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Practice Insights

The EU Omnibus — But Where Does It Go?

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White Paper Part I — CSRD and CSDDD

The EU Commission omnibus proposal is structured into two separate directives. The first directive focuses on defining the dates by which Member States are to apply the requirements — commonly referred to as the “stop the clock” proposal. The second directive addresses the substantive requirements of the regulation.

Both the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD) have been impacted by the Omnibus Directives proposals.

They have now been handed over to the Council of Europe and the European Parliament for review and approval. The amendments to the CSRD, CSDDD and Carbon Border Adjustment Mechanism (CBAM) will only come into effect once the co-legislators reach an agreement on the proposals and after they are published in the EU Official Journal.

The vice president of the European People's Party (EPP) has urged the EU Parliament to take an urgent decision on the “stop the clock” proposal, ideally during the March 2025 part-session, and no later than the April 2025 part-session.

Regarding the changes brought to CSRD, the Omnibus Directive proposes to:

- Remove around 80% of companies from the scope of CSRD, by **shifting the focus on sustainability reporting obligations on the largest companies** — i.e., large undertakings with more than 1,000 employees with either a turnover above €50 million or a balance sheet above €25 million. For non-EU companies, the financial threshold has been raised from €150 million turnover to €450 million turnover generated in the EU. These companies are considered more likely to have the biggest impacts on people and the environment.
- **Reduce the trickle-down effect** by ensuring that sustainability reporting requirements on large undertakings do not burden smaller companies in their value chains. The proposal also introduces a “value-chain cap,” which states that European Sustainability Reporting Standards (ESRS) should not include reporting requirements that would require companies to obtain information from small and mid-sized enterprises (SMEs) in their value chain that goes beyond what is required under the proportionate standard for listed SMEs.

- **Postpone the reporting requirements** for companies currently subject to the CSRD, which are required to report starting in 2026 or 2027, by two years until 2028 or 2029, respectively. This measure aims at (i) preventing a situation whereby certain companies are required to report for the financial years 2025 or 2026, only to be later relieved from this requirement, and (ii) giving more time to undertakings that will be eventually in scope to adjust to the newly drafted ESRS.
- **Eliminate the requirement to transition from a limited assurance requirement to a reasonable assurance requirement.**
- **Remove the obligation to adopt sector-specific standards and introduce revised ESRS** through a delegated act by the European Commission. Those revised ESRS will “substantially reduce the number of mandatory ESRS datapoints” and will:
 - (i) remove those deemed least important for general purpose sustainability reporting;
 - (ii) prioritize quantitative datapoints over narrative datapoints; and
 - (iii) further distinguish between mandatory and voluntary datapoints without undermining the interoperability with other global reporting standards such as ISSB and GRI.¹
- **Preserve the double materiality assessment**, despite much speculation that it would be abolished in favor of an assessment focused on financial impact.

The key proposed revisions of the CSDDD will:

- **Enhance harmonization** of due diligence standards across the EU by extending mandatory harmonization to (i) due diligence support at group level (Article 6), (ii) integration of due diligence into company policies and risk management systems (Article 7), (iii) identification and assessment of actual and potential adverse impacts (Article 8) and prevention of potential adverse impact (Article 10 (1 to 5)), (iv) the ending of actual adverse impact (Article 11 (1 to 6)) and (v) notification mechanism and complaints procedure (Article 14).
- **Streamline requirements** to reduce complexity and costs for companies by focusing due diligence obligations primarily on direct business partners and extending the interval for periodic assessments from one year to five years, with ad hoc reviews as needed. In-depth assessment of an indirect business partner will only be required where “a company has plausible information that suggests that adverse impacts at the level of the operations of an indirect business partner have arisen or may arise.”
- **Alleviate burdens on SMEs and small mid-caps** by restricting the amount of information large companies can request for value chain mapping.
- **Revise business partner due diligence** by removing the requirement to terminate a business relationship. As long as there is a reasonable expectation that an enhanced prevention action plan will succeed, the mere fact of continuing to engage with a business partner will not trigger the company’s liability.
- **Reduce the number of in-scope stakeholders** by removing consumers, groupings and partners, employees of the company’s business partners and their representatives, national human rights and environmental institutions, and civil society organizations focused on environmental protection. Additionally, stakeholder engagement is now required only when their rights are **directly affected and relevant**, limiting the scope of consultation to those with a more immediate and tangible connection to the company’s activities.
- **Adjust liability conditions** by removing EU-specific civil liability provisions while maintaining victims’ rights to full compensation under national laws and protecting companies from excessive compensation claims.

- **Remove the obligation to implement a climate transition plan.** Companies are no longer required to **put into effect** a transition plan for climate change mitigation. While they are still required to adopt such a plan, there is no obligation to implement actions ensuring their business model aligns with the transition to a sustainable economy or the goal of limiting global warming to 1.5°C², as outlined in the Paris Agreement.
- **Provide guidance on penalties and enforcement.** The European Commission, in collaboration with Member States, will issue guidance to help supervisory authorities determine the appropriate level of penalties. Additionally, Member States cannot impose a **maximum limit** on pecuniary penalties in their national laws if it would prevent authorities from enforcing penalties in line with the principles and factors outlined in the Directive.
- **Extend compliance timelines** by giving the largest companies an additional year — until July 26, 2028 — to implement the new requirements while bringing forward the adoption of guidelines by the commission to July 2026.

Please find below of detailed table of the CSDDD amendment proposals.

Comparative table: Directive (EU) 2024/1760 of June 13, 2024, and Omnibus Proposals of February 26, 2025		
Directive (EU) 2024/1760 of June 13, 2024, on corporate sustainability due diligence (CSDD)	Proposal of February 26, 2025, for a directive amending directive (EU) 2024/1760 (Omnibus)	Comments
<i>Article 1(1)</i> Subject matter 1. This Directive lays down rules on: (a) obligations for companies regarding actual and potential human rights adverse impacts and environmental adverse impacts, with respect to their own operations, the operations of their subsidiaries, and the operations carried out by their business partners in the chains of activities of those companies; (b) liability for violations of the obligations as referred to in point (a); and (c) the obligation for companies to adopt and put into effect a transition plan for climate change mitigation which aims to ensure, through best efforts, compatibility of the business model and of the strategy of the company with the transition to a sustainable economy and with the limiting of global warming to 1,5°C in line with the Paris Agreement. [...]	<i>Article 1(1)</i> Subject matter 1. This Directive lays down rules on: (a) obligations for companies regarding actual and potential human rights adverse impacts and environmental adverse impacts, with respect to their own operations, the operations of their subsidiaries, and the operations carried out by their business partners in the chains of activities of those companies; (b) liability for violations of the obligations as referred to in point (a); and (c) the obligation for companies to adopt and put into effect a transition plan for climate change mitigation, including implementing actions which aims to ensure, through best efforts, compatibility of the business model and of the strategy of the company with the transition to a sustainable economy and with the limiting of global warming to 1,5°C in line with the Paris Agreement. [...]	Requirement to “put into effect” is deleted. The transition plan shall now include implementing actions.

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<i>Article 3(1)</i> Definitions 1. For the purpose of this Directive, the following definitions shall apply [...] (n) ‘stakeholders’ means the company’s employees, the employees of its subsidiaries, trade unions and workers’ representatives, consumers and other individuals, groupings, communities or entities whose rights or interests are or could be affected by the products, services and operations of the company, its subsidiaries and its business partners, including the employees of the company’s business partners and their trade unions and workers’ representatives, national human rights and environmental institutions, civil society organisations whose purposes include the protection of the environment, and the legitimate representatives of those individuals, groupings, communities or entities; [...]	<i>Article 3(1)</i> Definitions 1. For the purpose of this Directive, the following definitions shall apply [...] (n) ‘stakeholders’ means the company’s employees, the employees of its subsidiaries and of its business partners, and their trade unions and workers’ representatives, consumers and other individuals or, groupings, communities or entities whose rights or interests are or could be directly affected by the products, services and operations of the company, its subsidiaries and its business partners including the employees of the company’s business partners and their trade unions and workers’ representatives, national human rights and environmental institutions, civil society organisations whose purposes include the protection of the environment, and the legitimate representatives of those individuals, groupings or communities or entities. [...]	Scope of “stakeholders” is reduced.
<i>Article 4</i> Level of harmonization 1. Without prejudice to Article 1(2) and (3), Member States shall not introduce, in their national law, provisions within the field covered by this Directive laying down human rights and environmental due diligence obligations diverging from those laid down in Article 8(1) and (2), Article 10(1) and Article 11(1). 2. Notwithstanding paragraph 1, this Directive shall not preclude Member States from introducing, in their national law, more stringent provisions diverging from those laid down in provisions other than Article 8(1) and (2), Article 10(1) and Article 11(1), or provisions that are more specific in terms of the objective or the field covered, in order to achieve a different level of protection of human,	<i>Article 4</i> Level of harmonization 1. Without prejudice to Article 1(2) and (3), Member States shall not introduce, in their national law, provisions within the field covered by this Directive laying down human rights and environmental due diligence obligations diverging from those laid down in Article 8(1) and (2), Article 10(1) and Article 11(1) Articles 6 and 8, Article 10(1) to (5), Article 11(1) to (6) and Article 14. 2. Notwithstanding paragraph 1, this Directive shall not preclude Member States from introducing, in their national law, more stringent provisions diverging from those laid down in provisions other than Article 8(1) and (2), Article 10(1) and Article 11(1) Articles 6 and 8, Article 10(1) to (5), Article 11(1) to (6) and Article 14, or provisions that are more specific in terms of the objective or the field covered, including by regulating specific	Extension of the scope of maximum harmonization.

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employment and social rights, the environment or the climate.	products, services or situations , in order to achieve a different level of protection of human, employment and social rights, the environment or the climate.	
<i>Article 8</i> Identifying and assessing actual and potential adverse impacts 1. Member States shall ensure that companies take appropriate measures to identify and assess actual and potential adverse impacts arising from their own operations or those of their subsidiaries and, where related to their chains of activities, those of their business partners, in accordance with this Article. 2. As part of the obligation set out in paragraph 1, taking into account relevant risk factors, companies shall take appropriate measures to: (a) map their own operations, those of their subsidiaries and, where related to their chains of activities, those of their business partners, in order to identify general areas where adverse impacts are most likely to occur and to be most severe; (b) based on the results of the mapping as referred to in point (a), carry out an in-depth assessment of their own operations, those of their subsidiaries and, where related to their chains of activities, those of their business partners, in the areas where adverse impacts were identified to be most likely to occur and most severe.	<i>Article 8</i> Identifying and assessing actual and potential adverse impacts 1. Member States shall ensure that companies take appropriate measures to identify and assess actual and potential adverse impacts arising from their own operations or those of their subsidiaries and, where related to their chains of activities, those of their business partners, in accordance with this Article. 2. As part of the obligation set out in paragraph 1, taking into account relevant risk factors, companies shall take appropriate measures to: (a) map their own operations, those of their subsidiaries and, where related to their chains of activities, those of their business partners, in order to identify general areas where adverse impacts are most likely to occur and to be most severe; (b) based on the results of the mapping as referred to in point (a), carry out an in-depth assessment of their own operations, those of their subsidiaries and, where related to their chains of activities, those of their direct business partners, in the areas where adverse impacts were identified to be most likely to occur and most severe. 2a. Where a company has plausible information that suggests that adverse impacts at the level of the operations of an indirect business partner have arisen or may arise, it shall carry out an in-depth assessment. The company shall always carry out such an assessment where the indirect, rather than direct, nature of the relationship with the business partner is the result of an artificial arrangement that does not reflect economic reality but points to a circumvention of paragraph 2, point (b). Where the assessment confirms the likelihood or	Due diligence measures limited to direct business partners: in-depth assessment only required if plausible information suggesting adverse impacts. Restricting the amount of information large companies can request for value chain mapping.

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3. Member States shall ensure that, for the purposes of identifying and assessing the adverse impacts referred to in paragraph 1 based on, where appropriate, quantitative and qualitative information, companies are entitled to make use of appropriate resources, including independent reports and information gathered through the notification mechanism and the complaints procedure provided for in Article 14. 4. Where information necessary for the in-depth assessment provided for in paragraph 2, point (b), can be obtained from business partners at different levels of the chain of activities, the company shall prioritise requesting such information, where reasonable, directly from business partners where the adverse impacts are most likely to occur	existence of the adverse impact, it is deemed to have been identified. The first subparagraph is without prejudice to the company considering available information about indirect business partners and whether those business partners can follow the rules and principles set out in the company's code of conduct when selecting a direct business partner. Notwithstanding the first subparagraph, irrespective of whether plausible information is available about indirect business partners, a company shall seek contractual assurances from a direct business partner that that business partner will ensure compliance with the company's code of conduct by establishing corresponding contractual assurances from its business partners. Article 10(2), points (b) and (e) shall apply accordingly. 3. Member States shall ensure that, for the purposes of identifying and assessing the adverse impacts referred to in paragraph 1 based on, where appropriate, quantitative and qualitative information, companies are entitled to make use of appropriate resources, including independent reports and information gathered through the notification mechanism and the complaints procedure provided for in Article 14. 4. Where information necessary for the in-depth assessment provided for in paragraph 2, point (b), and in paragraph 2a can be obtained from different business partners at different levels of the chain of activities, the company shall prioritise requesting such information, where reasonable, directly from the business partner or partners where the adverse impacts are most likely to occur. 5. Member States shall ensure that, for the mapping provided for in paragraph 2, point (a), companies do not seek to obtain information from direct business partners with fewer than 500 employees that exceeds the information specified in the standards for voluntary use	

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	referred to in Article 29a of Directive 2013/34/EU. By way of derogation to the first sub-paragraph, where additional information is necessary for the mapping provided for in paragraph 2, point (a), in light of indications of likely adverse impacts or because the standards do not cover relevant impacts, and where such additional information cannot reasonably be obtained by other means, the company may seek such information from that business partner.	
Article 10(6) Preventing potential adverse impacts 6. As regards potential adverse impacts as referred to in paragraph 1 that could not be prevented or adequately mitigated by the measures set out in paragraphs 2, 4 and 5, the company shall, as a last resort, be required to refrain from entering into new or extending existing relations with a business partner in connection with which, or in the chain of activities of which, the impact has arisen and shall, where the law governing their relations so entitles them, take the following actions, as a last resort: (a) adopt and implement an enhanced prevention action plan for the specific adverse impact without undue delay, by using or increasing the company's leverage through the temporary suspension of business relationships with respect to the activities concerned, provided that there is a reasonable expectation that those efforts will succeed; the action plan shall include a specific and appropriate timeline for the adoption and implementation of all actions therein, during which the company may also seek alternative business partners; (b) if there is no reasonable expectation that those efforts would succeed, or if the implementation of the enhanced prevention action plan has failed to prevent or mitigate the adverse impact, terminate the business	Article 10(6) Preventing potential adverse impacts 6. As regards potential adverse impacts as referred to in paragraph 1 that could not be prevented or adequately mitigated by the measures set out in paragraphs 2, 4 and 5, the company shall, as a last resort, be required to: (a) refrain from entering into new, or extending existing, relations with a business partner in connection with which, or in the chain of activities of which, the impact has arisen, (b) where the law governing their relations its relation with the business partner concerned so entitles it, adopt and implement an enhanced prevention action plan for the specific adverse impact without undue delay, by using or increasing the company's leverage through the temporary suspension of business relationships with respect to the activities concerned, provided that there is a reasonable expectation that those efforts will succeed, and the action plan shall include a specific and appropriate timeline for the adoption and implementation of all actions therein, during which the company may also seek alternative business partners; (b) if there is no reasonable expectation that those efforts would succeed, or if the implementation of the enhanced prevention action plan has failed to prevent or mitigate the adverse impact, terminate the business	No expectation to terminate the business relationship as a last resort in case of potential adverse impacts. The expectation is to use and increase leverage through suspension.

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relationship with respect to the activities concerned if the potential adverse impact is severe. Prior to temporarily suspending or terminating a business relationship, the company shall assess whether the adverse impacts from doing so can be reasonably expected to be manifestly more severe than the adverse impact that could not be prevented or adequately mitigated. Should that be the case, the company shall not be required to suspend or to terminate the business relationship, and shall be in a position to report to the competent supervisory authority about the duly justified reasons for such decision. Member States shall provide for an option to temporarily suspend or terminate the business relationship in contracts governed by their laws in accordance with the first subparagraph, except for contracts where the parties are obliged by law to enter into them. Where the company decides to temporarily suspend or to terminate the business relationship, it shall take steps to prevent, mitigate or bring to an end the impacts of the suspension or termination, shall provide reasonable notice to the business partner concerned and shall keep that decision under review. Where the company decides not to temporarily suspend or terminate the business relationship pursuant to this Article, it shall monitor the potential adverse impact and periodically assess its decision and whether further appropriate measures are available.	relationship with respect to the activities concerned if the potential adverse impact is severe (c) use or increase its leverage through the suspension of the business relationship with respect to the activities concerned. As long as there is a reasonable expectation that the enhanced prevention action plan will succeed, the mere fact of continuing to engage with the business partner shall not trigger the company's liability. Prior to temporarily suspending or terminating a business relationship, the company shall assess whether the adverse impacts from doing so can be reasonably expected to be manifestly more severe than the adverse impact that could not be prevented or adequately mitigated. Should that be the case, the company shall not be required to suspend or to terminate the business relationship and shall be in a position to report to the competent supervisory authority about the duly justified reasons for such decision. Member States shall provide for an option to temporarily suspend or terminate the business relationship in contracts governed by their laws in accordance with the first subparagraph, except for contracts where the parties are obliged by law to enter into them. Where the company decides to temporarily suspend or terminate the business relationship, it shall take steps to prevent, mitigate or bring to an end the impacts of the suspension, shall provide reasonable notice to the business partner concerned and shall keep that decision under review. Where the company decides not to temporarily suspend or terminate the business relationship pursuant to this Article, it shall monitor the potential adverse impact and periodically assess its decision and whether further appropriate measures are available	

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<i>Article 11(7)</i> Bringing actual adverse impacts to an end 7. As regards actual adverse impacts as referred to in paragraph 1 that could not be brought to an end or the extent of which could not be minimised by the measures set out in paragraphs 3, 5 and 6, the company shall, as a last resort, be required to refrain from entering into new or extending existing relations with a business partner in connection with which, or in the chain of activities of which, the impact has arisen and shall, where the law governing their relations so entitles them, take the following actions, as a last resort: (a) adopt and implement an enhanced corrective action plan for the specific adverse impact without undue delay, including by using or increasing the company's leverage through the temporary suspension of business relationships with respect to the activities concerned, provided that there is a reasonable expectation that those efforts will succeed; the action plan shall include a specific and appropriate timeline for the adoption and implementation of all actions therein, during which the company may also seek alternative business partners; (b) if there is no reasonable expectation that the efforts referred to in point (a) will succeed, or if the implementation of the enhanced corrective action plan fails to bring to an end or minimise the extent of the adverse impact, terminate the business relationship with respect to the activities concerned if the actual adverse impact is severe. Prior to temporarily suspending or terminating a business relationship, the company shall assess whether the adverse impacts of doing so can be reasonably expected to be manifestly more severe than the adverse impact that could not be brought to an end or the extent of which could not be adequately minimised. Should that be the case, the	<i>Article 11(7)</i> Bringing actual adverse impacts to an end 7. As regards actual adverse impacts as referred to in paragraph 1 that could not be be brought to an end or the extent of which could not be minimised prevented or adequately mitigated by the measures set out in paragraphs 3, 5 and 6, the company shall, as a last resort, be required to: (a) refrain from entering into new, or extending existing, relations with a business partner in connection with which, or in the chain of activities of which, the impact has arisen, (b) where the law governing their relations its relation with the business partner concerned so entitles it, adopt and implement an enhanced corrective prevention action plan for the specific adverse impact without undue delay, including by using or increasing the company's leverage through the temporary suspension of business relationships with respect to the activities concerned, provided that there is a reasonable expectation that those efforts will succeed, the action plan shall include a specific and appropriate timeline for the adoption and implementation of all actions therein, during which the company may also seek alternative business partners, and (c) use or increase its leverage through the suspension of the business relationship with respect to the activities concerned. As long as there is a reasonable expectation that the enhanced prevention action plan will succeed, the mere fact of continuing to engage with the business partner shall not trigger the company's liability. Prior to temporarily suspending or terminating a business relationship, the company shall assess whether the adverse impacts from doing so can be reasonably expected to be manifestly more severe than the adverse impact that could not be brought to an end or the extent of which could not be adequately minimised prevented or adequately mitigated.	Id.

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company shall not be required to suspend or to terminate the business relationship, and shall be in a position to report to the competent supervisory authority about the duly justified reasons for such decision. Member States shall provide for an option to temporarily suspend or terminate the business relationship in contracts governed by their laws in accordance with the first subparagraph, except for contracts where the parties are obliged by law to enter into them. Where the company decides to temporarily suspend or to terminate the business relationship, the company shall take steps to prevent, mitigate or bring to an end the impacts of the suspension or termination, provide reasonable notice to the business partner and keep that decision under review. Where the company decides not to temporarily suspend or terminate the business relationship pursuant to this Article, the company shall monitor the actual adverse impact and periodically assess its decision and whether further appropriate measures are available.	Should that be the case, the company shall not be required to suspend or to terminate the business relationship and shall be in a position to report to the competent supervisory authority about the duly justified reasons for such decision. Member States shall provide for an option to temporarily suspend or terminate the business relationship in contracts governed by their laws in accordance with the first subparagraph, except for contracts where the parties are obliged by law to enter into them. Where the company decides to temporarily suspend or — terminate the business relationship, the company it shall take steps to prevent, mitigate or bring to an end the impacts of the suspension or termination, shall provide reasonable notice to the business partner concerned and shall keep that decision under review. Where the company decides not to temporarily suspend or terminate the business relationship pursuant to this Article, the company it shall monitor the actual potential adverse impact and periodically assess its decision and whether further appropriate measures are available	
<i>Article 13(3)</i> Meaningful engagement with stakeholders 3. Consultation of stakeholders shall take place at the following stages of the due diligence process: (a) when gathering the necessary information on actual or potential adverse impacts, in order to identify, assess and prioritise adverse impacts pursuant to Articles 8 and 9; (b) when developing prevention and corrective action plans pursuant to Article 10(2) and Article 11(3), and developing enhanced prevention and corrective action plans pursuant to Article 10(6) and Article 11(7);	<i>Article 13(3)</i> Meaningful engagement with stakeholders 3. Consultation of relevant stakeholders shall take place at the following stages of the due diligence process: (a) when gathering the necessary information on actual or potential adverse impacts, in order to identify, assess and prioritise adverse impacts pursuant to Articles 8 and 9; (b) when developing prevention and corrective action plans pursuant to Article 10(2) and Article 11(3), and developing enhanced prevention and corrective action plans pursuant to Article 10(6) and Article 11(7);	Consultation is limited to “relevant” stakeholder. Removal of the obligation to consult stakeholders (i) in the event of suspension and termination of a business relationship and (ii) when developing qualitative and quantitative indicators for monitoring.

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(c) when deciding to terminate or suspend a business relationship pursuant to Article 10(6) and Article 11(7); (d) when adopting appropriate measures to remediate adverse impacts pursuant to Article 12; (e) as appropriate, when developing qualitative and quantitative indicators for the monitoring required under Article 15.	(c) when deciding to terminate or suspend a business relationship pursuant to Article 10(6) and Article 11(7); (d) when adopting appropriate measures to remediate adverse impacts pursuant to Article 12; (e) as appropriate, when developing qualitative and quantitative indicators for the monitoring required under Article 15.	
Article 15 Monitoring Member States shall ensure that companies carry out periodic assessments of their own operations and measures, those of their subsidiaries and, where related to the chain of activities of the company, those of their business partners, to assess the implementation and to monitor the adequacy and effectiveness of the identification, prevention, mitigation, bringing to an end and minimisation of the extent of adverse impacts. Such assessments shall be based, where appropriate, on qualitative and quantitative indicators and be carried out without undue delay after a significant change occurs, but at least every 12 months and whenever there are reasonable grounds to believe that new risks of the occurrence of those adverse impacts may arise. Where appropriate, the due diligence policy, the adverse impacts identified and the appropriate measures that derived shall be updated in accordance with the outcome of such assessments and with due consideration of relevant information from stakeholders.	Article 15 Monitoring Member States shall ensure that companies carry out periodic assessments of their own operations and measures, those of their subsidiaries and, where related to the chain of activities of the company, those of their business partners, to assess the implementation and to monitor the adequacy and effectiveness of the identification, prevention, mitigation, bringing to an end and minimisation of the extent of adverse impacts. Such assessments shall be based, where appropriate, on qualitative and quantitative indicators and be carried out without undue delay after a significant change occurs, but at least every 12 months 5 years and whenever there are reasonable grounds to believe that the measures are no longer adequate or effective or that new risks of the occurrence of those adverse impacts may arise. Where appropriate, the due diligence policy, the adverse impacts identified and the appropriate measures that derived shall be updated in accordance with the outcome of such assessments and with due consideration of relevant information from stakeholders.	Frequency of periodic monitoring of due diligence measures is changed to five years.

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Directive (EU) 2024/1760 of June 13, 2024, on corporate sustainability due diligence (CSDD)	Proposal of February 26, 2025, for a directive amending directive (EU) 2024/1760 (Omnibus)	Comments
<i>Article 19(3)</i> Guidelines 3. The guidelines referred to in paragraph 2, points (a), (d), and (e), shall be made available by 26 January 2027. The guidelines in paragraph 2, points (b), (f) and (g), shall be made available by 26 July 2027.	<i>Article 19(3)</i> Guidelines 3. The guidelines referred to in paragraph 2, point (a), (d), and (e) shall be made available by 27 January 2027 26 July 2026, those referred to in paragraph 2, points (d) and (e), by 26 January 2027, and those referred to in paragraph 2, points (b), (f) and (g), by 26 July 2027	General guidelines regarding guidance and best practice on how to conduct due diligence will be made available earlier.
<i>Article 22(1)</i> Combating climate change 1. Member States shall ensure that companies referred to in Article 2(1), points (a), (b) and (c), and Article 2(2), points (a), (b) and (c), adopt and put into effect a transition plan for climate change mitigation which aims to ensure, through best efforts, that the business model and strategy of the company are compatible with the transition to a sustainable economy and with the limiting of global warming to 1,5°C in line with the Paris Agreement and the objective of achieving climate neutrality as established in Regulation (EU) 2021/1119, including its intermediate and 2050 climate neutrality targets, and where relevant, the exposure of the company to coal-, oil- and gas-related activities. The design of the transition plan for climate change mitigation referred to in the first subparagraph shall contain: (a) time-bound targets related to climate change for 2030 and in five-year steps up to 2050 based on conclusive scientific evidence and, where appropriate, absolute emission reduction targets for greenhouse gas for scope 1, scope 2 and scope 3 greenhouse gas emissions for each significant category; (b) a description of decarbonisation levers identified and key actions planned to reach the targets referred to in point (a), including, where appropriate, changes in the product and service portfolio of the company and the adoption of new technologies;	<i>Article 22(1)</i> Combating climate change 1. Member States shall ensure that companies referred to in Article 2(1), points (a), (b) and (c), and Article 2(2), points (a), (b) and (c), adopt and put into effect a transition plan for climate change mitigation, including implementing actions, which aims to ensure, through best efforts, that the business model and strategy of the company are compatible with the transition to a sustainable economy and with the limiting of global warming to 1,5°C in line with the Paris Agreement and the objective of achieving climate neutrality as established in Regulation (EU) 2021/1119, including its intermediate and 2050 climate neutrality targets, and where relevant, the exposure of the company to coal-, oil- and gas-related activities. The design of the transition plan for climate change mitigation referred to in the first subparagraph shall contain: (a) time-bound targets related to climate change for 2030 and in five-year steps up to 2050 based on conclusive scientific evidence and, where appropriate, absolute emission reduction targets for greenhouse gas for scope 1, scope 2 and scope 3 greenhouse gas emissions for each significant category; (b) a description of decarbonisation levers identified and key actions planned to reach the targets referred to in point (a), including, where appropriate, changes in the product and service portfolio of the company and the adoption of new technologies;	Removal of the obligation to “put into effect” the transition plan.

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(c) an explanation and quantification of the investments and funding supporting the implementation of the transition plan for climate change mitigation; and (d) a description of the role of the administrative, management and supervisory bodies with regard to the transition plan for climate change mitigation.	(c) an explanation and quantification of the investments and funding supporting the implementation of the transition plan for climate change mitigation; and (d) a description of the role of the administrative, management and supervisory bodies with regard to the transition plan for climate change mitigation	
Article 27(4) Penalties 4. When pecuniary penalties are imposed, they shall be based on the company's net worldwide turnover. The maximum limit of pecuniary penalties shall be not less than 5 % of the net worldwide turnover of the company in the financial year preceding that of the decision to impose the fine. Member States shall ensure that, with regard to companies referred to in Article 2(1), point (b), and Article 2(2), point (b), pecuniary penalties are calculated taking into account the consolidated turnover reported by the ultimate parent company.	Article 27(4) Penalties The Commission, in collaboration with Member States, shall issue guidance to assist supervisory authorities in determining the level of penalties in accordance with this Article. Member States shall not set a maximum limit of pecuniary penalties in their national law transposing this Directive that would prevent supervisory authorities from imposing penalties in accordance with the principles and factors set out in paragraphs 1 and 2.	Removal of reference to penalties that shall not be less than 5% of the net worldwide turnover.
Article 29 Civil liability of companies and the right to full compensation 1. Member States shall ensure that a company can be held liable for damage caused to a natural or legal person, provided that: (a) the company intentionally or negligently failed to comply with the obligations laid down in Articles 10 and 11, when the right, prohibition or obligation listed in the Annex to this Directive is aimed at protecting the natural or legal person; and (b) as a result of the failure referred to in point (a), damage to the natural or legal person's legal interests that are protected under national law was caused. A company cannot be held liable if the damage was caused only by its business partners in its chain of activities.	Article 29 Civil liability of companies and the right to full compensation 1. Member States shall ensure that a company can be held liable for damage caused to a natural or legal person, provided that: (a) the company intentionally or negligently failed to comply with the obligations laid down in Articles 10 and 11, when the right, prohibition or obligation listed in the Annex to this Directive is aimed at protecting the natural or legal person; and (b) as a result of the failure referred to in point (a), damage to the natural or legal person's legal interests that are protected under national law was caused. A company cannot be held liable if the damage was caused only by its business partners in its chain of activities.	EU-wide specific liability regime is removed.

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Directive (EU) 2024/1760 of June 13, 2024, on corporate sustainability due diligence (CSDD)	Proposal of February 26, 2025, for a directive amending directive (EU) 2024/1760 (Omnibus)	Comments
2. Where a company is held liable in accordance with paragraph 1, a natural or legal person shall have the right to full compensation for the damage, in accordance with national law. Full compensation under this Directive shall not lead to overcompensation, whether by means of punitive, multiple or other types of damages. 3. Member States shall ensure that: (a) national rules on the beginning, duration, suspension or interruption of limitation periods do not unduly hamper the bringing of actions for damages and, in any case, are not more restrictive than the rules on national general civil liability regimes; the limitation period for bringing actions for damages under this Directive shall be at least five years and, in any case, not shorter than the limitation period laid down under national general civil liability regimes; limitation periods shall not begin to run before the infringement has ceased and the claimant knows, or can reasonably be expected to know: (i) of the behaviour and the fact that it constitutes an infringement; (ii) of the fact that the infringement caused harm to them; and (iii) the identity of the infringer; (b) the cost of proceedings is not prohibitively expensive for claimants to seek justice; (c) claimants are able to seek injunctive measures, including through summary proceedings; such injunctive measures shall be in the form of a definitive or provisional measure to cease infringements of the provisions of national law adopted pursuant to	2. Where a company is held liable in accordance with paragraph 1 a natural or legal person shall have the right to full compensation for the damage, in accordance with national law pursuant to national law for damage caused to a natural or legal person by a failure to comply with the due diligence requirements under this Directive, Member States shall ensure that those persons have a right to full compensation. Full compensation under this Directive shall not lead to overcompensation, whether by means of punitive, multiple or other types of damages 3. Member States shall ensure that: (a) national rules on the beginning, duration, suspension or interruption of limitation periods do not unduly hamper the bringing of actions for damages and, in any case, are not more restrictive than the rules on national general civil liability regimes; the limitation period for bringing actions for damages under this Directive shall be at least five years and, in any case, not shorter than the limitation period laid down under national general civil liability regimes; limitation periods shall not begin to run before the infringement has ceased and the claimant knows, or can reasonably be expected to know: (i) of the behaviour and the fact that it constitutes an infringement; (ii) of the fact that the infringement caused harm to them; and (iii) the identity of the infringer; (b) the cost of proceedings is not prohibitively expensive for claimants to seek justice; (c) claimants are able to seek injunctive measures, including through summary proceedings; such injunctive measures shall be in the form of a definitive or provisional measure to cease infringements of the provisions of national law adopted pursuant to	

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Directive (EU) 2024/1760 of June 13, 2024, on corporate sustainability due diligence (CSDD)	Proposal of February 26, 2025, for a directive amending directive (EU) 2024/1760 (Omnibus)	Comments
this Directive by performing an action or ceasing conduct; (d) reasonable conditions are provided for under which any alleged injured party may authorise a trade union, non-governmental human rights or environmental organisation or other non-governmental organisation, and, in accordance with national law, national human rights' institutions, based in a Member State to bring actions to enforce the rights of the alleged injured party, without prejudice to national rules of civil procedure; a trade union or non-governmental organisation may be authorised under the first subparagraph of this point if it complies with the requirements laid down in national law; those requirements may include maintaining a permanent presence of its own and, in accordance with its statutes, not engaging commercially and not only temporarily in the realisation of rights protected under this Directive or the corresponding rights in national law; (e) when a claim is brought, and a claimant presents a reasoned justification containing reasonably available facts and evidence sufficient to support the plausibility of their claim for damages and has indicated that additional evidence lies in the control of the company, courts are able to order that such evidence be disclosed by the company in accordance with national procedural law; national courts shall limit the disclosure of the evidence sought to that which is necessary and proportionate to support a potential claim or a claim for damages and the preservation of evidence to that which is necessary and proportionate to support such a claim for damages; in determining whether an order for the disclosure or preservation of evidence is proportionate, national courts shall consider the extent to which the claim or defence is supported by available facts and evidence justifying the request to disclose evidence; the scope and cost of disclosure as well as the legitimate interests of all parties, including any third parties concerned, including preventing	this Directive by performing an action or ceasing conduct; (d) reasonable conditions are provided for under which any alleged injured party may authorise a trade union, non-governmental human rights or environmental organisation or other non-governmental organisation, and, in accordance with national law, national human rights' institutions, based in a Member State to bring actions to enforce the rights of the alleged injured party, without prejudice to national rules of civil procedure; a trade union or non-governmental organisation may be authorised under the first subparagraph of this point if it complies with the requirements laid down in national law; those requirements may include maintaining a permanent presence of its own and, in accordance with its statutes, not engaging commercially and not only temporarily in the realisation of rights protected under this Directive or the corresponding rights in national law; (e) when a claim is brought, and a claimant presents a reasoned justification containing reasonably available facts and evidence sufficient to support the plausibility of their claim for damages and has indicated that additional evidence lies in the control of the company, courts are able to order that such evidence be disclosed by the company in accordance with national procedural law; national courts shall limit the disclosure of the evidence sought to that which is necessary and proportionate to support a potential claim or a claim for damages and the preservation of evidence to that which is necessary and proportionate to support such a claim for damages; in determining whether an order for the disclosure or preservation of evidence is proportionate, national courts shall consider the extent to which the claim or defence is supported by available facts and evidence justifying the request to disclose evidence; the scope and cost of disclosure as well as the legitimate interests of all parties, including any third parties concerned, including preventing	

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Directive (EU) 2024/1760 of June 13, 2024, on corporate sustainability due diligence (CSDD)	Proposal of February 26, 2025, for a directive amending directive (EU) 2024/1760 (Omnibus)	Comments
non-specific searches for information which is unlikely to be of relevance for the parties in the procedure; whether the evidence the disclosure of which is sought contains confidential information, especially concerning any third parties, and what arrangements are in place for protecting such confidential information; Member States shall ensure that national courts have the power to order the disclosure of evidence containing confidential information where they consider it relevant to the action for damages; Member States shall ensure that, when ordering the disclosure of such information, national courts have at their disposal effective measures to protect such information. 4. Companies that have participated in industry or multi-stakeholder initiatives, or used independent third-party verification or contractual clauses to support the implementation of due diligence obligations may nevertheless be held liable in accordance with this Article. 5. The civil liability of a company for damages arising under this provision shall be without prejudice to the civil liability of its subsidiaries or of any direct and indirect business partners in the chain of activities of the company. When the damage was caused jointly by the company and its subsidiary, direct or indirect business partner, they shall be liable jointly and severally, without prejudice to the provisions of national law concerning the conditions of joint and several liability and the rights of recourse. 6. The civil liability rules under this Directive shall not limit companies' liability under Union or national legal systems and shall be without prejudice to Union or national rules on civil liability related to adverse human rights impacts or to adverse environmental impacts that provide for liability in situations not covered by or providing for stricter liability than this Directive.	non-specific searches for information which is unlikely to be of relevance for the parties in the procedure; whether the evidence the disclosure of which is sought contains confidential information, especially concerning any third parties, and what arrangements are in place for protecting such confidential information; Member States shall ensure that national courts have the power to order the disclosure of evidence containing confidential information where they consider it relevant to the action for damages; Member States shall ensure that, when ordering the disclosure of such information, national courts have at their disposal effective measures to protect such information. 4. Companies that have participated in industry or multi-stakeholder initiatives, or used independent third-party verification or contractual clauses to support the implementation of due diligence obligations may nevertheless be held liable in accordance with this Article national law. 5. The civil liability of a company for damages arising under this provision as referred to in this Article shall be without prejudice to the civil liability of its subsidiaries or of any direct and indirect business partners in the chain of activities of the company When the damage was caused jointly by the company and its subsidiary, direct or indirect business partner, they shall be liable jointly and severally, without prejudice to the provisions of national law concerning the conditions of joint and several liability and the rights of recourse. 6. The civil liability rules under this Directive shall not limit companies' liability under Union or national legal systems and shall be without prejudice to Union or national rules on civil liability related to adverse human rights impacts or to adverse environmental impacts that provide for liability in situations not covered by or providing for stricter liability than this Directive.	

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Directive (EU) 2024/1760 of June 13, 2024, on corporate sustainability due diligence (CSDD)	Proposal of February 26, 2025, for a directive amending directive (EU) 2024/1760 (Omnibus)	Comments
7. Member States shall ensure that the provisions of national law transposing this Article are of overriding mandatory application in cases where the law applicable to claims to that effect is not the national law of a Member State.	7. Member States shall ensure that the provisions of national law transposing this Article are of overriding mandatory application in cases where the law applicable to claims to that effect is not the national law of a Member State.	
Article 36 Review and reporting 1. The Commission shall submit a report to the European Parliament and to the Council on the necessity of laying down additional sustainability due diligence requirements tailored to regulated financial undertakings with respect to the provision of financial services and investment activities, and the options for such due diligence requirements as well as their impacts, in line with the objectives of this Directive. The report shall take into account other Union legislative acts that apply to regulated financial undertakings. It shall be published at the earliest possible opportunity after 25 July 2024, but no later than 26 July 2026. It shall be accompanied, if appropriate, by a legislative proposal. 2. By 26 July 2030, and every three years thereafter, the Commission shall submit a report to the European Parliament and to the Council on the implementation of this Directive and its effectiveness in reaching its objectives, in particular in addressing adverse impacts. The report shall be accompanied, if appropriate, by a legislative proposal. The first report shall, inter alia, assess the following issues: (a) the impacts of this Directive on SMEs, together with an assessment of the effectiveness of the different measures and tools for support provided to SMEs by the Commission and the Member States; (b) the scope of this Directive in terms of the companies covered, whether it ensures the effectiveness of this Directive in light of its objectives, a level playing field between entities covered and that companies cannot	Article 36 Review and reporting 1. The Commission shall submit a report to the European Parliament and to the Council on the necessity of laying down additional sustainability due diligence requirements tailored to regulated financial undertakings with respect to the provision of financial services and investment activities, and the options for such due diligence requirements as well as their impacts, in line with the objectives of this Directive. The report shall take into account other Union legislative acts that apply to regulated financial undertakings. It shall be published at the earliest possible opportunity after 25 July 2024, but no later than 26 July 2026. It shall be accompanied, if appropriate, by a legislative proposal. 2. By 26 July 2030, and every three years thereafter, the Commission shall submit a report to the European Parliament and to the Council on the implementation of this Directive and its effectiveness in reaching its objectives, in particular in addressing adverse impacts. The report shall be accompanied, if appropriate, by a legislative proposal. The first report shall, inter alia, assess the following issues: (a) the impacts of this Directive on SMEs, together with an assessment of the effectiveness of the different measures and tools for support provided to SMEs by the Commission and the Member States; (b) the scope of this Directive in terms of the companies covered, whether it ensures the effectiveness of this Directive in light of its objectives, a level playing field between entities covered and that companies cannot	Requirement for the commission to submit, no later than July 2026, a “report on the necessity of laying down additional sustainability due diligence requirements tailored to regulated financial undertakings” is deleted.

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circumvent the application of this Directive, including: whether Article 3(1), point (a), needs to be revised so that entities constituted as different legal forms from those listed in Annex I or Annex II to Directive 2013/34/EU are covered by this Directive; whether business models or forms of economic cooperation with third-party companies other than those covered by Article 2 need to be included in the scope of this Directive; whether the thresholds regarding the number of employees and net turnover laid down in Article 2 need to be revised and if a sector-specific approach needs to be introduced in high-risk sectors; whether the criterion of net turnover generated in the Union laid down in Article 2(2) needs to be revised; (c) whether the definition of the term ‘chain of activities’ needs to be revised; (d) whether the Annex to this Directive needs to be modified, including in light of international developments, and whether it should be extended to cover additional adverse impacts, in particular adverse impacts on good governance; (e) whether the rules on combatting climate change provided for in this Directive, especially as regards the design of transition plans for climate change mitigation, their adoption and the putting into effect of those plans by companies, as well as the powers of supervisory authorities related to those rules, need to be revised; (f) the effectiveness of the enforcement mechanisms put in place at national level, of the penalties and the rules on civil liability; (g) whether changes to the level of harmonisation provided for in this Directive are required to ensure a level-playing field for companies in the internal market, including the convergence and divergence between	circumvent the application of this Directive, including: whether Article 3(1), point (a), needs to be revised so that entities constituted as different legal forms from those listed in Annex I or Annex II to Directive 2013/34/EU are covered by this Directive; whether business models or forms of economic cooperation with third-party companies other than those covered by Article 2 need to be included in the scope of this Directive; whether the thresholds regarding the number of employees and net turnover laid down in Article 2 need to be revised and if a sector-specific approach needs to be introduced in high-risk sectors; whether the criterion of net turnover generated in the Union laid down in Article 2(2) needs to be revised; (c) whether the definition of the term ‘chain of activities’ needs to be revised; (d) whether the Annex to this Directive needs to be modified, including in light of international developments, and whether it should be extended to cover additional adverse impacts, in particular adverse impacts on good governance; (e) whether the rules on combatting climate change provided for in this Directive, especially as regards the design of transition plans for climate change mitigation, their adoption and the putting into effect of those plans by companies, as well as the powers of supervisory authorities related to those rules, need to be revised; (f) the effectiveness of the enforcement mechanisms put in place at national level, of the penalties and the rules on civil liability; (g) whether changes to the level of harmonisation provided for in this Directive are required to ensure a level-playing field for companies in the internal market, including the convergence and divergence between	

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provisions of national law transposing this Directive.	provisions of national law transposing this Directive.	
<i>Article 37</i> Transposition 1. Member States shall adopt and publish, by 26 July 2026, the laws, regulations and administrative provisions necessary to comply with this Directive. They shall forthwith communicate the text of those measures to the Commission. They shall apply those measures: (a) from 26 July 2027 as regards companies referred to in Article 2(1), points (a) and (b), which are formed in accordance with the legislation of the Member State and that had more than 5 000 employees on average and generated a net worldwide turnover of more than EUR 1 500 000 000 in the last financial year preceding 26 July 2027 for which annual financial statements have been or should have been adopted, with the exception of the measures necessary to comply with Article 16, which Member States shall apply to those companies for financial years starting on or after 1 January 2028; (b) from 26 July 2028 as regards companies referred to in Article 2(1), points (a) and (b), which are formed in accordance with the legislation of the Member State and that had more than 3 000 employees on average and generated a net worldwide turnover of more than EUR 900 000 000 in the last financial year preceding 26 July 2028 for which annual financial statements have been or should have been adopted, with the exception of the measures necessary to comply with Article 16, which Member States shall apply to those companies for financial years starting on or after 1 January 2029; (c) from 26 July 2027 as regards companies referred to in Article 2(2), points (a) and (b), which are formed in accordance with the legislation of a third country and that generated a net turnover of more than EUR 1 500 000 000 in the Union, in the financial year	<i>Article 37</i> Transposition 1. Member States shall adopt and publish, by 26 July 2026 2027, the laws, regulations and administrative provisions necessary to comply with this Directive. They shall forthwith communicate the text of those measures to the Commission. They shall apply those measures: (a) from 26 July 2027 as regards companies referred to in Article 2(1), points (a) and (b), which are formed in accordance with the legislation of the Member State and that had more than 5 000 employees on average and generated a net worldwide turnover of more than EUR 1 500 000 000 in the last financial year preceding 26 July 2027 for which annual financial statements have been or should have been adopted, with the exception of the measures necessary to comply with Article 16, which Member States shall apply to those companies for financial years starting on or after 1 January 2028; (b) (a) from 26 July 2028 as regards companies referred to in Article 2(1), points (a) and (b), which are formed in accordance with the legislation of the Member State and that had more than 3 000 employees on average and generated a net worldwide turnover of more than EUR 900 000 000 in the last financial year preceding 26 July 2028 for which annual financial statements have been or should have been adopted, with the exception of the measures necessary to comply with Article 16, which Member States shall apply to those companies for financial years starting on or after 1 January 2029; (c) from 26 July 2027 as regards companies referred to in Article 2(2), points (a) and (b), which are formed in accordance with the legislation of a third country and that generated a net turnover of more than EUR 1 500 000 000 in the Union, in the financial year preceding the	Transposition deadline is postponed by one year. Implementation is delayed.

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preceding the last financial year preceding 26 July 2027, with the exception of the measures necessary to comply with Article 16, which Member States shall apply to those companies for financial years starting on or after 1 January 2028; (d) from 26 July 2028 as regards companies referred to in Article 2(2), points (a) and (b), which are formed in accordance with the legislation of a third country and that generated a net turnover of more than EUR 900 000 000 in the Union, in the financial year preceding the last financial year preceding 26 July 2028, with the exception of the measures necessary to comply with Article 16, which Member States shall apply to those companies for financial years starting on or after 1 January 2029; (e) from 26 July 2029 as regards all other companies referred to in Article 2(1), points (a) and (b), and Article 2(2), points (a) and (b), and companies referred to in Article 2(1), point (c), and Article 2(2), point (c), with the exception of the measures necessary to comply with Article 16, which Member States shall apply to those companies for financial years starting on or after 1 January 2029. When Member States adopt those measures, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. Member States shall determine how such reference is to be made. 2. Member States shall communicate to the Commission the text of the main measures of national law which they adopt in the field covered by this Directive.	last financial year preceding 26 July 2027, with the exception of the measures necessary to comply with Article 16, which Member States shall apply to those companies for financial years starting on or after 1 January 2028; (d) (b) from 26 July 2028 as regards companies referred to in Article 2(2), points (a) and (b), which are formed in accordance with the legislation of a third country and that generated a net turnover of more than EUR 900 000 000 in the Union, in the financial year preceding the last financial year preceding 26 July 2028, with the exception of the measures necessary to comply with Article 16, which Member States shall apply to those companies for financial years starting on or after 1 January 2029; (e) (c) from 26 July 2029 as regards all other companies referred to in Article 2(1), points (a) and (b), and Article 2(2), points (a) and (b), and companies referred to in Article 2(1), point (c), and Article 2(2), point (c), with the exception of the measures necessary to comply with Article 16, which Member States shall apply to those companies for financial years starting on or after 1 January 2030 2029. When Member States adopt those measures, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. Member States shall determine how such reference is to be made. 2. Member States shall communicate to the Commission the text of the main measures of national law which they adopt in the field covered by this Directive.	

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If you have any questions concerning these developing issues, please do not hesitate to contact any of the following Paul Hastings lawyers:

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¹ COM(2025) 814, 2025/0045 (COD), 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.

² Reference to 1.5°C persists in the text, despite recent scientific evidence which indicates that this is now an impossible goal.