Holtara's Market Updates

Omnibus Simplification Package
European Commission

Changes to ESG reporting rules

February 27, 2025

1. Introduction

The much-anticipated Omnibus simplification package was unveiled in February 2025, aiming to address concerns over regulatory burdens and compliance costs. The proposed amendments primarily focus on the CSRD, the CSDDD, and the EU Taxonomy Regulation. According to the European Commission, these initiatives are intended to balance the EU's sustainability objectives with efforts to enhance the competitiveness of European businesses.

2. Corporate Sustainability Reporting Directive (CSRD)

2.1 What changes has the EU Commission proposed?

	Before Omnibus	Omnibus proposal
Scoping criteria	All "large" EU companies (meeting ≥2 of: 250+ employees, €50 million net turnover, €25 million in assets) and to all companies listed on EU regulated markets (including listed SMEs, except micro-entities)	Private and listed companies with ≥1000 employees AND ≥€50M net turnover.
Amount of companies in-scope	Close to 50,000.	About 10,000. (80% of companies de-scoped)
Timeline for reporting obligations	FY2024 for large listed companies FY2025 for all other large companies FY2026 for listed SMEs FY2029 for non-EU companies	Companies in wave 1 (FY2024) must still report following already approved rules. Companies in wave 2 (FY2025 or later) may find their reporting obligations delayed by 2 years, following a Comission proposal to "stop the clock".
Double Materiality	Yes	Yes
Reporting requirements	Cross-cutting & topical ESRS, containing >1,000 datapoints.	Planned reduction of 70% of datapoints (to be further developed in future proposals).
Sector standards	To be introduced after 2026	Discarded
Reporting on value chain	Companies required to obtain data from all suppliers.	Only required to obtain data from companies in scope of CSRD.

Assurance	Limited assurance required. Planned future adoption of reasonable assurance.	Limited assurance required. Future reasonable assurance removed.

2.2 As a company in scope, what should I do now?

The European Commission has also proposed a measure to "stop the clock" on CSRD compliance timelines. This means that companies in wave 2 of the CSRD (those originally required to report for FY2025 or later) will see their reporting deadlines postponed by at least two years. This proposal is expected to be fast-tracked to ensure the quickest possible approval.

However, the proposals in the Omnibus package are not final. The Commission proposes but does not impose —approval requires a trilogue negotiation involving the European Parliament and the Council of the EU, both of which can introduce amendments.

Additionally, a less demanding CSRD could allow for greater flexibility in national transpositions, increasing the likelihood of gold-plating by individual countries: some member states may choose to impose stricter requirements on their companies—there is precedent for this, such as Spain's more ambitious transposition of the NFRD.

While significant uncertainty remains, the following decision matrix provides guidance for companies originally within the scope of the CSRD:

	My country has already transposed CSRD	My country has not transposed CSRD yet
I am in CSRD wave 1: reporting on FY2024	No immediate changes for you—for now, you will need to continue reporting exactly as you did for FY2024. However, pay close attention to your country's transposition of the directive. Until national legislation is updated to reflect the new rules, your reporting obligations will remain unchanged.	Your country is already late to the transposition deadline of the CSRD. If you have already begun adapting to the CSRD under the assumption that it would be transposed on time, you may face an unclear regulatory framework. Your country may introduce an interim transposition to address this situation. In the absence of such measure, you should continue complying with your country's transposition of the NFRD. Consider voluntary reporting in line with ESRS to maintain alignment with evolving requirements.

I am in CSRD wave 2: reporting on FY2025 or later	The current transposition still imposes reporting obligations as previously defined. However, given that the "stop-the-clock" proposal is expected to be fast-tracked, your country may amend its transposition to suspend reporting requirements for at least two years. Liaise with your auditor and freeze preparatory work for now (if you already commenced your DMA, finish it). Consider voluntary reporting in line with ESRS.	Given the latest developments from the European Commission, it is highly unlikely that your country will proceed with a CSRD transposition that imposes reporting obligations on you. Pause preparatory work for now and maintain regular communication with your consultants and your auditors to follow developments. Study voluntary reporting following ESRS.

3. EU Taxonomy Regulation

Proposed changes	What does it mean?
Reduction in reporting scope	Large companies (1,000+ employees) with turnover below €450M will not be required to report under the EU Taxonomy, unless they voluntarily opt in.
Introduction of an "Opt-in" regime for Taxonomy reporting	If a company opts in, it must disclose its turnover and CapEx KPIs but may choose whether to disclose OpEx KPI.
Partial taxonomy alignment	Companies can report on activities that partially meet Taxonomy criteria rather than requiring full compliance.
Adjusted Green Asset Ratio (GAR)	Banks will now be able to exclude exposures to companies outside the CSRD scope from the denominator of their GAR.
Simplified DNSH Criteria for complex activities	Criteria related to pollution prevention and chemicals will be simplified, making it easier for companies to comply with Taxonomy requirements.
Proportionality	Activities contributing less than 25% of turnover will be exempted from reporting Opex.

Furthermore, the Commission is also publishing for consultation draft amendments to the Taxonomy Disclosures Delegated Act and the Taxonomy Climate and Environmental Delegated Acts which:

- Will simplify reporting templates, reducing data points by 70%.

- Will exempt companies from assessing Taxonomy eligibility for activities not financially material (e.g., those below 10% of their total turnover, capital expenditure, or assets).

4. Corporate Sustainability Due Diligence Directive (CSDDD)

Proposed changes	What does it mean?
Postponing deadlines	Companies will have an additional year to implement the new framework (26 July 2027) and postponing the application of sustainability due diligence requirements for the largest companies until 26 July 2028.
Relieving from in-depth assessments	Companies will not be required to conduct exhaustive assessments on indirect business partners unless there is clear evidence of potential harm.
Simplifying sustainability due diligence requirements	The periodic assessments interval will be extended to five years, streamlining stakeholder engagement, and removing the obligation to terminate business relationships as a last resort.
Limiting information requests from SMEs and small midcaps	Companies will not be allowed to burden small businesses with excessive information requests, only requiring the minimum information needed for due diligence (in line with what is required by the CSRD voluntary sustainability reporting standards, unless additional information is necessary for mapping impacts)
Deferring to national civil liability laws	National laws will define civil liability rules, removing EU-wide mandates

5. What can we expect regarding regulatory procedures and timelines?

The legislative proposals will be submitted to the European Parliament and the Council for review and approval. The changes to the CSRD and CSDDD will take effect once both bodies reach an agreement and the amendments are published in the EU Official Journal. While an exact timeline is uncertain, approval is expected to take approximately 12 months, with subsequent transposition into national regulations requiring additional time.

Notably, the Commission has urged co-legislators to prioritize these proposals—particularly those delaying certain CSRD disclosure requirements and the CSDDD transposition deadline—to address concerns raised by stakeholders.

Finally, the draft Delegated Act updating the Taxonomy Regulation will be adopted following public feedback and will take effect once the European Parliament and the Council complete their review.

6. Any further questions?

Our professionals will be happy to answer your questions regarding these regulatory changes and help you navigate the challenges associated with EU's ESG reporting regulations.

Marcos Taboada
Head of Reporting & Corporate Advisory – Spain
Marcos.taboada@holtara.earth

Cristian Echavarria
Principal – Head of Regulation
Cristian.echavarria@holtara.earth