequency, restricting the information large companies can request from small direct business partners,...

1	**Stakeholders**	• The Omnibus proposal limits the **definition of ‘stakeholders’** to workers, their representatives, and individuals or communities directly affected by a company’s products, services, or operations. It also restricts **engagement** to **‘relevant’ stakeholders** at specific stages of the due diligence process.
2	**Risk assessment**	• Companies were required to carry out an in-depth assessment of **adverse impacts across their entire value chain**, creating a significant compliance burden. The Omnibus proposal **limits this obligation to <u>direct</u> business partners**, unless there is **plausible information indicating risks at the level of indirect partners**, reducing unnecessary due diligence efforts.
3	**Value chain monitoring**	• The Omnibus proposal extends the requirement to evaluate suppliers from once a year to **every five years**, reducing the administrative burden while maintaining oversight.
4	**Business partners information**	• Regarding reporting requirements on the value chain, undertaking cannot seek to obtain information from undertakings ≤ 1,000 employees other than information specified in the voluntary sustainability reporting standard (unless commonly shared between undertakings in the sector concerned). • The information requested by large companies from direct business partners with **fewer than 500 employees** to carry-out in depth assessment of **value chain operations** mapping is limited to what is specified in the **voluntary sustainability reporting standard**, unless **additional information** is required, for example, because the standards do not cover a relevant impact, and where such information cannot reasonably be obtained in any other way.
5	**Contract termination**	• Regarding **potential adverse impacts that could not be prevented or adequately mitigated** the proposal enables companies to handle the **non-compliance of business partners** with **greater flexibility.**

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2 Omnibus I
CSDDD

…clarifying the meaning of "transition plans into effect," removing the need to base pecuniary penalties on the net worldwide turnover of the company concerned, and delaying application and transposition deadlines, among other measures

6	**Transition plans**	• The proposal **clarifies** that by "putting plans into effect" means including both **planned and implemented actions**.
7	**Non-compliance**	• The need to base pecuniary penalties on the net worldwide turnover of the company concerned is removed. Instead**, the EC should develop guidelines to assist supervisory authorities in determining the level of penalties.**
8	**Timing** [1]	• The **issuance of guidelines** and best practices on how **to conduct due diligence** is anticipated **from 26 January 2027** • **to 26 July 2026**. • The **transposition deadline for the Member States** has been delayed from **26 July 2026 to 26 July 2027**. • **Wave 1** covering the largest companies **will now report in July 2028** instead of July 2027, allowing companies more time to **implement due diligence requirements**.
9	**Additional requirements for regulated financial undertakings**	• The EC was originally **required to report on potential additional sustainability due diligence requirements for financial undertakings on 26 July 2026**, but the Omnibus proposal **removes this review clause**, as it does not allow enough time to assess the impact of the new due diligence framework.

(1) The CSDDD is implemented in 3 Waves. Wave 2 and Wave 3 are not impacted by the Omnibus proposal delays.

2 # Omnibus I
Taxonomy Delegated Act

The EU Taxonomy Amending Regulation simplifies sustainability reporting by reducing administrative burdens, streamlining KPIs, and refining technical screening criteria for financial and non-financial entities while maintaining transparency

1	**Amendments to CSRD & Taxonomy Reporting**	• The **Omnibus proposal** modifies **Article 8 of the Taxonomy Regulation**, impacting how companies report their sustainability alignment. • **Large companies with over 1,000 employees** but **turnover not exceeding €450M** will now have the option for **voluntary Taxonomy reporting.** Companies that meet some, but not all, of the EU Taxonomy criteria for sustainable activities can choose to voluntarily report on the criteria they do meet (vs reporting fully or not compliant).
2	**Simplification of Taxonomy Disclosures & Delegated Act**	• **Reporting templates will be simplified**, reducing **data points by nearly 70%** to make reporting more manageable. • Companies will be **exempt from assessing Taxonomy-eligibility** for activities that **do not significantly impact their business**, defined as those **below 10% of total turnover**, **capital expenditure (CapEx),** or **total assets**. • Companies do not need to report **OpEx alignment** if eligible activities <**25% of total turnover**, further reducing reporting requirements. • **Separate and duplicative reporting requirements** for **fossil gas and nuclear activities are removed**, significantly reducing reporting complexity, particularly for entities with limited *exposure* to these sectors.
3	**Changes to Financial Institution KPIs**	• Banks and other financial institutions that calculate a **Green Asset Ratio (GAR)** will be allowed to **exclude certain** from their denominator **exposures to companies not covered by CSRD** (i.e., those with **less than 1,000 employees**), ensuring that GAR calculations only reflect relevant sustainable investments. • Application of the **Trading Book KPI** and **Fees & Commissions KPI** is postponed **until 2027**, reducing bank's immediate reporting burdens.
4	**Simplification of "Do No Significant Harm" (DNSH) Criteria**	• Compliance with all technical screening criteria, including all **DNSH criteria**, is necessary for an **economic activity** to be considered aligned with the Taxonomy. Failure to meet even one DNSH criterion results in **lack of alignment**. DNSH criteria, especially those in Appendix C regarding **pollution prevention and control**, are considered overly **complex and burdensome**, particularly in sectors critical for the green transition. Non-financial undertakings claim that assessing alignment with certain provisions of Appendix C is disproportionate and excessively burdensome, calling for simplification. Therefore, **targeted amendments** to Appendix C provisions **should be provided** to reduce administrative burdens. The EC will review all **technical screening criteria**, particularly DNSH, to make them simpler and more aligned with EU legislation.
5	**Pending development**	• EC will shall develop delegated acts to ensure standardisation in terms of the content and presentation of the voluntary reporting on EU Taxonomy partially aligned activities.

The Omnibus proposal for CBAM simplifies compliance by exempting small importers, streamlining reporting for larger businesses, strengthening anti-circumvention measures, and setting the stage for future expansion, ensuring a fair, efficient, and effective carbon regulation system

1 Exemptions

- The Omnibus proposal **introduces a new CBAM cumulative annual threshold for small importers**, mainly SMEs and individuals, who bring **less than 50 tonnes** of CBAM goods per year into the EU. This threshold **corresponds to approximately 80 tonnes of CO_2** equivalent per importer.
- With this change, **90% of importers will now be exempt**, while still ensuring **that 99% of emissions remain covered under the CBAM framework.**

2 Simplifying compliance requirement

- For **companies that remain within CBAM's scope**, the proposal **streamlines authorization procedures, emissions calculations, reporting requirements, and financial compliance obligations**. The updated framework makes it easier and more efficient to comply with CBAM obligations, ensuring that businesses can **meet requirements without excessive bureaucracy or delays**.

3 Anti-abuse measures and risk prevention

- To strengthen the integrity of CBAM, the proposal introduces **stricter anti-circumvention measures in collaboration with national authorities**. Without these safeguards, companies could restructure trade flows to avoid compliance, undermining the effectiveness of the system. The **new provisions aim to prevent loopholes and ensure that CBAM remains a fair and transparent** mechanism for regulating carbon emissions from imported goods.

4 Future expansion and policy review

- A **comprehensive review of CBAM is scheduled for later in 2025**, assessing its potential expansion to additional ETS sectors, downstream goods, and indirect emissions. The EC will also **explore ways to support EU exporters affected by carbon leakage risks**.
- Based on the findings, a new legislative proposal is **expected in early 2026**, ensuring that CBAM remains aligned with evolving climate and trade policies while maintaining fairness in global markets.

3 Omnibus II

InvestEU

The Omnibus InvestEU proposal increases investment capacity, streamlines access to finance, reduces administrative burdens and improves support for SMEs, unlocking €50 billion for innovation, sustainability and economic growth

1 Boosting investment

- The Omnibus proposal **expands InvestEU's capacity by using** the returns from past investments and optimising the use of funds still available under the legacy instruments, thus allowing for more funds to be made available to businesses.
- This will **unlock €50 billion in additional public and private investment**, focusing on clean technologies, digital innovation, sustainability, and competitiveness.
- The EU guarantee will **increase by €2.5 billion**, further supporting priority policies such as the Competitiveness Compass and the Clean Industrial Deal.

2 Simplified access for member states

- New measures make it easier for **Member States to contribute to InvestEU**, allowing more direct support to local businesses and private sector investment.
- Member States can **voluntarily channel funds** from various sources, such as the **Recovery and Resilience Facility (RRF)** and structural and cohesion funds, into the InvestEU Member State compartment.
- The proposal also **reduces the administrative complexity of applying funding**, making investment more accessible and efficient.

3 Reducing administrative burdens

- To improve efficiency, the proposal **simplifies reporting requirements for implementing partners, financial intermediaries, and SMEs**.
- This includes **reducing the frequency and content of reports, exempting small beneficieries from unnecessary compliance obligations, and adjusting the SME definition for financial products**.
- These measures are expected to **generate cost savings of €350 million** while ensuring smoother access to funding.

4 Maximizing SME benefits

- SMEs will directly benefit from the **waiver of KPIs for small transactions**, along with a **simplified reporting process** that limits the information required from them.
- These changes **reduce administrative burdens** and ensure that SMEs have **easier access to finance.**

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Summary of proposed changes
Overview (1/2)

The Omnibus proposal streamlines sustainability reporting by increasing thresholds and reducing obligations.

	Element	Previous Requirement	Proposed Changes
CSRD	**Scope**	Large undertakings + listed SMEs small and non-complex institutions and captive insurance companies	Threshold raised to more than 1,000 employees and either €50M net turnover or €25M balance sheet total. Other undertakings will be able to report voluntarily under simplified standards
		Non-EU companies in scope with > €150M EU turnover that have an EU subsidiary in scope of CSRD or at least an EU branch with > €40M EU turnover	Non-EU companies in scope with > €450M EU turnover that have an EU subsidiary classified as a large undertaking or an EU branch with > €50M EU turnover
	Assurance	Limited assurance needed, with plans to shift to reasonable assurance	Limited assurance remains, but no shift to reasonable assurance.
	Reporting Deadlines	Deadlines set for initial disclosures and audits Companies must collect data from all suppliers	Extended by up to two years Limited to suppliers already under CSRD, reducing SME burden
	ESRS	Sector-agnostic ESRS into force Mandatory sector-specific reporting standards will be developed Voluntary simplified standard for companies not in scope of CSRD	Sector-agnostic ESRS will be revised, reducing the datapoints required Sector-specific standards will not be developed Voluntary simplified standard for companies not in scope of CSRD.
	Timing	Mandatory as of January 1, 2024	Deferred reporting requirements for companies by two years (Waves 2 & 3)
CSDDD	**Risk assessment**	Included evaluation of indirect suppliers	Only direct partners, unless risks at indirect level are plausible
	Business partners monitoring	Annual assessments required	Reduced to once every five years
	Business partners information	Data required from all suppliers	Information required from business partners with <500 employees is limited to the VSME standard requirements, unless addition is required
	Contract termination	Companies had to cut ties with non-compliant suppliers	No longer necessary, more flexibility for non-compliant business partners
	Transition plans	Companies had to implement plans	The proposal clarifies that transition plans must include both planned and implemented actions

A | Summary of proposed changes
Overview (2/2)

The Omnibus proposal streamlines sustainability reporting by increasing thresholds and reducing obligations.

	Element	Previous Requirement	Proposed Changes
Taxonomy	**EU Taxonomy Regulation**	Mandatory reporting under Taxonomy rules	Greater flexibility for companies < €450m turnover
	DNSH Rules	Strict DNSH criteria	Rules may be streamlined (not yet in the EU Platform on Sustainable Finance, but report in Feb 2024)
CBAM	**Exemptions**	All importers subject to CBAM	Small importers (<50 tonnes/year) exempt
	Simplifying compliance requirement	Complex approval and reporting processes	Streamlined procedures, reducing bureaucracy.
	Anti-abuse measures and risk preventions	No strict anti-circumvention rules	Stricter controls to prevent trade loopholes
	Future expansión and policy review	No clear expansion plan	Review in 2025; possible expansion by 2026
InvestEU	**Boosting investment**	Limited capacity for investment optimization	Expanded capacity, unlocking €50B in investments
	Simplified access for member states	No streamlined contribution process	Easier contributions, reduced funding complexity
	Reducing administrative burdens	High reporting and compliance obligations	Simplified reporting, exemptions, €350M cost savings
	Maximizing SME benefits	Strict KPI and reporting requirements	Waived KPIs, easier funding access

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Glossary

Main acronyms

CBAM	Carbon Border Adjustment Mechanism
CSRD	Corporate Sustainability Reporting Directive
CSDDD	Corporate Sustainability Due Diligence Directive
DA	Delegated Act
DNSH	Do No Significant Harm
EC	European Commission
EFSI	European Fund for Strategic Investments
EP	European Parliament
ESEF	European Single Electronic Format
ESRS	European Sustainability Reporting Standards
ETS	Emissions Trading System
EU	European Union
FI	Financial Institutions
FU	Financial Institutions
GAR	Green Asset Ratio
KPI	Key Performance Indicator
OJEU	Official Journal of the European Union
OpEx	Operating Expenditure
PIE	Public Interest Entities

RRF	Recovery and Resilience Facility
RTS	Regulatory Technical Standards
SME	Small and Medium-sized Enterprise
TSC	Technical Screening Criteria
VSME	Voluntary Standard for Small and Medium-sized Enterprise

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Soledad Díaz-Noriega
Partner at Management Solutions
Soledad.Diaz-Noriega@managementsolutions.com

Marta Hierro Triviño
Partner at Management Solutions
marta.hierro@managementsolutions.com