

The Omnibus Simplification Package; major amendments to be expected in EU sustainability legislation?!

On 8 November 2024, President von der Leyen announced that the European Commission would put forward a proposal to streamline its ESG regulations through an Omnibus Simplification Package. The actual proposal on the Omnibus Simplification Package will most likely be published on 26 February 2025 (although a delay may be possible), after which the proposal will be processed through the regular legislative process of the European legislators. In this update, we will provide an overview of these recent developments regarding the Omnibus Simplification Package.



Background on the anticipated Omnibus Simplification Package

The EU Green Deal has become subject to ongoing negotiations and revisions and as part of this trend, we see several initiatives to reopen discussions regarding EU sustainability legislation already in place, such as:

- the Corporate Sustainability Reporting Directive (**CSRD**), which came into effect on 5 January 2023 (please be referred to [our earlier blog](#) on this);
- the Corporate Sustainability Due Diligence Directive (**CSDDD**), which came into effect on 24 July 2024 (please be referred to [our earlier blog](#) and [cheat sheet](#) on this); and
- EU Taxonomy, which came into effect on 12 July 2020 (please be referred to [our earlier blog](#) on this).

One of the most recent examples is the Draghi report of 9 September 2024 on the future of European competitiveness (the **Draghi report**, which can be found [here](#)). According to the Draghi report, the accumulation of EU sustainability legislation may significantly impact the EU's competitiveness. The Draghi report suggests that the EU might benefit from simplification of the sustainability regulatory environment.

Further specifications on the Omnibus Simplification Package

On 29 January 2025, the EU Commission proposed a plan to streamline legislation with the aim of strengthening European competitiveness (the **Competitiveness Compass**). The Competitiveness Compass has proposed a package of simplifications, referred to as an **Omnibus Simplification Package**. The Competitiveness Compass underscores the importance of simplifying the EU's sustainability regulatory environment and reducing reporting burdens for companies, especially small- and medium-sized companies (**SMEs**).

On 12 February 2025, the Commission further specified the goal of the Omnibus Simplification Package and placed a strong emphasis on simplification in its work programme for 2025 (the **Work Programme**). The Omnibus Simplification Package includes a series of Omnibus packages designed to enhance the effectiveness and efficiency of EU legislation. The first Omnibus Simplification Package is expected to entail simplifications particularly in the areas of sustainable finance reporting (*i.e.* CSRD), sustainability due diligence (*i.e.* CSDDD), and taxonomy (*i.e.* EU Taxonomy).

What can be expected from the actual proposal on the Omnibus Simplification Package?

At this point, it is unclear what the actual proposal on the Omnibus Simplification Package will look like. Since the initial announcement of the Omnibus Simplification Package in November 2024, speculation has been intense concerning what is to be expected in the package. The published Work Program confirms that the proposal on the Omnibus Simplification Package will prioritize streamlining and simplifying the CSRD, the CSDDD, and the EU Taxonomy. In addition, a proposal for establishing a new category of SMEs with adapted requirements is expected.

Insights into potential future developments can also be gleaned from the positions of key EU stakeholders. Based on these positions, the following amendments can be expected:

- **The date of the entry into force** of the CSDDD and the reporting obligations under the CSRD, which will commence (already) in 2025 for the first in-scope companies over the financial year 2024, and the EU Taxonomy has been identified as a key concern. Suggestions have been made to further postpone the enforceable obligations under the CSRD, CSDDD, and EU Taxonomy for a period of at least two years. Some suggestions even propose indefinitely postponing the entry into force of the CSDDD, which would allow for incorporating necessary adjustments to the CSDDD. However, the practical implications of this postponement are not yet fully clear, and it may present certain challenges, particularly given that the first companies subject to the CSRD will be required to adhere to CSRD reporting obligations in 2025 regarding the financial year 2024.
- **The scope** of the CSRD, CSDDD, and EU Taxonomy is to be amended reducing the regulatory burden. There have been several suggestions, including the following: the scope of the aforementioned EU sustainability legislation should be limited to the largest companies with more than 1,000 employees; the indirect effect on SMEs should be eliminated (including the option of a new, lighter category for SMEs); and the thresholds for large undertakings should be increased to EUR 450 million net turnover and 1,000 employees lifting the thresholds for the CSDDD even higher; considering EU companies with over 5,000 employees and sales of over EUR 1.5 billion worldwide *in-scope*, and non-EU companies with sales of over EUR 1.5 billion on the EU market being *in-scope*.
- **Concerning the CSRD**, there have been suggestions to reduce the number of indicators and focusing them on climate objectives as well as abandoning the double materiality approach and determining materiality solely on financial materiality. It also suggests allowing mid-caps to apply the reporting standards provided for SMEs and capping the reporting requirements for large companies so that they cannot require their subcontractors to report more than needed for listed SMEs. Additionally, there are suggestions that recommend not to further work on possible sectoral standards.
- **The CSDDD civil liability mechanisms and transition plans** could be a point of discussion and thus could potentially be amended. There are also stakeholders advocating that any amendments to the CSDDD should focus on proportionality and harmonisation, ensuring that the simplification effort does not disadvantage Member States that have already transposed the legislation.

The Commission's proposal for the Omnibus Simplification Package is expected to initiate significant discussions within both the Parliament and the Council via a so-called trilogue (being the regular the EU-legislative procedure). While some stakeholders advocate for fast-tracking the Omnibus Simplification Package files to enhance competitiveness and reduce regulatory burdens, others call for thorough examination and caution, emphasizing the need to avoid hasty amendments to recently adopted legislation.

Get in touch

Our firm is continuously monitoring the current developments with respect to ESG and related legislation, and we will update this document if necessary. In the meantime, please feel free to contact one of our colleagues below.

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