

Sustainability Regulation Update:
November 13, 2025

Omnibus Negotiations Update



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● Executive Summary

On November 13, 2025, the European Parliament adopted its official negotiating position on the "Omnibus I" simplification package. This signals a shift toward **reducing the administrative and reporting burdens associated with sustainability legislation**.

The position, adopted by a vote of 382 to 249 with 13 abstentions, proposes higher thresholds for both the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD), as well as other key changes:

- **CSRD Scope:** Limiting reporting to companies with over 1,750 employees and €450 million turnover.
- **CSDDD Scope:** Limiting due diligence to very large corporations with over 5,000 employees and €1.5 billion turnover.
- **Transition Plans:** The requirement for companies to implement climate transition plans has been removed, but the similar provision in CSRD would stay.
- **Due Diligence Method:** A risk-based approach is confirmed, protecting smaller partners from excessive data requests.
- **Liability:** Penalties and liability for non-compliance will be handled at the national level.

This is not the final law; it is the position Parliament will take into the trilogue negotiations with the Council, scheduled to begin on November 18, 2025.

Why Do the Latest Updates Matter?

Although the details may still change during the trilogue, this decision offers greater clarity on the direction the European Union is taking: supply-chain due diligence obligations are here to stay.

Companies should use this opportunity to start preparing their strategies to meet these requirements.

1. Key Parameters of the Proposal

The negotiating mandate clearly signals an intent to scale back the scope and complexity of sustainability rules.

Sustainability Reporting (CSRD)

- **Higher Scope Threshold:** MEPs propose that the threshold for social and environmental reporting duties should apply only to businesses with an average of over 1,750 employees and a net annual turnover of over €450 million.
- **Simplified Standards:** Reporting standards would be simplified, requiring fewer qualitative details.
- **Voluntary Sector Reporting:** Sector-specific reporting requirements would become voluntary.
- **SME Protection:** Large companies would be explicitly prevented from requesting more information from their smaller business partners than what is set out in voluntary standards.

Due Diligence (CSDDD)

- **Scope Limited to Very Large Corporations:** Due diligence requirements would apply only to large corporations with more than 5,000 employees and a net annual turnover exceeding €1.5 billion.
- **Risk-Based Approach:** Companies are mandated to adopt a risk-based approach to monitor and identify their negative impacts.
- **SME Data Shield:** Instead of systematic data requests, large firms must rely on information already available and may request additional information from smaller partners as a "last resort."
- **Climate Transition Plans:** The requirement to create and implement climate transition plans is expected to be deleted from the CSDDD. This obligation will be kept within the CSRD, tying it directly to reporting frameworks rather than the separate due diligence mechanism.

2. Corporate Implications: The "Risk-Based Approach"

The central challenge for companies implementing CSDDD now lies in the "risk-based approach." This is formally established in Article 8. This development signals a strategic shift away from comprehensive supplier auditing and toward prioritized mitigation.

Focus on High-Priority Risks:

Companies are mandated to identify, assess, and prioritize the most severe and salient human rights and environmental risks in their operations and value chain. Compliance resources must first be directed toward mitigating these high-priority risks.

Mandate for Risk Methodology:

This approach requires companies to develop and operationalize robust risk-assessment frameworks. Investment in technology, data, and expertise to map high-risk geographies, sectors, and specific supplier behaviors will be essential.

Value Chain Cap:

The 5,000-employee threshold in the value chain serves as a practical boundary for due diligence. This signals that while efforts must cascade to Tier-N suppliers, it may not require full, exhaustive visibility to the raw-material level for every product line. Companies should use the data they already have on their supply-chain partners and seek additional information only when needed, as a last resort.

Shift from Data Collection to Mitigation:

The focus moves from simple data collection to demonstrating active, meaningful mitigation efforts in high-risk areas.

“If there’s one message that cuts through all the noise, it’s this: Risk-based approach is at the core of compliance.

Today’s vote underlines again that automated, AI-driven tools like Prewave are essential for identifying supply chain risks without the “spray-and-pray” approach of traditional survey-based solutions.

For global businesses, the task now is not to react to political noise but to prepare for the operational reality: sustainability, human rights, and environmental risk management are becoming more structured, data-driven, and enforceable. The direction of travel is becoming clearer, and companies that act now will be far better positioned when the dust settles.”

- Harald Nitschinger, Co-Founder, Prewave

3. Transition Plans and Liability

The final position creates a critical split between reporting obligations and due diligence liability.

Climate Transition Plans:

Removing transition plans from CSDDD is a significant concession that reduces direct litigation risk. Companies must still report on their plan under CSRD, but they will not face CSDDD-specific due diligence liability for its *execution*. This separates public accountability (CSRD) from direct legal due diligence obligations (CSDDD).

Civil Liability:

The lack of a harmonized EU regime could mean companies will face a fragmented legal landscape. The legal and financial risk for due diligence failures will now be up to Member States. However, the final law is likely to maintain the requirement for Member States to designate national authorities to complement civil liability with a public enforcement regime and penalties.

4. Next Steps and Outlook

- **Timeline:** Trilogue negotiations among the Parliament, the Council, and the Commission are scheduled to begin on 18 November.
- **Target:** The rapporteur has committed to finalizing the negotiations and securing a consolidated text by the end of 2025.

Negotiations will determine final thresholds and obligations. Parliament and Council positions are well aligned in key areas such as higher scope thresholds and civil liability, but diverge in other areas such as how to define the risk-based approach and limit liability risks related to transition plans. Nevertheless, a relatively swift trilogue seems likely.

What and how companies need to report under CSRD will be mostly determined by the ESRS reporting standards, which will be adopted through a separate legislative procedure. The European Financial Reporting Advisory Group is set to publish the final draft standards by 30 November, on the basis of which the European Commission will propose a delegated regulation.

What Companies Should Do Now

Companies should not wait. They must now act decisively to operationalize risk-based due diligence, fortify governance, and position themselves for adaptation once the final compromise text is adopted.

The European Parliament's clear mandate for a "risk-based approach" within CSDDD is a pragmatic shift, focusing corporate efforts on areas of highest impact rather than universal data collection.

The separation of transition plan reporting (CSRD) from transition plan due diligence (CSDDD) reduces litigation exposure but maintains public accountability.

However, this is a negotiating position, not the final law. Companies must now closely monitor the upcoming negotiations, as the final thresholds and requirements will determine the future landscape of sustainability compliance in the EU.

Prepare your supply chain for the post-omnibus landscape.

Talk to an expert