

Insights

EU OMNIBUS I: EUROPEAN PARLIAMENT ADOPTS POSITION ON PROPOSED AMENDMENTS TO CSRD AND CSDDD

Nov 24, 2025

SUMMARY

On 13 November 2025, the European Parliament (the “Parliament”) adopted its negotiating position on the EU Omnibus I Directive amending the EU Corporate Sustainability Reporting Directive (“CSRD”) and the EU Corporate Sustainability Due Diligence Directive (“CSDDD”).

The text adopted by the European Parliament can be found [here](#) and their [press release](#) here.

BACKGROUND

The EU’s sustainability framework has undergone numerous changes throughout the course of 2025.

After the European Commission (the “Commission”) published the first Omnibus Package in February 2025, the April 2025 “Stop-the-Clock” Directive postponed key reporting deadlines for the CSRD and the CSDDD.

As a reminder, under the “Stop-the-Clock” Directive:

- in-scope large EU companies will be required to report starting in 2028 for the 2027 financial year;
- large non-EU companies with securities listed on an EU-regulated exchange will also be required to report starting in 2028 for the 2027 financial year; and
- non-EU parent companies of in-scope large EU companies will be required to prepare a report starting in 2029 for the 2028 financial year (no change as compared to previous version).

While most timing changes were approved swiftly, scoping and substantive changes to the CSRD and the CSDDD obligations have continued to be heavily negotiated as part of the European

legislative process.

The European Council (the “Council”) adopted its final position in June 2025, but the process stalled in October when the European Parliament, after initially endorsing the final position, unexpectedly voted against granting the JURI Committee the trilogue mandate, reopening the debate on the scope and ambition of the reforms.

KEY PROPOSED CHANGES TO CSRD

SCOPE

Regarding EU companies, the European Parliament proposes raising the employee threshold to 1,750 workers (in contrast to the 1,000-employee limit in the Council's approach) whilst maintaining a revenue threshold of €450 million (aligning with the Council's approach).

Regarding non-EU companies, the European Parliament proposes removing the requirement for these companies to generate a certain net turnover in the EU or to have a minimum number of employees, which means that the sole criterion will be that the EU subsidiary or branch reaches a €450 million turnover threshold in the EU (on an unconsolidated basis).

The amendments would also exempt parent financial holding companies, which act only as holding companies, without being involved in the management of other undertakings and which do not have any EU subsidiaries with an operating business. Where a company has recently acquired a previously out-of-scope subsidiary, it would have a 24-month transition period before being required to integrate such subsidiary's information into its consolidated sustainability report.

TAXONOMY REPORTING

Only businesses within the CSRD's scope would be required to provide sustainability reporting under the taxonomy rules, consistent with the positions of both the Commission and the Council (notwithstanding that each position employs different application tests).

ESRS

Reporting standards would be simplified, requiring fewer qualitative details. Sector-specific reporting would become voluntary. This approach is generally consistent with both the Commission's proposal and the Council's position.

Value chain cap: Companies subject to CSRD reporting obligations would be prohibited from requesting information from non-covered entities that exceeds the scope of voluntary standards. Companies may only seek information from value chain companies which exceed 1,750 employees and net turnover of €450 million. Value chain companies that do not meet these thresholds may only be approached for value chain information specified in the voluntary reporting standard (the “VSME”) that the Commission is set to adopt under the Commission's proposal or if such

information is commonly shared among companies in the relevant sector. Companies may abstain from seeking information from non-EU companies that could be sanctioned by their respective governments for providing sustainability data. In this case, companies are required to inform their supervisory authorities and replace the information with a default value which represents an estimation of a value typical for the country and sector. In addition, where not all the necessary information regarding their value chain is available, or such information is incomplete or subject to legal limitations, companies should explain the efforts, the reasons why information could not be obtained, and their plans to obtain such information in the future.

DIGITAL PORTAL

Parliament proposes that the Commission develop a digital platform offering companies free access to templates, guidelines and information on all EU reporting requirements, complementing the [European Single Access Point](#) (the “ESAP”).

KEY PROPOSED CHANGES TO CSDDD

SCOPE

For EU companies, the European Parliament proposes an employee threshold of 5,000 employees and a turnover requirement of €1.5 billion, in line with the Council's position.

For non-EU companies, the European Parliament proposes a turnover threshold of €1.5 billion in the EU, without any minimum employee threshold.

TRANSITION PLAN REMOVAL

The European Parliament proposes to remove the mandatory transition plan requirements under Article 22 of the CSDDD. This contrasts with the Council's position, which maintains the transition plan requirement but incorporates specific relief measures.

DUE DILIGENCE

Members of the European Parliament voted for a risk-based approach under Article 8 of the CSDDD to identifying and addressing adverse impacts without comprehensive mapping of all suppliers. In the context of actual or potential adverse impacts of a business partner which could not be prevented or adequately mitigated, the European Parliament's position removes the obligation for companies to refrain from entering into new or extending existing relations with such a business partner, replacing it with an option.

VALUE CHAIN CAP

In-scope companies should rely on already available information and only request additional information from their smaller business partners as a last resort.

ENFORCEMENT

Companies in breach of the Directive's due diligence requirements would be liable at the national rather than EU level and would have to fully compensate victims for damages, mirroring the approach adopted by both the Commission and the Council.

NEXT STEPS

The next phase is the trilogue negotiations between the European Commission, Council and Parliament. The three must agree on a final text.

According to the European Parliament's press release, trilogue negotiations began on 18 November 2025.

The parties are working towards finalising negotiations by the end of 2025, although this deadline may prove challenging to meet given the divergent positions between the co-legislators on key issues.

RELATED CAPABILITIES

- ESG Governance, Compliance and Reporting

MEET THE TEAM



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