

EU Reaches Agreement on ‘Omnibus I’ Impacting CSRD and CSDDD Compliance for US Companies

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On 9 December 2025, European Union (EU) institutions finally reached agreement on ‘Omnibus I’. Once the agreement is formally adopted, this will amend and simplify the EU’s Corporate Sustainability Reporting Directive (CSRD) and Corporate Sustainability Due Diligence Directive (CSDDD). This will have broad implications for EU and non-EU businesses affecting whether they are covered by the laws, compliance timelines, and obligations for those that remain in scope.

Based on the published [provisional agreement](#), we’ve highlighted below the key takeaways for US companies.

Key takeaways

New CSRD thresholds

	Current thresholds	New thresholds
EU companies and groups	<p>Those exceeding at least two of the following three thresholds:</p> <ul style="list-style-type: none"> • Balance sheet total: 25 million euros • Worldwide net turnover: 50 million euros • Number of employees: 250 	<p>Those exceeding both the following thresholds:</p> <ul style="list-style-type: none"> • Worldwide net turnover: 450 million euros • Number of employees: 1,000
Non-EU ultimate parent companies	<p>Ultimate parent companies that both:</p> <ul style="list-style-type: none"> • Generate, in the EU, at the group level, a net turnover of at least 150 million euros for each of the last two years • Have at least one subsidiary in the EU that is itself covered by the CSRD or an EU branch that generated a net turnover of 40 million euros in the previous year 	<p>Ultimate parent companies that both:</p> <ul style="list-style-type: none"> • Generate, in the EU, at the group level, a net turnover of at least 450 million euros for each of the last two years • Have an EU entity in the group or an EU branch that generated a net turnover exceeding 200 million euros in the previous year

There is a new requirement for the European Commission to publish – by 30 April 2029 – a report on whether to extend the scope of reporting requirements to smaller entities alongside a legislative proposal, if this is considered appropriate.

New Holdco exemption

Additional reliefs have also been provided to financial holding companies (Holdcos). These will exempt EU parent companies and non-EU ultimate parent companies from preparing CSRD reports, provided the company is a Holdco with diverse subsidiaries having business models and operations independent from one another. This exemption is limited to those Holdcos with no direct or indirect involvement in the management of their subsidiaries (without prejudice to their rights as shareholders).

New CSDDD thresholds

	Current thresholds	New thresholds
EU companies and groups	Those exceeding both the following thresholds: <ul style="list-style-type: none"> Worldwide net turnover: 450 million euros Number of employees: 1,000 	Those exceeding both the following thresholds: <ul style="list-style-type: none"> Worldwide net turnover: 1.5 billion euros Number of employees: 5,000
Non-EU companies and groups	Those generating a net turnover of more than 450 million euros in the EU	Those generating a net turnover of more than 1.5 billion euros in the EU
Franchisors and licensors	Those generating a net turnover of 80 million euros whose royalties amounted to more than 22.5 million euros (for non-EU entities, only royalties generated in the EU should be considered)	Those generating a net turnover of 275 million euros whose royalties amounted to more than 75 million euros (for non-EU entities, only royalties generated in the EU should be considered)

Compliance timelines

For the CSRD, compliance deadlines have not changed since the adoption of the ‘stop-the-clock’ directive earlier this year. This means, for EU companies and groups, reporting will start from financial years starting on or after 1 January 2027. For non-EU ultimate parent companies, reporting will start from financial years starting on or after 1 January 2028.

For the CSDDD, the compliance deadline has been further delayed to 26 July 2029, with reporting obligations triggered for financial years starting on or after 1 January 2030.

Other key changes to the CSRD

The following substantive changes will be introduced for those remaining in scope of the CSRD:

- **New value chain reporting restrictions.** Currently, companies are required to report information on their own operations and subsidiaries, as well as on their upstream and downstream value chains. This is subject to grace periods for the first three reporting cycles. Under the new agreement, preparers will now be prohibited from requiring – even contractually – information exceeding the voluntary sustainability reporting standards (still to be adopted by the European Commission) from companies with 1,000 or fewer employees.
- **New post-M&A reporting relief.** There is a new 12-month transposition period from the date of acquisition or merging of subsidiaries, during which the parent entity may provide provisional information, including the use of estimates, on the acquired subsidiary in its consolidated sustainability report. CSRD preparers also will not be required to disclose sustainability

information on entities that exit the group in a financial year. Nevertheless, where events affecting an entity acquired, merged with, or exited from the group affect the group's sustainability-related impacts, risks or opportunities, the parent company must still disclose these events in its consolidated management report.

In parallel, the European Sustainability Reporting Standards (ESRS), with which CSRD reporters need to comply, have also been revised. The European Commission now needs to formally adopt the ESRS before they become law. Although the updated ESRS will have a reduced number of mandatory data points, companies in scope of the CSRD will still need to do a double materiality assessment, meaning they will still need to disclose on (1) material impacts on people and the planet and (2) material sustainability-related financial risks and opportunities.

Other key changes to the CSDDD

The following substantive changes will be introduced for those remaining in scope of the CSDDD:

- **Risk-based approach to human rights and environmental due diligence maintained.** In-scope companies will be required to conduct a scoping exercise, based solely on reasonably available information, to identify general areas across their own operations and those of their business partners (both direct and indirect) where risks are most likely to occur. Based on the results of this exercise, companies will be required to carry out in-depth assessments in the areas where the most serious risks were identified. When conducting in-depth assessments, companies are expected to limit information requests made to business partners with fewer than 5,000 employees to situations where the information cannot reasonably be obtained by other means.
- **Deletion of climate transition plan obligations.** Companies will no longer be required to adopt or put into effect a climate transition plan. It remains possible that this deletion could be subject to legal challenge but any such appeal would take time. Those remaining in scope of the CSRD will still need to report publicly on their climate transition plan, if they have one.
- **Risk prioritisation maintained.** Where it is not feasible to prevent, mitigate, bring to an end or minimise all identified risks at the same time and to their full extent, companies are required to prioritise, based on likelihood and severity.
- **Deletion of the obligation to terminate business relationships as a last resort.** The CSDDD currently requires companies, where efforts to prevent or mitigate have been unsuccessful, to terminate their business relationships as a last resort. Under the new agreement, companies would still be required to suspend business relationships with respect to the activities concerned (where permitted by law) as a last resort, while continuing to work with the supplier towards a solution and until the impact is addressed.
- **Penalties for CSDDD noncompliance reduced to 3%.** This is a reduction from the current CSDDD penalty cap of 5% of the company's worldwide turnover, but could still be significant for businesses.
- **Reduced frequency of monitoring assessments from one to five years.** Under the current CSDDD, companies would have been required to carry out annual assessments to monitor the effectiveness of their due diligence processes. Under the new text, these assessments only need to be carried out 'at least every 5 years' or after a significant change occurs. Ad hoc assessments will still be necessary whenever there are reasonable grounds to believe that measures in place are no longer adequate or effective or that new risks have arisen.
- **Deletion of the EU-wide civil liability regime.** The CSDDD currently requires member states to ensure that they have a civil liability regime in place so that companies can be held accountable where failures to comply with their due diligence obligations lead to damage. The agreement deletes this requirement, meaning that it will be for each member state to decide whether to impose a civil liability regime. This could help lower litigation risk in certain jurisdictions but will create complications for global companies operating across multiple EU member states.
- **Limiting stakeholder engagement.** The number of points during the due diligence process at which companies must consult with stakeholders is reduced. Under the new CSDDD, stakeholder consultation will not be required when disengaging from a business relationship or developing indicators for due diligence monitoring. It has also been clarified that only relevant stakeholders need to be engaged – i.e. those that have a link to the specific stage of the due diligence process being carried out. The term 'stakeholder' also has been narrowed, removing the need to engage with national human rights and environmental institutions and civil society organisations. Companies will still be required to engage with their employees, the

employees of their direct and indirect business partners, and those individuals or communities whose rights or interests are or could be directly affected by the products, services and operations of the group or its business partners.

Next steps

The provisional agreement still needs to be formally approved by the European Parliament and Council, and it is possible there could be changes along the way (usually this is just rubber-stamping and any changes are limited to linguistic clarifications). Parliament is scheduled to vote on the agreed text during its plenary session on 15 – 16 December 2025. The text of the legislation will then be signed and published in the Official Journal of the European Union and will enter into force 20 days later to complete the lawmaking process.

See the [European Parliament's press release](#), and the [Council's press release](#).

If you have any questions or would like support navigating these regulatory developments, please contact a member of Cooley's [sustainability advisory team](#).

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