

Sustainability Regulation Update:  
**December 9, 2025**

# Provisional Agreement on CSDD and CSRD Simplification (Omnibus I)

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## ● Executive Summary

On December 9, 2025, negotiators from the European Parliament and the European Council reached a provisional agreement on the "Omnibus I" package, finalising the updates to EU sustainability reporting and due diligence rules.

### The deal establishes a two-tier compliance landscape:

- **Reporting (CSRD):** Applies to companies with >1,000 employees and >€450 million turnover.
- **Due Diligence (CSDDD):** Applies only to very large corporations with >5,000 employees and >€1.5 billion turnover.

The agreement confirms the adoption of a risk-based approach to due diligence, drops the requirement for climate transition plans within the CSDDD, and establishes a protective shield for smaller suppliers against additional data requests.

Additionally, the agreement pushes the CSDDD compliance deadline to July 2029 and removes the EU harmonized civil liability regime, returning liability issues to national law.

## The Compromise: Key Agreed Parameters

The provisional deal trims down the regulatory framework beyond the European Commission's February proposal, but safeguards a risk-based (Tier-N) approach to sustainability due diligence.

### 1. Corporate Sustainability Reporting Directive (CSRD)

- **Scope Adjustment:**
  - The employee threshold is increased to 1,000 employees.
  - Listed SMEs are removed from the directive's scope.
  - A net turnover threshold of over €450 million has been added.
- **Exemptions:**
  - Financial holding undertakings are now exempt from the CSRD scope.
- **Review Clause:**
  - A clause has been introduced to review a possible future extension of the scope.

### 2. Corporate Sustainability Due Diligence Directive (CSDDD)

- **High-Level Scope:**
  - The threshold is set at 5,000 employees and €1.5 billion net turnover.
  - Legislators determined that these large companies are best equipped to absorb the costs of due diligence and influence their value chains.
- **Due Diligence Methodology:**
  - **Scoping vs. Mapping:** Companies are no longer required to carry out a "comprehensive mapping exercise." Instead, they must conduct a "general scoping exercise" to identify human rights and environmental risks in their chain of activities.
  - **Risk-Based Focus:** The risk-based approach encompasses all areas within the chain of activity where adverse impacts are most likely to occur and is not limited to direct suppliers alone.
  - **Flexibility:** If risks are equally likely/severe in multiple areas, companies have the flexibility to prioritise direct business partners.
  - **Reasonably Available Information:** Companies should base efforts on "reasonably available information" to reduce the trickle-down of data requests to smaller partners.
- **Climate Transition Plans:**
  - The obligation to adopt a transition plan for climate change mitigation has been removed, but companies would still need to disclose their transition plan, if they have adopted one, under CSRD.

### 3. Liability & Penalties

- **Liability:**
  - The EU harmonised liability regime has been removed. Liability rules will not override national law.
  - A review clause regarding the need for a harmonized regime in the future has been inserted.
- **Penalties:**
  - A maximum cap of 3% of the company's net worldwide turnover has been agreed upon.

### 4. Timeline

- **New Timeline:**
  - The CSDDD transposition deadline is postponed by one year to 26 July 2028.
  - Companies must comply with the new measures by July 2029.

## Business Impact & Strategic Implications

### Risk-Based Approach Validated:

- Companies are now explicitly permitted to prioritise due diligence efforts on the parts of their value chain where adverse impacts are most likely to occur.
- This enables a targeted, intelligence-led model, rather than uniform assessment across all partners.

### Operational Relief (Scoping vs. Mapping):

- The shift from "comprehensive mapping" to "general scoping" validates a targeted, intelligence-led approach.
- By allowing companies to rely on "reasonably available information," the regulation explicitly endorses the use of external risk intelligence platforms rather than burdensome supplier surveys.

### Targeted Supplier Engagement:

- CSDDD and CSRD include provisions that seek to make information requests to smaller suppliers to a last-resort instrument to obtain information.
- While surveys and audits remain a possibility, companies likely will need a justification.
- The so-called value chain cap applies for CSDDD to companies with less than 5,000 employees and to CSRD for companies with less than 1,000 employees.

### Transition Exemptions:

- The 2025/2026 exemption for "wave one" companies that no longer meet the new threshold provides time for companies to optimise data collection systems and establish a holistic risk management and compliance strategy.
- Further clarification is needed to understand if this is a full exemption or reduced requirements.

### Fragmented Liability:

- With the removal of the EU harmonized liability regime, multinational corporations must navigate varying liability standards across different Member States, rather than a single EU-wide legal standard.

## Next Steps

The provisional agreement must now be endorsed by the European Council and the European Parliament.

### Key Dates:

- **December 10:** COREPER endorsement of the trilogue agreement.
- **December 11:** JURI committee vote on the trilogue agreement.
- **December 16:** Vote in Plenary on the trilogue agreement.



## How Prewave Can Help Your Organisation Prepare

The risk-based approach to due diligence gives your company new flexibility to focus efforts while increasing their impact. A comprehensive risk management tool like Prewave can help you make meaningful use of due diligence data.

Our solutions for national supply chain due diligence legislations, such as the German LkSG, are demonstrative of the risk-based scoping approach: enabling you to gather publicly available information on your direct and indirect supplier base, without their engagement.

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# Join the Webinar

To learn more about what the Omnibus changes mean and how they impact your company, join Prewave for an Omnibus-Special Webinar on **December 18**.

**Register now**