



EU Omnibus proposal: What does it mean for Sweden? Key changes and their impact



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On 26 February 2025, the European Commission presented their omnibus proposal on Corporate Sustainability Reporting Directive (CSRD), the Corporate Sustainability Due Diligence Directive (CSDDD) and the EU taxonomy. The proposal includes several potentially far-reaching amendments. The purpose of the proposal is to simplify sustainability reporting requirements and to reduce the administrative burden and costs for businesses while maintaining the EU's overall environmental and social objectives. This is in line with the EU Compass to regain competitiveness and secure sustainable prosperity, which sets a target of cutting by at least 25% the administrative burden for firms and by at least 35% for small and medium-sized enterprises (SMEs).

Key aspects of the proposal:

Corporate Sustainability Reporting Directive (CSRD)

- **Fewer companies in scope:** The CSRD would only apply to large undertakings with more than 1,000 employees and either (i) a turnover above EUR 50 million, or (ii) a balance sheet total above EUR 25 million. The number of companies in scope will be reduced by about 80% compared to today's requirements.
- **Voluntary reporting standard:** For companies not in scope of the CSRD, a voluntary reporting standard will be adopted.

- **Value-chain cap:** Introducing a value-chain cap, which limits the information that companies subject to the CSRD can request from smaller companies.
- **Revision of the European Sustainability Reporting standards (ESRS):** The reporting standards will be revised with the aim to clarify and substantially reduce the number of data points (currently more than 1,100).
- **Postponement of reporting requirements:** The application of the reporting requirements for large companies that have not yet started implementing the CSRD and for listed SMEs (Wave 2 and 3) will be postponed by two years to 2028 while the substantive changes are agreed upon.

Corporate Sustainability Due Diligence Directive (CSDDD)

- **Companies in scope:** The CSDDD's scope was, and still is, limited to *large companies*, meaning companies with more than 1,000 employees and a net turnover of more than EUR 450 million.
- **Postponement:** The application of the CSDDD will be postponed by one year, meaning that the largest companies will start applying it in 2028.
- **More limited due diligence:** The CSDDD required companies to conduct due diligence on their entire supply chain. The proposal has a narrower focus on direct business partners and suggests that companies should only be required to conduct due diligence on the first tier of the supply chain (Tier 1-suppliers) – unless there is a so-called heightened risk. The frequency of the due diligence is also reduced from yearly to every five years.
- **Reduce trickle down-effects:** Reduction of the information that companies may request from smaller business partners.
- **Liability:** The CSDDD implemented a harmonized EU civil liability regime. The proposal suggests deferring to national civil liability regimes instead.

Taxonomy

- **Voluntary reporting:** Taxonomy reporting will be voluntary for companies not in scope of the CSDDD (i.e. more than 1,000 employees and a net turnover of more than EUR 450 million).
- **Materiality threshold:** Introduce a financial materiality threshold for the Taxonomy reporting and reduce the reporting templates by around 70%.
- **Simplifications of the "Do no Significant harm" (DNSH) criteria:** Simplifications to the most complex criteria are introduced, as a first step of a wider revision and simplification of the DNSH criteria.

The European Commission's official press release on the omnibus package can be accessed [HERE](#).

The omnibus package will now proceed through the EU legislative process, where both the European Parliament and the Council will review and discuss the proposal and may amend it. The European Parliament is expected to hold initial discussions in the coming months, with committee-level assessments taking place before a plenary vote, which could occur later in 2025.

The timeline for final adoption depends on the course and complexity of negotiations, but if consensus is reached efficiently, the package could be approved by late 2025 or early 2026, with implementation timelines varying across the different legislative amendments.

The Taxonomy Regulation will be adopted after public feedback and will apply at the end of the scrutiny period by the European Parliament and the Council.

What does this proposal mean for Sweden?

Sweden has already implemented the CSRD in the Annual Reports Act, Chapter 6. The proposed scope of the Directive is a minimum standard, meaning that Member States are allowed to implement more far-reaching scopes into domestic law. However, Sweden has currently implemented the CSRD at minimum level and not imposed stricter obligations than the directive.

At DLA Piper, we are closely monitoring the legislative developments. Do not hesitate to contact us if you have questions on sustainability regulations or how the omnibus proposals may impact your company.

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