

Published on 17 June 2025



Claire Filliatre, Member of the Lyon Bar

cfilliatre@soulierbunch.com

Tel.: +33 (0)4 72 82 20 80, +33 (0)1 40 54 29 29

[Read this post online](#)

CSRD, CSDDD, and “Omnibus” package: Where does EU ESG regulation stand?

The European regulatory landscape on sustainability is entering a new phase. Following the adoption of the Corporate Sustainability Reporting Directive and Corporate Sustainability Due Diligence Directive, the European Commission introduced a legislative simplification package in February 2025, known as the “Omnibus” package, aimed at adjusting the scope and timeline of these landmark legislative acts.

Stated objective: Enhancing the competitiveness of European businesses while reducing their administrative burden, particularly for SMBs. According to European Commission estimates, the proposed measures could generate €6.3 billion in savings and unlock up to €50 billion in additional investments.

This article provides an overview of the two main pillars of the European Union’s ESG framework, and highlights the key elements of the proposed “Omnibus” package.

I. Two Foundational Directives: CSRD and CSDDD

1. The Corporate Sustainability Reporting Directive (CSRD)

Adopted on December 12, 2022, the CSRD^[1] significantly strengthens sustainability reporting requirements, and replaces the previously applicable Non-Financial Reporting Directive (NFRD), which was widely seen as insufficient.

It requires companies to publish sustainability reports based on the European Sustainability Reporting Standards (ESRS), addressing environmental, social, and governance (ESG) issues under the principle of double materiality – financial materiality and impact materiality.

Implementation timeline:

- **2023:** Entry into force;
- **2025-2028:** Gradual rollout in four waves:
 - **2025:** Large companies already subject to the NFRD;
 - **2026:** Large companies not yet subject to the NFRD;
 - **2027:** Listed SMBs, with an optional two-year postponement;
 - **2028:** Non-EU companies with EU turnover > €150 million via a branch or subsidiary.

2. The Corporate Sustainability Due Diligence Directive (CSDDD)

Adopted on April 12, 2024, the CSDDD^[2] introduces mandatory due diligence obligations for large companies, covering their entire value chain. Its purpose is to prevent, identify, and remedy adverse human rights and environmental impacts.

Key obligations include:

- Risk mapping;
- Development of a corrective action plans;
- A complaints notification procedure developed in consultation with employee representatives;
- Monitoring and reporting on the effectiveness of implemented measures.

Key dates:

- **July 26, 2026:** Transposition deadline;
- **2027-2029:** Phased entry into force:
 - **2027:** Companies with >5,000 employees and >€1.5 billion turnover;
 - **2028:** Companies with >3,000 employees and >€900 million turnover;
 - **2029:** Companies with >1,000 employees and >€450 million turnover, including non-EU companies operating in the EU.

II. The “Omnibus” Package: Toward targeted simplification

In response to concerns about complexity and implementation costs, the European Commission presented the “Omnibus” package^[3] on February 26, 2025, aiming to ease regulatory burdens while preserving the core objectives of the European Green Deal.

1. Proposed adjustments to the CSRD

- **Narrowing the scope of application:** Only companies with more than 1,000 employees (with financial thresholds unchanged) would remain subject to the CSRD. Nearly 80% of companies would thus be exempted.
- **Creation of a voluntary ESG framework for SMBs:** Simplified standards would be offered to small and medium-sized businesses wishing to adopt ESG reporting, on a voluntary basis.
- **Revision of the ESRS:**
 - Reduction of data requirements (revision expected by October 31, 2025, from the European Financial Reporting Advisory Group);
 - Sector-specific standards: The initially planned sector-specific standards would be dropped.

The double materiality principle is maintained:

- Financial materiality (Outside-In): The impact of ESG issues on the company’s performance;
- Impact materiality (Inside-Out): The company’s impact on the environment and society.

2. Proposed adjustments to the CSDDD

- **One-year postponement:** Transposition postponed to July 26, 2027; the first companies will not be subject to the CSDDD before 2028.
- **Narrowing the scope of due diligence:** Due diligence requirements would be limited to “*direct business partners*”. However, in the presence of “*plausible information*” on human rights violations, a broader obligation may apply.
- **Less frequent assessments:** Assessment would be required every five years instead of annually.
- **Relief measures for SMBs:** The amount of information they may be required to provide as part of value chain mapping would be limited.

III. Current state of implementation?

The “Stop the Clock” Directive^[4], published in the Official Journal of the European Union on April 16, 2025, entered into force on April 17, 2025. It formalizes, in particular, the postponement of implementation timelines.

In France, the CSRD-related provisions were transposed through Law No. 2025-391 of April 30, 2025, known as the “DDADUE 5” Law^[5]. The transposition of the CSDDD must be completed by July 26, 2027.

However, the substantive changes proposed in the “Omnibus” package have not yet been adopted. They are currently under discussion within the European Parliament and the Council. Until they are adopted and transposed, the current versions of the directives remain in force.

Conclusion: Pragmatism or Step Back?

With the “Omnibus” package, the European Commission is taking a pragmatic turn, seeking to reconcile regulatory ambition with operational reality. This shift has been welcomed by part of the business community but raises questions as to whether the original level of ambition will be maintained.

[1] [Directive \(EU\) 2022/2464 of the European Parliament and of the Council of December 14, 2022 amending Regulation \(EU\) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting](#)

[2] [Directive \(EU\) 2024/1760 of the European Parliament and of the Council of June 13, 2024 on corporate sustainability due diligence and amending Directive \(EU\) 2019/1937 and Regulation \(EU\) 2023/2859](#)

[3] [Proposal for a Directive of the European Parliament and of the Council amending Directives 2006/43/EC, 2013/34/EU, \(EU\) 2022/2464 and \(EU\) 2024/1760 as regards certain corporate sustainability reporting and due diligence requirements and Proposal for a Directive of the European Parliament and of the Council amending Directives \(EU\) 2022/2464 and \(EU\) 2024/1760 as regards the dates from which Member States are to apply certain corporate sustainability reporting and due diligence requirements](#)

[4] [Directive \(EU\) 2025/794 of the European Parliament and of the Council of April 14, 2025 amending Directives \(EU\) 2022/2464 and \(EU\) 2024/1760 as regards the dates from which Member States are to apply certain corporate sustainability reporting and due diligence requirements](#)

[5] Law No. 2025-391 of April 30, 2025, on various provisions for the adaptation of French law to European Union law in matters of economy, finance, environment, energy, transport, health, and the movement of persons

Soulier Bunch is an independent full-service law firm that offers key players in the economic, industrial and financial world comprehensive legal services.

We advise and defend our French and foreign clients on any and all legal and tax issues that may arise in connection with their day-to-day operations, specific transactions and strategic decisions.

Our clients, whatever their size, nationality and business sector, benefit from customized services that are tailored to their specific needs.

For more information, please visit us at soulierbunch.com.

This material has been prepared for informational purposes only and is not intended to be, and should not be construed as, legal advice. The addressee is solely liable for any use of the information contained herein.

