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Changing Architecture of EU Sustainability Reporting: CSRD and OMNIBUS Directives

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Abstract

The study examines the reconfiguration of the EU Omnibus reform of the legislative package referred to as the EU Omnibus, in relation to the original Corporate Sustainability Reporting Directive (CSRD). We analysed the initial CSRD model with the scope, granularity, and comparability of sustainability reporting through mandatory European Sustainability Reporting Standards (ESRS) disclosures. The Omnibus package introduced a shift toward simplification, proportionality, and competitiveness, which aims to enhance the efficiency of sustainability reporting and make it more accessible for companies of varying sizes, particularly by reducing the reporting burden on smaller enterprises while ensuring that all companies meet essential sustainability standards. The paper compares and analyzes the relevant EU legal acts to show how the rules for collecting, reviewing, and reporting data changed from the old ones to the new ones. In institutional terms, the European Commission presented the Omnibus I package on 26 February 2025, the EU then adopted Directive (EU) 2025/794, which postponed by two years the application of CSRD requirements for large undertakings that had not yet started reporting and for listed SMEs, and later adopted Directive (EU) 2026/470, which entered into force on 16 March 2026 and further amended the sustainability reporting framework. The latest amended framework narrows mandatory reporting primarily to undertakings with more than 1,000 employees, removes the sector-specific ESRS, and supports the development of streamlined ESRS and a voluntary reporting standard (VSME) for small and mid-sized undertakings. The paper defines the legal and practical implications of the reform for reporting entities, auditors, regulators, and users of sustainability information. The Omnibus reform does not eliminate the logic of sustainability reporting but rather redirects it from a broad mandatory application to a more targeted and administratively simpler model, which has significant implications for the assessment of double materiality, the demands for information on the value chain, the practice of assurance, and the comparability of disclosed data. The future will reveal whether the Omnibus reform was merely a regulatory retreat or a comprehensive overhaul of the EU sustainability reporting system, aimed at maintaining the fundamental goals of transparency with lower compliance costs.

Keywords: CSRD, ESRS, Omnibus reform, sustainability reporting, corporate reporting, double materiality, EU law, regulatory simplification