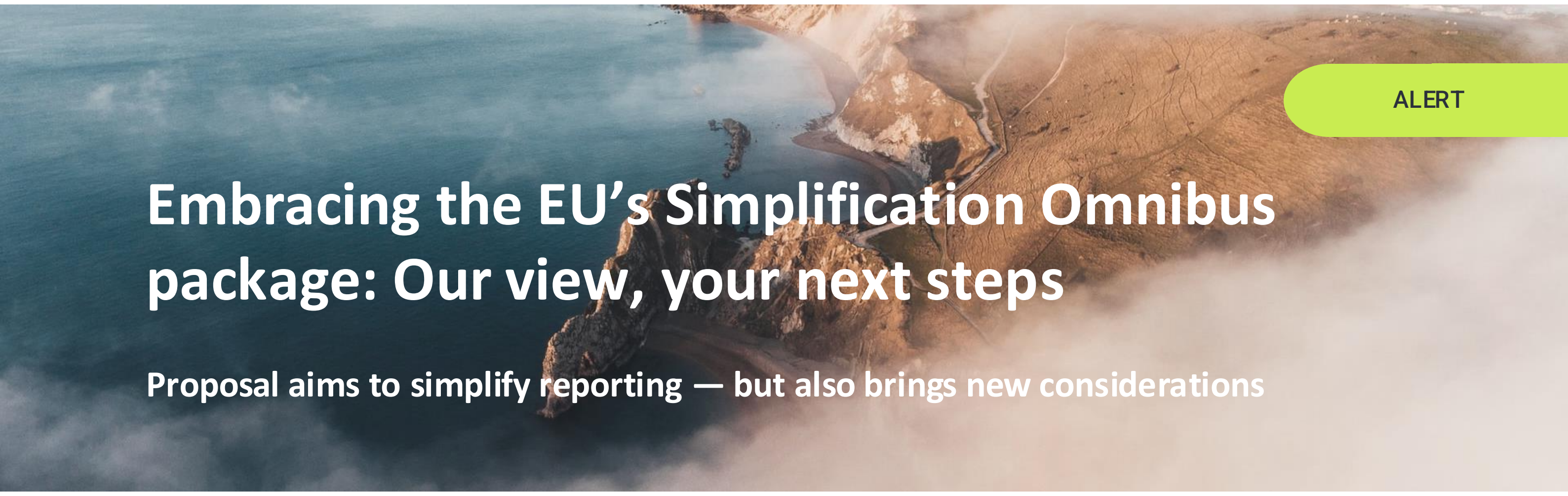

ALERT

Embracing the EU’s Simplification Omnibus package: Our view, your next steps

Proposal aims to simplify reporting — but also brings new considerations

The EU’s Omnibus proposal is set to reduce short-term reporting pressure — but the push for sustainability reporting is far from over.

Here’s our perspective on what’s changing and how businesses should respond.

While the EU’s Omnibus proposal aims to reduce the number of companies within the scope of the Corporate Sustainability Reporting Directive (CSRD) by an estimated 80%, it also aims to streamline regulatory demands and give wave 2 and 3 companies more time — helping businesses focus more effectively on sustainability.

The ‘stop-the-clock’ directive has officially been approved by the European Parliament and brings the following changes to the previously approved reporting schedule:

1. wave 1 – NFRD companies: no change, reporting on FY 2024
2. wave 2 – Lare companies: two-year postponement, now reporting on FY 2027
3. wave 3 – Listed SMEs: two-year postponement, now reporting on FY 2028.

Clients tell us that the lack of clear regulatory direction is causing confusion.

Our advice? Continue integrating sustainability into your strategy and operations — building momentum now will pay off when clearer guidance emerges.

Clarity will come — but action starts now

CSRD and sustainability reporting isn’t the beginning – it’s the result of a broader journey. It sits within a complex and evolving landscape of regulation and market expectations that drives sustainable corporate behaviour.

Capturing ESG data to monitor behaviour and outcomes remains essential. It isn’t just about compliance — it requires active implementation and ongoing commitment.

While the EU may be simplifying reporting requirements and reducing the number of in-scope companies, its broader regulatory agenda — particularly around decarbonising the economy — remains ambitious.

Forward-looking companies increasingly recognise that sustainability isn’t a burden, but a business imperative – long-term profitability and resilience go hand-in-hand with responsible, sustainable practices.

We advise companies to focus on understanding the ESG impact, risk and opportunities that affect them – and to embed ESG thinking into their risk management frameworks. By doing so, they can gain deeper insight into their value chains, both upstream and downstream, potentially uncovering significant efficiencies along the way.

The additional time provided by the ‘stop the clock’ directive, along with the ongoing simplification of the European Sustainability Reporting Standards, should not be seen as a reason to pause, but rather as an opportunity — a window to embed sustainability into core business practices and drive long-term value creation for stakeholders.

The cost of standing still

Particularly in countries where the CSRD has already been integrated into local legislation, stopping all ESG related projects is risky.

The Double Materiality Assessment and internal training should remain a priority to mitigate the risk of non-compliance with regulations and ensure alignment with stakeholder expectations, including those of investors and clients.

Neglecting ESG risks can impact a business's financial performance, for example by:

- losses from defaults and borrower liquidity shortages
- supply chain breakdowns
- strategic and reputational risks such as brand damage from perceived greenwashing
- regulatory and compliance charges
- disruptions of daily operations of the company
- assets exposed to climate risks
- higher insurance premiums and increased cost of capital
- failing to attract and retain the best people.

An opportunity to reset, refocus and lead

There are several reasons why companies should embrace the changes introduced by the EU's Omnibus proposal.

1. Alleviating regulatory burden

The reduction in the number of companies required to comply with the CSRD will ease regulatory burden and lower compliance costs. This allows businesses to allocate reporting resources more effectively, focusing on stakeholder interests within core operations. With less stringent reporting requirements, companies can achieve operational efficiencies and cost savings.

2. Enhancing sustainability Focus

The proposal does not lessen the importance of sustainability; rather, it enables companies to focus their efforts on the issues that matter most. For those still within the scope of the CSRD, this is a chance to lead by example — setting industry benchmarks and driving sustainable practices that influence the broader sector.

Meanwhile, companies now outside the directive's scope should use this time to strengthen their sustainability strategies and reinforce their commitment to environmental and social governance. After all, reporting was never the end goal. It has always been a tool — a means to encourage better corporate behaviour.

And in today's world, stronger ESG performance isn't just good for society — it's good for business.

3. Promoting transparency and trust

Even for companies that no longer fall under the scope of the CSRD, continuing to voluntarily adopt and report on sustainability measures is a smart move.

It shows a commitment to transparency and helps build trust with key stakeholders — whether that's investors, customers or employees. Aligning with CSRD standards, even when not required, can strengthen a company's reputation and boost stakeholder confidence.

4. Fostering action

With reduced regulatory obligations, companies can channel their efforts toward innovative solutions that address sustainability challenges. This fosters a culture of creativity and forward-thinking, driving progress in sustainable development that goes beyond mere compliance.

5. Preparing for future regulations

The EU remains focused on sustainability through its commitment to sustainable transition, and future regulations are likely to evolve.

Companies that adapt positively to the current omnibus proposal will be better positioned to respond to subsequent changes. Engaging with sustainability practices now lays a strong foundation for future regulatory landscapes and potential requirements from your stakeholders such as other components of your supply chain, employees and providers of finance.

Not the end — just a strategic pause in implementation

The EU's Omnibus proposal to reduce the scope of CSRD by 80% may be a political move – but that doesn't mean it's without opportunity. For companies willing to engage in sustainability, it offers a valuable chance to rethink and refocus their sustainability efforts.

It gives businesses breathing room to ease regulatory pressures while doubling down on transparency, purpose and long-term impact. A proactive mindset now can not only prepare companies for what's ahead but also supports the EU's wider sustainable ambitions.

Rather than stepping back, companies can treat this moment as a catalyst — an invitation to align strategies with a changing landscape and lead with intention. In doing so, they'll be better positioned for future compliance, stronger stakeholder trust, and meaningful progress toward a sustainable future.

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