

FESI Overview of the Parliament Draft Report vs Council General Approach

July 2025

1. Introduction

The first Omnibus package (Omnibus I) on simplifying reporting requirements was published by the European Commission on 26 February 2025. The Commission acted on its target to achieve at least 25% reduction in administrative burdens, and at least 35% for SMEs until the end of this mandate. This first 'Omnibus' package will bring simplification to the **Corporate Sustainability Reporting Directive (CSRD)**, **Corporate Sustainability Due Diligence Directive (CSDDD)**, **Taxonomy Regulation**, and **Carbon Border Adjustment Mechanism (CBAM)**.

2. Applicability of Omnibus I

The current Omnibus package is composed by 4 main legislative proposals. These proposals will need to be discussed, amended, and approved by both the Parliament and Council.

- 1) Legislative changes to CSRD, CSDDD, Taxonomy: **currently being discussed at Parliament Committee and Council level. MEPs have proposed their amendments to the Rapporteur's Draft Report in June. Negotiations to reach a Parliament position are ongoing.**
- 2) Legislative changes to CBAM: **compromise agreement between the Parliament and Council reached in June. Final vote and entry into force expected for Autumn 2025.**
- 3) New, delayed applicability dates for CSRD (**waves 2 and 3 to report in 2028 and 2029 instead of 2026 and 2027**) and CSDDD (**first companies in scope from 2028 instead of 2027**) to be applied from **31 December 2025**.

3. Relevance of this analysis

The Omnibus I proposal is currently being discussed in both the Parliament and the Council. At Parliament level, the Rapporteur of the main Committee in charge (JURI) has drafted a report with suggested amendments to the Commission proposal. This draft (analysed below) served as basis for other MEPs propose amendments, which are now being discussed to agree on a compromise Parliament position. This compromise should be found and voted on before the end of the summer. A final vote on the Parliament position is expected for October 2025. In parallel, the Council has also published its own negotiating mandate: the General Approach. Following formal approval of these positions, the two institutions will then need enter the trilogue stage and find a final compromise agreement.

4. Proposed changes to the Omnibus compared to FESI, Parliament and Council's positions.

CSDDD					
TOPIC	ORIGINAL TEXT	OMNIBUS	FESI POSITION PAPER	PARLIAMENT RAPPORTEUR TEXT	COUNCIL GENERAL APPROACH
SCOPE	At least 1000 employees , and over EUR 450 million net turnover (for EU companies) or €450 million in net EU turnover (for non-EU companies)	At least 1000 employees , and over EUR 450 million net turnover (for EU companies) or EUR 450 million in net EU turnover (for non-EU companies)	/	Aligned with CSRD and Taxonomy and set at more 3000 employees and EUR 450 million net turnover	5000 employees and a net turnover of more than EUR 1.5 billion

HARMONISATION	/	Maximum harmonisation for identification duty, duties to address adverse impacts, duty to provide complaint procedure	Harmonisation extended to all provisions	- Maximum harmonisation to ensure level playing field + member states are not allowed to introduce provisions diverging from CSDDD CSDDD 'chain of activities' will substitute 'value chain' in CSRD	Full harmonisation to be expanded to core aspects of due diligence process
RISK-BASED VS TIER 1	Risk-based approach for all chain of activities	No risk-based approach but focus on Tier 1	Phase in of risk-based approach starting from Tier 1	Risk based approach applied to Tier 1	Risk based approach applied to Tier 1
SMEs INVOLVEMENT	Companies in scope may request information to their SME partners	Companies in scope may only request information to their direct SME/SMC business partners that is contained in the CSRD Voluntary Reporting Standards (VSME)	Companies in scope may only request information to their direct SME/SMC business partners that is contained in the CSRD Reporting Standards for Listed SMES (LSME) + information commonly shared between	Companies in scope may only request information to their direct SME/SMC beyond VSME standards if: - There are clear adverse risk indications - The risk not covered by ESRS	Companies in scope may only request information when necessary. For companies with less than 1000 employees, only if it cannot be obtained by any other means.

			undertakings in the sector concerned	- There is no other way to access the information	
PLAUSIBLE INFORMATION	/	Companies should only go beyond Tier 1 if there is plausible information of risk	Plausible information to go beyond Tier 1 should be clarified and substituted with 'substantiated knowledge'	Plausible information is defined as information that is objective, factual and verifiable and should be used to identify risk	Companies should only go beyond Tier 1 if there is reasonably available information of risk: objective and verifiable information
SUSPEND/TERMINATE BUSINESS RELATIONSHIP	Disengage or terminate relationship if all due diligence steps have failed	No obligation to terminate relationship but to suspend in some cases	Clarification on when to suspend/terminate/re-enter business relationship	Proposes to delete obligation to terminate business relationships as a last resort. Companies have flexibility to choose whether to suspend relationships with non-compliant partners	No obligation to terminate relationship but member clarification on when to suspend it is required
CLIMATE TRANSITION PLANS	Obligation to adopt and put into effect a climate transition plan for climate change mitigation	No obligation to put into effect a climate transition plan (requirements in line with CSRD)	/	No transition plans	Obligation to adopt a climate transition plan but without putting it into effect

CSRD					
TOPIC	ORIGINAL TEXT	OMNIBUS	FESI POSITION PAPER	RAPPORTEUR TEXT	COUNCIL GENERAL APPROACH
SCOPE	EU Companies: 250 employees and either net turnover above EUR 50 million or balance sheet total above EUR 25 million. Non-EU Companies: Net turnover of more than EUR 150 million in the Union for each of the last two consecutive financial years, and either have a branch in the Union generating a net turnover of more than EUR 40 million, or have at least one subsidiary undertaking that is a	EU Companies: 1000 employees and either net turnover above EUR 50 million or balance sheet total above EUR 25 million. Non-EU companies: net turnover of more than EUR 450 million in the Union for each of the last two consecutive financial years, <u>and either</u> have a branch in the Union generating a net turnover of more than EUR 50 million, <u>or</u> have at least one subsidiary undertaking that is a large undertaking.	/	Aligned with CSRD and Taxonomy and set at 3000 employees and EUR 450 million net turnover	1,000 employees and turnover above EUR 450 million

	large undertaking or a listed SME.				
LIMITED ASSURANCE	- Limited assurance until 2028 - Reasonable assurance from 2028 - Limited assurance standards to be developed by 2026	- Limited assurance kept - Reasonable assurance to be scrapped - Limited assurance standards to be substituted with guidelines	- Limited assurance kept but with phase in - Limited assurance standards should be reintroduced - Scrapping of reasonable assurance maintained	- Limited assurance kept - Limited assurance standards to be reintroduced by 1 October 2026 - Scrapping of reasonable assurance maintained	- Limited assurance kept - Commission empowered to consider reintroduction of limited assurance standards - Scrapping of reasonable assurance maintained
ESRS	- Sector-agnostic already in place - Sector-specific to be adopted by 30 June 2026	- Sector-agnostic to be revised - Sector specific to be scrapped	- Sector-agnostic to be revised - Sector specific to be scrapped	Sector-agnostic standards should ensure that the reported information is simple, streamlined, understandable, proportionate, relevant, verifiable	- ESRS to be revised every 4 years - Commission to release sector-specific guidelines for ESRS

				Sector-specific to be scrapped	
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TAXONOMY					
TOPIC	ORIGINAL TEXT	OMNIBUS	FESI POSITION PAPER	PARLIAMENT RAPPORTEUR TEXT	COUNCIL GENERAL APPROACH
SCOPE	Large companies subject to CSRD	Aligned with new CSRD scope (1000 employees and net turnover of more than EUR 450 million). Voluntary for companies below this threshold. <u>But</u> Undertakings with net turnover not exceeding EUR 450 million that claim taxonomy alignment must report on turnover and CapEx KPIs	/	Aligned with CSRD and Taxonomy and set at 3000 employees and EUR 450 million net turnover	/

		and may disclose OpEx KPIs			
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