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EU Sustainability Legislation:

Updated guide to obligations, implementation, and interoperability for businesses

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For further questions or collaborations regarding the contents of this publication, please feel free to reach out to lorena.bisignano@frankbold.org.

List of Abbreviations

- **CBAM** – Carbon Border Adjustment Mechanism
- **CSDDD** – Corporate Sustainability Due Diligence Directive
- **CSRD** – Corporate Sustainability Reporting Directive
- **CMR** – Conflict Minerals Regulation
- **DNSH** – Do No Significant Harm
- **ESRS** – European Sustainability Reporting Standards
- **EUBR** – European Batteries Regulations
- **EUDR** – European Deforestation Regulation
- **EU ETS** – European Emissions Trading System
- **FLR** – Forced Labour Regulation
- **GAR** – Green Asset Ratio
- **GHG** – Greenhouse Gas
- **IED** – Industrial Emissions Directive
- **IEPR** – Industrial Emissions Portal Regulation
- **LSU** – Livestock Unit
- **SMEs** – Small and Medium-sized Enterprises
- **SFDR** – Sustainable Finance Disclosure Regulation

Introduction

The European Union has adopted several laws under the EU Green Deal, with the aim of leading the sustainable transition to a low-carbon economy. These laws were designed to build corporate resilience in the face of climate and energy challenges and provide companies and investors with tools to understand and manage risk exposure across their value chains.

During 2025, the European Commission changed paths and proposed several amending proposals under various **Omnibus packages** with the intended aim of simplifying EU rules.

The **Omnibus packages introduce changes to the scope, timelines, and substance of the obligations** of the affected legislative acts. While most of these amendments have already been adopted, others, such as the ones proposed for the IED and the EUBR, are still under negotiation and these pieces of legislation will be subject to changes in the following months.

The **present briefing is an update of our study** *'EU Sustainability Legislation: A guide to obligations, implementation and interoperability for businesses,'* seeking to clarify the evolving regulatory context in light of the Omnibus amendments. Compared to the first iteration of this study, which provided a comprehensive overview of all requirements and their overlaps (see here), the second version focuses on updates and emerging developments. **The review is limited to the legislation affected by recent changes. It provides practitioners with a clear overview of the changes, their impact on implementation and how these revisions affect the interoperability of these legal instruments**.

This second iteration of the study covers the following key legislative acts:

- EU Corporate Sustainability Due Diligence Directive (CSDDD)
- EU Corporate Sustainability Reporting Directive (CSRD)
- EU Taxonomy
- EU Emissions Trading System (EU ETS)
- Carbon Border Adjustment Mechanism (CBAM)
- Industrial Emissions Directive (IED)
- Batteries Regulation
- EU Deforestation Regulation (EUDR)
- Conflict Minerals Regulation
- Forced Labour Regulation

Not all of these legislative acts are directly affected by the Omnibus amendments; however, they are included for continuity with the original study.

1. Overview of Key Omnibus Changes

In February 2025, the European Commission proposed its first Omnibus package with changes to the Corporate Sustainability Reporting Directive, the Corporate Sustainability Due Diligence Directive, the EU Taxonomy and the Carbon Border Adjustment Mechanism, opening these legislations for further re-negotiation with the EU Parliament and Council.

Later, in December 2025, the European Commission published its proposals to amend the Industrial Emissions Directive and the Battery Regulations as part of its 8th Omnibus and proposed targeted delays to the Deforestation Regulation.

These amendments, whether already approved or still at the proposal stage, have considerable implications not only on companies' obligations, but also on the entire EU sustainability framework and the interoperability of norms under it.

Please note that certain changes proposed by the European Commission are still subject to political debate and may change.

1.1 EU Corporate Sustainability Due Diligence[1]

Omnibus I (adopted)

Before amendments

Scope:
> than 1000 employees and worldwide net turnover > than EUR 450 million.

Non-EU companies with > than EUR 450 million worldwide net turnover.

Timeline for Implementation:
staggered implementation, first wave companies starting in July 2027.[3]

After amendments

Scope:
> than 5000 employees and worldwide net turnover > than EUR 1.5 billion.

Non-EU companies with > than EUR 1.5 billion worldwide net turnover. This marks an estimated 70% scope reduction.[2]

Timeline for Implementation:
July 2029 for all companies in scope.

Substantial changes

- streamlined risk-based approach
- removal of the obligation to adopt Climate Transition Plans
- no harmonised EU-wide civil liability[4]
- penalties reduced from 5% to 3% of the company's net worldwide turnover

[1] Original text: Directive (EU) 2024/1760; Text of approved amendments, Directive (EU) 2026/470.
[2] Frank Bold. "How has Omnibus 1 impacted the CSDDD?" February 24, 2026. https://en.frankbold.org/news/how-has-omnibus-1-impacted-the-csddd; Frank Bold and ClientEarth, *Sustainability Due Diligence after the Omnibus: Legal Implications for the CSDDD,* February 2026, p.5.
[3] Under the original Directive, the implementation was staggered depending on the size of the company, with first wave companies (very large companies with more than 5000 employees and EUR 1.5 billion worldwide net turnover) starting in July 2027; second wave companies (large companies with more than 3000 employees and EUR 900 million worldwide net turnover) starting in July 2028 and third wave companies (1000 employees and EUR 450 million worldwide net turnover) in July 2029. The approved amendments under the Omnibus 1 reduced the scope to very large companies and unified implementation for all scoped companies in 2029.
[4] Note that the requirement for Member States to enable effective means of civil redress has been retained in the revised CSDDD.

1.2 Corporate Sustainability Reporting Directive[5]

Omnibus I (adopted)

Before amendments

Scope:
All listed undertakings and large companies fulfilling two out of these three criteria:

- EUR 50 million net turnover.
- EUR 25 million balance sheet total.
- 250 or more employees.

Non-EU companies or groups with > EUR 150 million turnover in the EU and one of the three following:

- A large EU subsidiary (same thresholds as for EU large companies or groups).
- A branch in the EU with > than EUR 40 million turnover
- Securities listed on EU regulated markets.

Timeline for Implementation:
Staggered implementation, first wave companies (listed with more than 500 employees) started in 2025 for the financial year 2024.[8]

Second wave (non-listed and listed companies with more than 250 employees) start reporting in 2026 and third wave (listed SMEs) start in 2027.

Non-EU companies start reporting in 2029 for the financial year 2028.

After amendments

Scope:
Large (listed and non-listed) companies with > than 1000 employees **and** EUR 450 million turnover.

Non-EU companies or groups[6] with a net turnover in the EU exceeding EUR 450 million and either one of the two:

- An EU subsidiary undertaking with a net turnover exceeding EUR 200 million.
- A branch in the EU with a net turnover exceeding EUR 200 million.

The estimated reduction in scope is approximately 90%.[7]

Timeline for Implementation:
First wave companies may choose to report according to the revised ESRS for financial year 2026. Mandatory application in 2027.

Second wave (under revised scope, affecting only non-listed companies) to start reporting under the revised ESRS directly in 2028 for the previous financial year.

Non-EU companies maintain the timeline.

Substantial changes

- New concept of 'protected undertaking' and cap on legal enforceability of information requirements placed on such undertakings by companies in CSRD scope.
- Revision and simplification of the European Sustainability Reporting Standards (ESRS), with reduction of about 70% datapoints, but maintained key disclosures and principles.
- Deletion of the European Commission's mandate to adopt sector-specific standards, with doors open for potential "guidance".
- Adoption of Voluntary Standard for companies outside of the scope based on the VSME Recommendation.

[5] Original text: Directive (EU) 2022/2464; Text of approved amendments, Directive (EU) 2026/470.
[6] The reporting obligation relates to the consolidated reporting of a non-EU parent undertaking. It is a distinct obligation from that of a EU-based subsidiary of such a non-EU group, if the CSRD scope thresholds are met.
[7] Green Central Banking, "EU Sustainability Omnibus Package Approved, ESRS Data Points Reduced," December 18, 2025, https://greencentralbanking.com/2025/12/18/eu-sustainability-omnibus-package-approved-esrs-data-points-reduced/

1.3 Taxonomy[9]

Omnibus I (adopted)

Before amendments

Scope:
Companies within the scope of CSRD (see above). Financial market participants subject to the SFDR must disclose the extent to which financial products promoted as environmentally sustainable (Articles 8 and 9 SFDR) are aligned with the EU Taxonomy.

Timeline for implementation:
Companies covered by CSRD: following the same timeline (see above).

SFDR-related disclosures apply from January 2022 (for climate aspects) and January 2025 (for non-climate environmental objectives).

After amendments

Scope:
The scope continues to be aligned with the one of CSRD. Hence, the reduced scope of CSRD under Omnibus I is reflected in the scope of the Taxonomy too.

Timeline for implementation:
Retrospective implementation from 1 January 2026, hence it applies to a company's reporting for financial year 2026.

For financial year 2025 reporting, transitional provisions are envisioned.[10]

Substantial changes

- Introduction of a materiality threshold for the assessment of Taxonomy eligibility and alignment of economic activities. A separate qualitative exemption also applies to OpEx.
- Reduction of data points by 64% for non-financial undertakings and 89% for financial undertakings.[11]
- Simplification of the "do no significant harm" (DNSH) criteria for pollution prevention and control, particularly regarding the use and presence of certain chemicals.
- Financial undertakings can omit exposures to non-CSRD undertakings from KPI denominator and are granted a transitional opt-out from full template reporting until the end of 2027.
- Deletion of the separate reporting templates for fossil gas and nuclear energy sector exposures (former Annex XII to Delegated Regulation (EU) 2021/2178); such information is now disclosed within the general templates alongside other activities.

[8] First wave companies are large companies which are also public-interest entities (listed companies) with more than 500 employees. Second wave companies are non-listed large companies and were intended to report in 2026. Small and medium enterprises were intended to report in 2027.
[9] Original EU Taxonomy text pre-amendments (EU) Regulation 2020/852. Amendment text Commission's Delegated Regulation 2026/73.
[10] Herbert Smith Freehills Kramer, "Omnibus Update: EU Taxonomy Delegated Act enters into force," 29 January 2026, available at hsfkramer.com.
[11] Companies reporting under the Taxonomy Regulation for financial year 2025 have the option to either apply the version of the reporting rules as applicable from 1 January 2026 (the amended one) or to apply the reporting rules pre-amendments applicable until 31 December 2025. The company should specify in the report according to which rules it is reporting under for the financial year 2025.

1.4 EU Emissions Trading System[12]

Electrification Action Plan (proposed)[13]
EU Climate Law (adopted)[14]

Before amendments

Scope:
Companies operating installations in the sectors of electricity, heat generation and other energy intensive industry sectors (oil refineries, steel works, production of iron, etc), aviation, maritime transport

Timeline for implementation:
2005: Installations carrying out the activities in Annex I.

2027: Entities carrying out activities in Annex III (ETS 2). The new activities include road transportation, combustion in buildings, manufacturing and construction.

After amendments

Scope:
Key expansions proposed:
- Adds certified carbon removals with the Commission as a buyer
- Waste incineration: added with phase-in from 2031 to 2034
- Maritime transport: lowering thresholds from 5,000 gross tonnage (GT) to 400 GT to include smaller vessels
- Aviation: expand beyond intra-European flights to all flights leaving from an European airport to destinations up to 5,000 km away
- Free allowances extended until 2038, conditional on investment in decarbonisation

Timeline for implementation:
ETS 2: the start date was postponed for one year, to 2028.

New obligations apply from 2028–2031, giving operators a 2–5 year implementation window from the proposal's publication date

Substantial changes

- Proposal for a new Industrial Decarbonisation Bank.
- Slower emissions reduction trajectories.
- Empowerment for the Commission to buy international carbon credits, if available.

[12] The EU ETS is governed by the ETS Directive, which establishes its legislative foundation. Since its adoption, the Directive has been amended several times to keep the system in line with the EU's broader climate objectives.
[13] Proposal for a Directive of the European Parliament and of the Council amending Directive 2003/87/EC and Decision (EU) 2015/1814 as regards driving competitiveness and cost-effective decarbonisation, July 17th, 2026.
[14] Regulation (EU) 2026/667 of the European Parliament and of the Council of 11 March 2026 amending Regulation (EU) 2021/1119 as regards the setting of a Union intermediate climate target for 2040.

1.5 Carbon Border Adjustment Mechanism[15]

Omnibus I (adopted)

Before amendments

Scope:
Companies of all sizes that import cement, iron and steel, aluminium, fertilisers, electricity or hydrogen or processed products from these goods. The full list of covered products with their relevant CN codes is contained in Annex I of the Regulation.

Timeline for implementation:
Definitive period starting from January 2026.

After amendments

Scope:
New volume threshold: Companies importing less than 50 tonnes of goods subjected to CBAM annually are exempted from CBAM obligations; hydrogen and electricity are excluded from this "de minimis" exemption.

Timeline for Implementation:
January 2026 (revised regime).[16]

Substantial changes

- Clarifications with regards to reporting embedded emissions from electricity.
- Introduction of a derogation allowing the use of default carbon prices paid in third countries to claim reductions, subject to certain conditions (adoption pending).
- New framework introduced for the registration of accredited verifiers.

[15] Simplifications to the Carbon Border Adjustment Mechanism (CBAM), amendments entered into force on 20 October 2025. Official CBAM website page and guidance: here.
[16] CBAM certificate sales were postponed from 1 January 2026 to 1 February 2027. Declarants will acquire certificates in 2027 for embedded emissions from 2026 imports, with full compliance obligations applicable retroactively.

1.6 Industrial Emissions Directive[17]

Omnibus VIII (proposed)

Before amendments

Scope:
Operators in industrial sectors depending on production capacity thresholds, specified in Annex I (including energy industries, production and processing of metals, processing of ferrous metals, the mineral industry, the chemical industry, waste management, and other activities including pulp/paper production, tanning, food production, etc.) and Annex Ia (LSU - livestock unit) levels for pig and poultry farms; organic pig farms are excluded of the Directive.

According to the Commission's impact assessment, the Directive captures approximately 37k industrial installations, 38,5k pig and poultry farms,[18] and landfills. Recently, mining of metal ores and battery gigafactories have been included in scope too (>15,000 t/year, excluding assembly).

In terms of climate-related emissions, the IED has a narrower scope than the EU ETS, as greenhouse gases covered by the EU ETS are generally excluded from IED emission limit values. However, the IED regulates a wide range of air, water and soil pollutants.[19]

Timeline for implementation (for transformation plans):
By 30 June 2030.

After amendments

Scope:
Unchanged.

Timeline for implementation (for the environmental management system):
By 30 June 2030[20]

Substantial changes

- Livestock production and aquaculture installations are now exempt from certain reporting requirements.
- Environmental management systems (EMS) can be prepared at operator/company instead of installation level.
- Removal of the requirement to develop indicative transformation plans.
- Removal of the requirement to develop a chemicals inventory of hazardous substances present in or emitted from installations. Installations will also no longer be required to carry out risk assessments and substitution analysis to replace such substances.

[17] Industrial Emissions Directive (2.0), Directive (EU) 2024/1785; European Commission proposal for amending Directives 2008/98/EC, 2010/75/EU, (EU) 2015/2193 and (EU) 2024/1785; Directive on Industrial Emissions Portal Regulation (IEPR), Regulation (EU) 2024/1244; European Commission proposal (Regulation 2025/0397) for amending Regulation (EU) 2023/1542 and Regulation (EU) 2024/1244.
[18] European Commission, "Industrial and Livestock Rearing Emissions Directive (IED 2.0)," available at environment.ec.europa.eu.
[19] The IED regulates emissions of a broad range of pollutants to air, water and land, including sulphur dioxide (SO_2), nitrogen oxides (NO_x), volatile organic compounds (VOCs), dust, metals and metalloids, and substances contributing to water pollution (Annex II to Directive 2010/75/EU). However, greenhouse gases covered by the EU ETS are generally excluded from IED emission limit values pursuant to Article 9 IED. The IED therefore performs a broader pollution-control function but has a narrower scope than the EU ETS in relation to climate-related emissions.
[20] In the original IED 2.0, deadlines were separated for the adoption of transformation plans and the environmental management systems. Transformation plans were supposed to be adopted by 30 June 2030, whereas the environmental management systems were to be developed by 30 June 2027. The first iteration of this guide referred to the deadline for the adoption of the transformative plans. The European Commission's proposal deletes the requirement for the adoption of transformation plans and delays the deadline to develop environmental management systems to 30 June 2030. The table partially reflects this change.

1.7 European Battery Regulation[21]

Omnibus IV and VIII (proposed)

Before amendments

Scope:
Companies with a net turnover of €40mn or more that place batteries on the EU market[22] or put them into service.[23] The regulation covers both batteries manufacturing and importing companies.

Timeline:
From August 2025.

After amendments

Scope:
Unchanged, even though the definition of "producer" is expanded to include producers not established in any Member State if they sell batteries on the EU territory, regardless of the selling agreement.[24]

Timeline:
From 18 August 2027.

Substantial changes

- Addition of a definition of Substances of Very High Concern (SVHC).
- Exclusion of battery packs from removability and replaceability requirements.
- Removal of distributors' reporting requirements to end-users on the prevention and management of waste batteries in relation to new batteries.
- Replacement of the label requirement on hazardous substances with the requirement to rather include substances of very high concern when their concentration in the composition of the battery is equal or higher than 0,1% weight on weight. Mercury, cadmium and lead remain excluded substances.

[21] Original text Regulation (EU) 2023/1542; European Commission proposal (Regulation 2025/0397) for amending Regulation (EU) 2023/1542 and Regulation (EU) 2024/1244.
[22] Placing on the market refers to the first time that a battery is supplied for distribution or use in the EU market in the course of a commercial activity, i.e. manufacturers or importers.
[23] Putting into service refers to the first operation of a battery for its intended purpose, without it being placed on the market (i.e. manufacturers using their own batteries).
[24] In the original text, the scope of the EU Battery Directive is limited to non-EU battery producers that sell batteries on the EU territory based on distance contracts. The proposed new legislative text expands this scope regardless of the used sale contracts/arrangements.

1.8 European Deforestation Regulation[25]

EUDR Simplification Regulation (adopted)
Draft Delegated Act (proposed)

Before amendments

Scope:
Companies of all sizes that place or make available
in the EU market or export from the EU market[26] products containing, made of or fed with cattle, cocoa, coffee, oil palm, rubber, soya or wood.
For the relevant CN codes, refer to Annex I of the regulation.

Timeline:
For operators which had the status of micro or small enterprises as of December 2020,[28] from July 2026.

For all other companies, from January 2026.

After amendments

Scope:
Draft Delegated Act[27] from May 2026 proposes changes to the scope: i.e. exclusion of leather; inclusion of soluble coffee and palm oil derivatives.

Timeline
For medium-sized and large operators and traders, from 30 December 2026.

For micro and small enterprises, from 30 June 2027.

Substantial changes

- Introduction of definitions for downstream operators and micro and small primary operators.
- Introduction of exemptions and a simplified regime applicable to downstream operators and micro and small primary operators.
- Books, newspapers and printed material are exempted from EUDR product scope.

[25] Original text, Regulation (EU) 2023/1115; Amendment text Regulation (EU) 2025/2650). The EUDR Simplification Regulation is a separate amendment act, which nonetheless falls under the EU Commission's broader simplification agenda.
[26] Making available on the market refers to any supply for distribution or use in the EU market in the course of a commercial activity. The EUDR differentiates obligations according to whether the company is the first one to make available a good on the market ("placing on the market") or not.
[27] On 4th May 2026, the Commission published the Draft Delegated Act which includes amendments to the scope of relevant products. Under the Draft, soluble coffee and certain palm oil derivatives would be included in the scope, while products such as leather and retreaded tyres would be excluded. The Draft also proposes some new exemptions covering product samples, certain packaging materials, used and second-hand products, and waste. The draft Delegated Act was open for public feedback until 1 June 2026; currently, the Commission is reviewing feedback prior to implementation.
[28] Micro and small are defined in Article 3 of the Accounting Directive (Directive 2013/34/EU). Accordingly, a micro-undertaking is an enterprise which exceeds none of these three thresholds: balance sheet total of EUR 350,000; net turnover of EUR 700,000; and average number of employees of 10. A small undertaking is an enterprise which exceeds none of these three thresholds: balance sheet total of EUR 4 million; net turnover of EUR 8 million; and average number of employees of 50.

1.9 Conflict Minerals Regulation[29]

Not affected by Omnibus

1.10 Forced Labour Regulation[30]

Not affected by Omnibus

[29] Regulation (EU) 2017/821 of the European Parliament and of the Council of 17 May 2017 laying down supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas.
[30] Regulation (EU) 2024/3015 of the European Parliament and of the Council of 27 November 2024 on prohibiting products made with forced labour on the Union market and amending Directive (EU) 2019/1937.

2. Interactions and Updates Across EU Sustainability Legislation

Across EU sustainability legislation, companies are required to perform due diligence and take actions on climate change and broader sustainability issues. Some of the obligations overlap; however, they do not necessarily require a duplication of efforts. Therefore, it is important to understand the new interactions between the norms.

This section outlines the changes introduced or expected under the Omnibus packages to EU sustainability legislation, focusing first on three critical areas for companies' management of sustainability issues:

- Risk assessment and management
- Climate obligations
- Reporting

It also highlights how these amendments affect the interconnections between the requirements. The overview closes with practical recommendations for companies.

The table below indicates where the obligations have been substantially changed across the three aforementioned key areas.

Table 1: Key Areas of Change Across EU Sustainability Legislation

	Risk Assessment and Management	Climate Transition Plan	Reporting
CSDDD	●	●	●
CSRD	● [31]		●
Taxonomy			●
IED	●	●	

[31] Risk assessment and management under the ESRS consists of double materiality. As a consequence of the Omnibus I Directive, it was significantly changed in its content, although the underlying principle has been kept. As such, double materiality underwent a revision and clarification, while not being substantially changed.

2.1 Risk Assessment and Management

Risk assessments under different pieces of EU sustainability legislation aim to identify, assess, and manage sustainability-related impacts and risks that companies may encounter in their business activities and operations. As such, they represent a key initial step of risk management, whose ultimate objective is the prevention and/or mitigation of environmental and human rights impacts and risks.

There is no single approach to conducting risk assessments, and their scope and objectives may vary across EU sustainability legislation. However, despite differences in their conceptualisation and design, risk assessments form a critical component of any sustainability due diligence process carried out by a company.

Focus box 1. Terminological note: 'risk' vs 'impact' across EU legislation and domains

'Risk' vs 'impact'

Across EU legislation, the terms 'risk' and 'impact' are not used consistently, which can create confusion. While this guide adopts the terminology specific to each legal framework, a brief note on definitions is necessary for clarity.

In **corporate law and governance**, the term risk refers to a **negative effect on the company itself**, such as financial, operational, legal, or reputational consequences. It is therefore not synonymous with impact, which refers to how a company's activities affect society or the environment, regardless of whether those effects create risks for the company itself.

The **CSRD/ESRS framework** makes this distinction explicit through double materiality:

1. Inside-out perspective (**impact materiality**): the company's impacts on society and the environment.
2. Outside-in perspective (**financial materiality**): sustainability-related risks to the company.

The **CSDDD** looks at the impacts of companies' activities - the impact materiality perspective - so to say. It distinguishes between actual and potential impacts. The term 'risk' is used to describe external 'risk factors' that have to be taken into consideration in the identification of adverse impacts, or when referencing a companies' risk management process. In the international due diligence standards, the UNGPs and OECD, the term 'risk' is used more broadly to describe negative impacts of companies on people and the planet. A similar approach is also embraced in the IED, where risks refer to negative impacts on the environment.

While the EU Taxonomy does not explicitly refer to risks or impacts, the Do No Significant Harm (DNSH) principle (see below) only focuses on harms, *i.e.*, adverse impacts linked to an economic activity.

Unlike in due diligence, where "impact" typically denotes harm, the CSRD/ESRS also account for **positive impacts**, aligning the terminology with corporate governance and business reporting practices and reinforcing the distinction between company-level risks and broader societal or environmental impacts.

Impact and risk assessments are explicitly required under the CSDDD, CSRD and ESRS, and the IED. Under these legal instruments, the assessments serve different, but complementary purposes: risk-based due diligence (CSDDD) provides companies with information needed for the impact materiality (under the double materiality assessments according to CSRD and ESRS); and environmental and chemical risk assessments are required under the IED for an effective Environmental Management System at the level of companies' own operations.

All of these frameworks were amended by the Commission's simplification agenda and Omnibus packages, seeking to make risk assessment processes and related compliance obligations across these instruments more targeted.

CSDDD

Under the **CSDDD**, companies must identify and assess their actual and potential adverse impacts using a risk-based approach.

Before the changes introduced by Omnibus I, companies were first required to comprehensively map their own operations, those of their subsidiaries and their business partners, to identify general areas where adverse impacts could occur; and secondly carry out an in-depth assessment of the most severe and most likely adverse impacts.

The Omnibus I retains the two-tier approach to impact identification (1) and assessment (2), but replaces the mapping with a **'scoping exercise'**, aligning it closer to the international standards.

Step 1: According to the new Article 8(2)(a), companies must scope their operations, those of their subsidiaries and business partners based on 'reasonably available information', to identify areas that require a more detailed assessment. The term "areas" is not limited to a geographical area, and can also mean a specific segment of the value chain. In practical terms, companies are meant to gain an understanding of risks related to production countries or procurement categories. Special attention is required when operations take place in conflict-affected areas. This first step does not require companies to assess every single impact at entity level; instead they should rely on information that is "reasonably available" to them (see box 2 below).

Step 2: Following this scoping, an in-depth assessment of adverse impacts is required, focusing on those with the greatest severity and likelihood.

Due diligence is a continuous improvement process, yet the CSDDD does not specify the frequency of the identification exercise. It is risk-based and therefore commensurate to the risks a company faces. Established good practice suggests conducting a targeted assessment when entering a new relationship or following every significant change in business partners, production locations or at product or service level. In any event a full review of all significant operations and value chains is recommended at least every two years.

This is similar to the Greenhouse Gas Protocol's expectation for a complete review of the GHG emissions inventory every three years, or ESRS requirements regarding periodicity of the double materiality assessment.

Specifically, the ESRS instructs companies to consider whether significant changes have occurred that could affect the conclusions of the materiality assessment conducted in previous reporting periods. Changes may relate to the undertaking's activities, structure, business relationships, understanding of impacts, risks or opportunities, assessment methodologies, or the external environment.

Focus Box 2. Reasonably available information

'Reasonably available information' is not comprehensively defined in the Omnibus I Directive. However, the **OECD Due Diligence Guidance** spells it out in more practical terms. It clarifies that **companies are expected to conduct desk-based research drawing on various sources, including public reports** (*e.g.* from UN organisations, media, civil society, government agencies, trade unions, business associations, National Human Rights Institutions), **information obtained collaboratively in industry and multi-stakeholder initiatives or information stemming from stakeholders directly**, for example via complaint or grievance mechanisms and internal sources. Companies should check the accuracy and credibility of the sources, by comparing them and engaging with stakeholders.

CSRD

Under the CSRD, impact and risk assessments are integrated within the first step in the reporting exercise: the double materiality assessment. Through the double materiality assessment, the company determines first the sustainability topics related to its material sustainability-related impacts, risks and opportunities, and then the information that needs to be reported on these topics. Materiality is assessed based on **the severity and likelihood of impacts** (i.e. the same criteria as under the CSDDD), as well as the **likelihood and magnitude** of related risks and opportunities

The concept integrates two complementary perspectives:

1. **Impact materiality:** assesses how the company's activities impact the people or the environment, in order to identify material actual and potential impacts, whether positive or negative. The impacts include those connected with the undertaking's own operations and its upstream and downstream value chain.
2. **Financial materiality:** considers how sustainability issues trigger material financial effects. This is the case when the risks or opportunities have, or could reasonably be expected to have, a material influence on the company's development, financial position, financial performance, cash flows, access to finance or cost of capital.

While the CSRD is a transparency framework focused on improving the availability and relevance of corporate disclosures, compliance requires companies to put in place processes and structures to collect, assess and disclose material sustainability information.

While the Omnibus I Directive has not amended the core obligations of companies under the CSRD, the ESRS have undergone a simplification process. These changes affect double materiality assessments as well, by streamlining the process and clarifying how companies should determine what is material. ing principle of sustainability reporting.

Nevertheless, the ESRS maintains the central role of double materiality assessments as the core organising principle of sustainability reporting.

The main changes include:

- A clearer focus on how impacts, risks and opportunities are connected to, and interact with, the business model and strategy.
- A stronger focus of the assessment only on areas where material impacts, risks or opportunities are deemed likely to arise, encouraging companies to better concentrate their efforts.
- Greater flexibility in how companies conduct scenario analysis and risk assessments, and in how they structure their materiality assessments and related disclosures. This includes a clarification that scoring, quantifications, separate assessment of each characteristic of severity or time horizon is not always necessary.
- A clarification of the environmental and human rights risk factors that the company may need to consider depending on the geographical or local context.

Most importantly, the revised ESRS clarify that the company may determine material impacts, risks and opportunities through a 'top-down approach', i.e on the basis of an analysis of its strategy and business model including its sector(s) of operations, its geographies, and the features of its upstream and downstream value chain. A more detailed, specific assessment of impacts, risks and opportunity is required only if their materiality is not evident on the basis of the top-down analysis.

Focus Box 3. Impact assessment: CSRD - CSDDD comparison

In principle, **the impact materiality assessment under the ESRS is compatible with the impact identification and assessment requirements under the CSDDD.** This means that companies subject to both directives can combine their CSDDD identification with the DMA process, they just have to be mindful of differences in the environmental impacts covered under CSDDD and CSRD. Companies subject only to the CSRD may consult CSDDD for further guidance.

The key difference between the CSRD and CSDDD requirements concerns the stage of 'in-depth assessment'. Under the CSDDD, the company must always carry out such an in-depth assessment at least for the impact with the greatest severity and likelihood. Under the CSRD, the company needs to carry out specific assessments only where this is necessary for determining whether the impact in question is material. Typically, this would be the case of escalations of the impact in particular operations or geographical context. For example, although pollution would be a material topic for most manufacturing companies, further assessment may be needed to determine whether the impacts generated by some operations or value chain hotspots in specific locations that exceed thresholds or cause/contribute to significant harm, and therefore should be reported on separately.

This difference stems from the different purposes of the two legislations. The CSDDD requires not only the identification and assessment of impacts, but also that the company takes appropriate actions. To be able to determine and implement such actions, the company needs to understand the impact. The CSRD requires only transparency. Therefore, as long as the top-down approach is sufficient to determine that the impact is material, it is not necessary to assess it further. The CSRD further requires the disclosure of material information about material impacts, which may require greater effort to understand the impact and collect the information, but this is beyond the materiality assessment.

Focus Box 4. Risks / opportunities assessment: financial materiality

As regards the **financial materiality assessment**, i.e. the identification of material sustainability-related risks and opportunities and related material information, the process and disclosures required are the same as the ones required by the ISSB standards. The revised ESRS clarify that:

- Companies must identify their **dependencies** across the value chain, i.e. the natural, human and social resources on which the company relies for the continuity of its business operations and which may give rise to risks or opportunities.
- The top-down method also applies to the identification and assessment of risks and opportunities. This means that companies do not have to assess each risk or opportunity separately, or quantify the financial effects at the materiality assessment stage, as long as they can determine the materiality of such risks or opportunities otherwise.
- For reporting purposes, however, companies may need to quantify financial effects from 2030. This obligation is subject to numerous reliefs, some of which go beyond those provided by the ISSB.
- ESRS E1 on Climate change further specifies disclosure requirements concerning the assessment of climate-related transition and physical risks. In principle, in order to be able to provide such disclosures, companies need to carry out bottom-up assessments of risks at the level of individual assets and activities. The ESRS do not mandate climate risk assessment per se, but for most companies, climate risks are material. In order to be able to meet disclosure requirements, they need to carry out such climate risk assessment. The ESRS provide considerable flexibility, especially as regards focus, prioritisation and gradual improvement. Frank Bold developed a practical guidance on how to approach climate risk assessment, which is available for download here.

EU Taxonomy

The EU Taxonomy does not generally require a standalone or overarching risk assessment. Rather, it establishes criteria for determining whether specific economic activities qualify as environmentally sustainable. While the **Do No Significant Harm (DNSH)** principle is not in itself a risk assessment, demonstrating compliance with the DNSH criteria may require a risk-based analysis, including the collection of relevant data and the assessment of taxonomy-related key performance indicators (KPIs).

Under the EU Taxonomy, only eligible activities may be assessed for Taxonomy alignment. An activity is aligned where it (i) substantially contributes to at least one environmental objective, (ii) complies with the DNSH criteria for the remaining objectives, and (iii) meets the minimum safeguards. Compliance with the activity-specific technical screening criteria, including the DNSH criteria, as laid down in the relevant Commission Delegated Acts, may require technical assessments, such as climate risk assessments or environmental impact assessments.[32]

Although the DNSH criteria are not designed to comprehensively identify and assess all risks and impacts at the company level, certain technical screening criteria require a climate risk assessment, depending on the activity and environmental objective concerned. Where such an assessment is required, companies may generally rely on the climate risk assessment carried out under the CSRD/ESRS.

Since the ESRS require companies to assess climate-related risks across all assets and, where material, disclose assets exposed to climate risks, a climate risk assessment conducted in accordance with the CSRD/ESRS will generally provide the information necessary to support compliance with the Taxonomy's climate-related DNSH criteria. Conversely, where no such assessment has been performed, the company must demonstrate that the relevant activity is not exposed to material climate risk or undertake a more detailed assessment where such exposure cannot be ruled out.

As part of the Omnibus I Package, the Commission has amended the Taxonomy Delegated Acts concerning environmentally sustainable activities. These amendments affect, in particular, the generic DNSH criteria related to pollution prevention and control, specifically as regards the use and presence of chemical substances.

The revised DNSH criterion maintains the requirement that the use of chemical substances complies with the conditions set out in Annex XVII to the REACH Regulation, while introducing an additional layer of restrictions targeting ozone-depleting substances listed in Annexes I and II to Regulation (EU) 2024/590. As a result, compliance with REACH remains necessary but is no longer sufficient, as some substances are effectively prohibited unless specific exemptions apply.

[32] All the Delegated and Implementing Acts can be found here. These include: Commission Delegated Regulation (EU) 2023/2486 supplementing Regulation (EU) 2020/852 and amending Commission Delegated Regulation (EU) 2021/2178; Commission Delegated Regulation (EU) 2023/2485 of 27 June 2023 amending Delegated Regulation (EU) 2021/2139. A more accessible overview per activity and sector can be found here.

IED

The IED does not establish a standalone, uniform risk-based impact assessment requirement for in-scope installations and operations. Under the IED, however, assessment requirements are integrated in three broader set of obligations:

1. a site-state baseline assessment at permitting/closure stage;
2. an ongoing chemicals risk inventory and substitution assessment within the EMS;
3. a forward-looking transition assessment via transformation plans.

The permitting framework further requires the installations to implement measures to prevent and control pollution and meet emission limit values based on Best Available Techniques (BAT).

The IED also requires implementation of the Environmental Management System (EMS) as a core requirement for an operator to obtain a permit to operate.

The EMS is primarily focused on managing and improving performance, rather than on impact assessment. However EMS implementation requires preventive and corrective actions to achieve objectives, which implicitly require an ongoing assessment. Furthermore, EMS includes management of hazardous substances, which is based on an ongoing chemicals risk assessment. However, this module is currently in regulatory flux due to the Omnibus process (see box 5 on the next page).

Regardless of the outcome of the Omnibus revision, the IED permitting framework remains tightly connected with impact assessments, as operators will still be required to carry out environmental assessments and progressively align their activities with a lower-pollution business model.

In terms of interaction with CSRD and CSDDD, IED requirements are more specific and require implementation at the level of individual facilities. Because they are connected to permits, companies have to follow the respective procedures.

From the CSRD and CSDDD perspective, however, for the installations that are covered by the IED, the company would have all the necessary information concerning environmental impacts including consideration of risk factors in the local context as well as the actual harm. These results represent “readily available information” and “reasonable and supportable information” as per the requirements of the CSRD and CSDDD impact assessments. Therefore, a company implementing such assessments can rely on this information, including as regards the operations of its suppliers.

Focus Box 5: Environmental Management Systems in IED: proposed changes

The Commission’s Omnibus VIII proposes to change the following EMS requirements.

- Under the current IED, the EMS must be established at the **installation level**. The proposal would shift this obligation to the **operator level**, meaning that a single EMS could cover multiple installations operated by the same entity. As a result, operators would no longer be required to maintain separate EMS for each installation.
- The proposal also extends the compliance timeline. Under the current IED, EMS are due by 30 June 2027; if the proposal is approved, EMS would need to be established by 30 June 2030.
- The content of the EMS is also subject to the amendment proposal, including:
  - removing requirements related to **hazardous substances** (including inventory, risk assessment, and substitution analysis), and
  - removing the obligation to include a **transformation plan** (see below).

2.2 Climate Transition Plans and GHG Emissions Calculations

GHG emissions calculations

Several EU sustainability laws require companies to quantify greenhouse gas (GHG) emissions, but they differ in scope, level of prescription, and purpose.

Following the CSRD/ESRS, companies identifying climate change as material need to calculate or estimate their GHG emissions, including their material Scope 3 categories.

The CBAM imposes detailed rules for emissions accounting in specific contexts. It requires companies to calculate embedded emissions at product level using methodologies defined in the CBAM Regulation and its implementing acts. The Commission's Omnibus I Directive, introduces several changes to the GHG emissions accounting rules under the CBAM.

The **revised framework** affords more flexibility to authorised CBAM declarants regarding the GHG emission accounting methods they choose. The amended Article 7 provides that companies may determine embedded emissions using either actual emissions data or default values, subject to the applicable conditions. Where they opt for the actual emissions data method, the calculation must be verified by an accredited verifier.

The IED focuses on emissions at installation level for regulatory control purposes. It requires operators to identify and assess significant emissions for reporting, and, for permitting, to map emission sources, estimate the nature and quantities of foreseeable emissions, and evaluate their environmental effects.[33] These requirements have not been targeted by the Commission's Omnibus proposal and remain unchanged.

The CSRD/ESRS do not prescribe any specific GHG accounting methodology, although they rely on the GHG Protocol as the principal reference methodology for emissions accounting, with limited specifications for the scope and categories of emissions and presentation of results.

Similarly, **the IED** does not prescribe a single cross-cutting methodology for emissions monitoring and measurement, but requires operators to comply with the technical requirements set out in the applicable permit conditions, BAT conclusions and implementing legislation. ISO standards are voluntary international standards providing recognised methodologies for a wide range of technical and managerial processes, including emissions measurement, verification and environmental management. They may support compliance with the CSRD/ESRS and the IED where appropriate, but they do not replace the requirements laid down in EU legislation.

A full overview of CBAM (and EU ETS) accounting methodologies can be found in our previous study.

[33] See Article 12 of IED.

Climate transition plans

Under the **CSRD/ESRS**, companies must disclose their climate transition plan if they have adopted one, explaining how their business model and strategy will be compatible with the transition to a sustainable economy and limiting global warming to 1.5°C. Under the ESRS, companies need to report on the following key elements of a climate transition plan:

- Decarbonisation targets and key levers;
- Assessment of locked-in emissions and any external factor that could jeopardise the achievement of their climate targets;
- The financial resources allocated or planned to support such implementation.

The adoption of a climate transition plan is intrinsically linked to GHG emissions accounting. The decarbonisation targets need to be defined against the benchmark of the quantified emissions on a baseline year as determined material and reported in the CSRD sustainability statement. When a company adopts a climate transition plan, it should make sure that all relevant categories of such reported GHG emissions (*i.e.* across Scope 1, 2 and 3) are covered, with corresponding targets and actions.

The Omnibus I Directive withdraws the obligation to adopt and put into effect a climate transition plan for companies in scope of the CSDDD. However, transparency obligations remain intact for a larger group of companies covered under the CSRD/ESRS.

Focus Box 6: EU Emission Trading System and relations with the CSRD

Companies that have adopted climate neutrality plans under the EU ETS regime may use those plans as a basis for their climate transition plan disclosures under the CSRD/ESRS. However, they do not substitute the CSRD/ESRS climate transition plans, as the two differ in scope and level of application.[34] ETS' climate neutrality plans are designed at the level of specific installations and cover their direct, i.e. Scope 1 emissions. They are effectively an installation-level operationalisation of the ESRS climate transition plan. Our analysis in the previous version of this publication remains applicable as to providing further guidance.

Under its current version, the IED includes an obligation to develop and implement a climate transformation plan, adopted at the installation level by operators. The plans were to set a specific strategy to transform the installation over the 2030–2050 period covering a broad range of GHGs (and potentially certain indirect emissions)[35] . The Commission was supposed to determine the detailed content of such transformation plans by 2026 through a delegated act, but instead its Environmental Omnibus VIII proposal repeals the requirement to adopt these plans altogether. However, these amendments have not yet been adopted and they are still subject to potential changes.

[34] The EU ETS is a cap-and-trade system targeting Scope 1 emissions, complemented by an obligation for certain energy-intensive installations to adopt climate neutrality plans with measures, investments, and targets to reach climate neutrality by 2050. For companies also subject to the CSRD, these plans are integrated into broader corporate-level climate transition plans, although key differences remain in scope (Scope 1 vs. Scopes 1–3) and level of application (installation vs. entity level).
[35] For the full details of the requirements see Article 14a of the IED.

2.3 Reporting and Access to Information

For accountability and transparency enforcement reasons, all of the aforementioned legislations encompass reporting obligations. To avoid the duplication of efforts and excessive administrative burdens, they include **compatibility clauses** that govern the relationships between these instruments, enabling interoperability and streamlining compliance processes. These clauses and principles have not been changed by the Omnibus packages.

The CSRD and CSDDD establish an overarching reporting framework that builds on data already collected under other legislation. Many of those instruments, however, also impose standalone reporting obligations. The key obligations, together with the applicable interoperability and compatibility rules, are summarised below.

Table 3: Overview of reporting obligations under EU corporate sustainability legislation.

CSDDD

Companies covered under EU sustainability due diligence legislation are almost all captured under the CSRD. The CSDDD requires companies to report on its due diligence implementation according to the CSRD and ESRS (by doing so, the company benefits from the presumption of compliance).

In-scope companies must report on:

- due diligence policies, processes, and measures addressing human rights and environmental impacts;
- risk management and monitoring across the value chain.

For companies that are in scope of CSDDD, but not of the CSRD, the Commission is developing a Delegated Act to specify the reporting obligations.

CSRD

The CSRD is the core sustainability reporting framework requiring in-scope companies to prepare a sustainability statement in line with the ESRS including information on:

- sustainability governance, double materiality assessment process, as well as due diligence process;
- material impacts, risks and opportunities and how they interact with the business model and strategy;
- policies, actions, and targets and metrics to address material impacts, risks and opportunities across own operations and value chain;
- standardised data points across ten ESG areas including standardisation of disclosures on climate transition plans, climate risk and GHG emissions.

EU Taxonomy

Under the EU Taxonomy, companies must disclose information on their Taxonomy-eligible and Taxonomy-aligned activities (turnover, CapEx and OpEx). These disclosures are to be made as part of the CSRD sustainability statement.

EU ETS

Under the EU ETS, operators must:

- submit a Monitoring and Reporting Plan to competent authorities to obtain a GHG emissions permit, and
- prepare and submit an annual GHG emissions report through the ETS reporting tool.

Companies reporting Scope 1 GHG emissions in accordance with the EU ETS should use that same information under the CSRD too.

IED

Operators must report via the Industrial Emissions Portal, including:

- significant emissions
- resource use
- progress on required industrial transformation measures

Reporting must be done separately through the Industrial Emission Portal. These installation-level data provide the basis for company-wide sustainability reporting under the CSRD. In principle, the IED data would provide the quantitative material information needed in this regard.

CBAM

Importers must submit CBAM Declarations through the CBAM Registry including:

- total quantity of imported goods
- associated embedded emissions

This reporting obligation does not overlap with any other requirement under EU sustainability laws as it is a special-purpose, activity-based one aimed at the submission of CBAM Declarations.

EUBR

Under EUBR, companies must report on implementation progress, including information on:

- the establishment of a risk management system
- supply chain risk identification processes

Reporting under EUBR must be done separately, but can deliver material information for CSRD reporting purposes.

EUDR

Under EUDR, operators must report on:

- implementation of due diligence
- risk identification and risk management systems in the supply chain

The EUDR includes a compatibility clause which specifies that reporting under other legislation that includes transparency on due diligence reporting (i.e. the CSRD) will fulfill the requirement under the EUDR.

CMR

Under CMR, companies must report on progress in implementing the Regulation, including information on:

- the development and implementation of risk management systems
- risk identification processes across the supply chain

Reporting under the CMR is focused on demonstrating ongoing compliance and traceability-related controls. Information is to be disclosed separately, but can deliver material information for CSRD reporting purposes.

FLR

To facilitate enforcement under the FLR, the Commission can establish specific information requirements for importers or exporters of specific products. As of now, there are no such obligations, though.

New rules for data requests

While the interoperability and compatibility clauses mentioned above have not changed, the Commission's Omnibus I Directive has introduced new rules for data requests under the CSRD and CSDDD.

- The CSRD specifies a new category of 'protected undertakings' defined as companies within the reporting company's value chain with up to 1,000 employees.[36] These companies cannot be required by legal means to provide information beyond what is set out in the Voluntary Standard, to be adopted by the EU Commission in 2026.
- The CSDDD limits the information requests to the in-depth assessment stage, and specifies that the information requests must be targeted, reasonable, and proportionate. For business partners with fewer than 5,000 employees, companies should only reach out "when the information cannot reasonably be obtained by other means."

These two regimes are independent of each other. The CSRD specifies that the value chain cap does not restrict legitimate information requests made under any other regulatory framework including those needed for implementation of the sustainability due diligence or other risk assessments.

Further, neither regime places any constraints on information requests and legal arrangements for their enforcement where the company requires information from its business partners for any other purposes, such as the monitoring and implementation of the company's sustainability strategy or procurement. Voluntary arrangements for information sharing are also unaffected.

[36] Amended Article 29a.

In summary, the Omnibus I package aims at making information requests more targeted and collaborative, but it does not prevent companies that need to request specific data from their suppliers for other purposes from doing so. More detailed guidance on the B2B regime set by the Omnibus available in Frank Bold's legal brief.

2.4 Further Omnibus changes affecting the EU sustainability framework

Most of the laws analysed in this report have been affected by changes to their scope and/or substantive requirements. The table below complements the analysis so far by outlining other key regulatory changes and their main implications for implementers.

Table 4: Overview of additional changes by piece of legislation

CSDDD

First, the Omnibus I Directive introduces an amendment regarding the suspension and termination of a business relationship. Originally, Article 10, paragraph 6(b), and Article 11, paragraph 7(b) prescribed that, where prevention and mitigation were not possible, the company should consider as a last resort a responsible suspension or termination of the relevant business relationship. The revised version of this provision only mentions responsible suspension as a last resort measure in cases of prevention/mitigation failure.

Nevertheless, for companies in a situation where they decide to terminate a business relationship, the revised CSDDD leaves a normative gap by not spelling out how to disengage responsibly.

Second, the harmonised EU-wide civil liability provision (Article 29, paragraph 1) has been removed. Under the revised regime, civil liability is left to Member States' national regimes. The consequences of this amendment are a lack of uniform EU-level civil liability and no mandatory overriding application of the CSDDD standard of care.

By relegating civil liability to the domain of national legislation, there will be no unified framework to apply CSDDD-based due diligence standards, with liability varying across Member States. This leads to a lack of harmonisation of remedies that is more complicated to navigate for affected stakeholders and companies themselves.

By relegating civil liability to the domain of national legislation, there will be no unified framework to apply CSDDD-based due diligence standards, with liability varying across Member States. This leads to a lack of harmonisation of remedies for affected stakeholders.

The Omnibus I Directive also reduced access to justice by deleting the requirement to provide for a representative enforcement mechanisms, making it harder for right-holders to mandate representative associations (trade unions, NGOs or other human rights organisations) to bring proceedings for them, especially in States where representative actions are subject to stricter limitations.

Lastly, penalties for non-compliance have been reduced to a maximum 3% of worldwide net turnover.

CSRD

Digital tagging of sustainability disclosures (including Taxonomy data) is suspended until the European Commission formally adopts the detailed mark-up rules. Lastly, the previous path to move companies from limited to reasonable assurance is abolished.

The Omnibus I explicitly introduced additional exemptions for:
a) subsidiaries who are listed undertakings as long as their parent reports on a consolidated basis and
b) financial holding parent-companies, including those based in third countries where subsidiaries operate independently. They can opt out of consolidated sustainability reporting, provided they aren't involved in managing their subsidiaries, with individual subsidiary obligations remaining unaffected.

The Omnibus I also required the revision and simplification of the EU Sustainability Reporting Standards. As set in the legislation, EFRAG delivered its technical advice in November 2025 to simplify the standards with:

- Easier application and guidance on the double materiality assessment;
- A stronger focus on the fair presentation and usefulness of information; and
- Increased flexibility in the presentation of sustainability information, with a focus on how sustainability matters are managed.
- Significant reduction of data points and inclusion of extensive reliefs for reporting due to undue costs, efforts or concerns over data quality.

The European Commission adopted the Delegated Regulation revising the ESRS and the voluntary reporting standard for smaller companies on 3 July 2026

Taxonomy

Under the revised framework, a *de minimis* threshold has been introduced for the assessment of economic activities eligible for and/or aligned to Taxonomy. Accordingly, companies may omit assessing the eligibility and alignment of their activities where the cumulative value of those activities is below 10% of the relevant KPI denominator (turnover, CapEx or OpEx, assessed separately for each KPI).

A distinct exemption also applies to reporting on OpEx. Non-financial undertakings may omit reporting on OpEx entirely (without any percentage threshold) where operational expenditure is not material for their business model as a whole and is subject to disclosure of the total OpEx denominator, and provided they give an explanation of why OpEx is not material.

These provisions introduce a derogation from the assessment obligation, meaning that companies may opt to not perform the assessment in the cases provided by law, while still retaining the possibility of voluntary reporting.[37] Finally, the 'do no significant harm' criteria for pollution prevention and control have been simplified. The details of these simplifications can be found above, page 22.

The simplification of the EU Taxonomy is ongoing. The European Commission is conducting a further review which it aims complete by Q1 2027, with entry into force targeted for Q3 2027. This is meant to address structural issues that were not resolved in the Omnibus I package due to their technical complexity. In March 2026, the European Commission issued a formal Call for Advice to the three European Supervisory Authorities (EBA, ESMA and EIOPA), requesting technical input by October 2026.

[37] Delegated Regulation (EU) 2026/73, Article 1(1), amendment to Article 2 of the Delegated Regulation (EU) 2021/2178.

CBAM

Beyond the reduction in the CBAM scope, the amendments have increased alignment with the EU ETS, as the system boundaries for emissions accounting, meaning the scope of production processes and emission sources covered, are now required to match those applied under the ETS.

The amendments also clarified provisions on the recognition of carbon prices paid in third countries. Under the original wording of Article 9, authorised CBAM declarants could obtain a reduction in the number of CBAM certificates to be surrendered based on the carbon price already paid abroad. Any rebate or other form of compensation available in the third country must be documented, together with the paid carbon price, as they will be taken into consideration for the application of the CBAM reduction.

This approach is broadly maintained. While the underlying logic of the recognition of the carbon price paid in a third country remains untouched, the amended provision now specifies that the adjustment mechanism applies only where embedded emissions are calculated using the actual emissions methodology.

Article 9(4) provides that, by way of derogation, where this condition is met, the reduction may be calculated based on yearly default carbon prices, adjusted to reflect any rebates or compensation schemes available in the relevant third country, provided that a carbon price is established under applicable third-country rules and can be determined on a conservative basis.

Where embedded emissions are instead determined using default values, the reduction may only be applied by reference to the same system of yearly default carbon prices.

Finally, a new discipline has been introduced for the registration of accredited verifiers. Under the revised framework, accreditation is subject to harmonised EU-wide requirements on competence, independence and supervision, including monitoring and withdrawal procedures, as well as strengthened mutual recognition mechanisms across Member States.

IED

The Omnibus VIII proposal on IED introduces a series of simplifications and exemptions for installations carrying out feed-based aquaculture and livestock production.

The revised Article 6(9) exempts these installations from reporting on the use of water, energy and relevant raw materials. Additionally, where Member States can collect data through other means on releases to air, water and land of certain pollutants, off-site transfers of hazardous waste and pollutants in wastewater, and contextual data on installations and the facilities to which they belong,[38] such installations may benefit from simplified reporting obligations under the IED.

Other simplifications regard the EMS and Transformation Plans (see above).

[38] The specific data covered by the exemption are points a), b), c), e), f) and g) of paragraph 1 Article 6. It refers to data on (a) releases to air, water and land of pollutants exceeding applicable Annex II thresholds; (b) off-site transfers of hazardous waste above 2 tonnes/year per facility and non-hazardous waste above 2,000 tonnes/year per facility, including recovery and disposal operations (excluding land treatment and deep injection) and relevant information on transboundary movements; (c) transfers of pollutants in waste water to treatment facilities exceeding applicable thresholds; (e) contextual information such as production volumes and operating hours; (f) information on whether the installation is covered by relevant EU environmental legislation; and (g) identification of the facility to which the installation belongs.
Annex II includes air, water and soil pollutants, ranging from major industrial gases (NOx, SOx, NH_3), heavy metals (Hg, Cd, Pb), nutrients (nitrogen and phosphorus compounds), and selected hazardous organic and industrial chemicals subject to reporting once threshold levels are exceeded.

EUDR

The EUDR Simplification Regulation redefines the meaning of 'operator' by a) introducing the category of micro and small operators and b) excluding downstream operators.[39]

Definition of 'operators'

Micro and small primary operators under the revised EUDR are natural persons or micro and small enterprises established in a low-risk country,[40] that in the course of their commercial activity, place on the market or export relevant products that they themselves have grown, harvested, obtained from or raised on relevant plots of land or on establishments, in the case of cattle.[41]

The threshold to be met to qualify as a micro or small primary operator is set by reference to the Accounting Directive (Directive 2013/34/EU).[42] Accordingly, micro operators are enterprises that do not exceed at least two of the following three thresholds:

a) A total balance sheet of € 350,000;
b) A net turnover not exceeding € 700,000;
c) An average number of employees of 10 during the financial year.

Small operators are enterprises that do not exceed at least two of the following three thresholds:

a) A total balance sheet of € 4 million;
b) A net turnover not exceeding € 8 million;
c) An average number of employees of 50 during the financial year.

For these operators, the revised EUDR introduces a simplified regime.[43] Micro and small primary operators will only have to submit a one-time simplified declaration in the EUDR information system before placing relevant products on the market or exporting them.

If new information is received or changes occur, they must update their declaration. The content of the declaration is specified in the new Annex III,[44] which includes:

- **operator identifier:** name, address and EORI number, if applicable;
- **product identifier:** HS code, trade description and estimated annual quantity (net mass and, where relevant, supplementary units or number of items);
- **origin and geolocation:** country of production and geolocation or postal address of all production plots or establishments (including livestock facilities where relevant);
- **due diligence statement:** confirmation that due diligence will be carried out and that only products presenting no or negligible risk of non-compliance will be placed on the market or exported.

[39] Article 2, point 15 EUDR Simplification Regulation.
[40] Article 29 point b of the EUDR defines low risk countries as those countries where there is sufficient assurance that by producing relevant commodities on their territory or parts of it does not pose the risk of contribution to deforestation.
[41] Article 2(2) defines 'relevant products' as the products listed in Annex I that contain, have been fed with or have been made using cattle, cocoa, coffee, oil palm, rubber, soya and wood. However, books, newspapers and printed material have been removed from this list.
[42] See new Article 2 point 15a EUDR Simplification Regulation.
[43] See new Article 4a EUDR Simplification Regulation.
[44] Regulation (EU) 2025/2650 of the European Parliament and of the Council of 19 December 2025 amending Regulation (EU) 2023/1115 as regards simplification of obligations for operators, including Annex III (Simplified declaration for micro or small primary operators), Annex II. Note: Annex II to the Amendment Draft introduced Annex III in EUDR.

Exclusion of downstream operators

Downstream operators are defined as any natural or legal person that process, transform, or export products already covered by an existing Due Diligence Statement or simplified declaration submitted by an upstream operator.[45]

As a result of their exclusion from the definition of 'operator', downstream operators no longer have to submit any due diligence declaration, as they are subject to a less stringent regime. In fact, such operators (and traders) must ensure that when they place on the market or export relevant products, they are in possession of:

a) **Suppliers' information**: name, trade name or trademark, postal address, email, and, where available, the website of operators, downstream operators, or traders supplying the relevant products, including (where applicable) due diligence statement reference numbers or product declaration identifiers when the supplier is an operator.

b) **Customers' information**: name, trade name or trademark, postal address, email, and, where available, the website of downstream operators or traders to whom the relevant products are supplied.

This information should be kept for at least five years from the date when relevant products have been placed on the market or exported. Downstream operators (and traders) must provide this information to competent authorities upon request.

In case of new relevant information, downstream operators (and traders) must inform competent authorities and their own downstream operators and traders to whom they supplied the relevant product.

Downstream operators (and traders) that are not small and medium-sized enterprises (SMEs) must also register in the EUDR information system. Non-SME operators that receive new information suggesting that a relevant product may not comply with the deforestation-free requirement must immediately inform competent authorities of the place where they intend to place it on the market or export it. Where this is substantiated information, non-SME operators (and traders) must verify that due diligence was exercised and that no or negligible risk of non-compliance was found.

EUBR

The Omnibus VIII proposal on EUBR proposes several changes to the application of the Regulation.

First, the Commission's proposed amendments delete the reference to distance contracts.[46] The current version includes third-country producers only when they sell batteries directly to end-users in a Member State by means of a distance contract. Removing this reference eliminates this condition, with the result that any natural or legal person established in another Member State or in a third country who sells batteries directly to end-users in a Member State may qualify as a producer under the EUBR, regardless of the type of sales contract used.

[45] Article 2, point 15b EUDR Simplification Regulation.
[46] Distance contracts are referenced in Article 3 point 47(d) EUBR.

Second, on Substances of Very High Concern, the proposed amendments enhance the alignment with the REACH Regulation (Regulation (EC) No 1907/2006) and the CLP Regulation (Regulation (EC) No 1272/2008 on classification, labelling and packaging of substances and mixtures). This alignment leads to a new labelling requirement introduced in Annex VI, Part A, Point 8. As a result, battery labels should include an indication of the substances of very high concern other than mercury, cadmium and lead, with a concentration equal or above 0,1%, weight on weight.

Finally, for light-means-of-transport (LMT) batteries, producers would no longer ensure removability and replaceability at any time during the lifetime of the product by the end-user, but rather by an independent professional.

Annex I:
Recap of status quo of EU Sustainability Legislation

CSDDD

Scope

Companies with more than 5,000 employees and worldwide net turnover above EUR 1.5 billion.

Non-EU companies meeting the same turnover threshold in the EU.

Key requirements

Due diligence system

Companies must establish and maintain a sustainability due diligence system integrated into their policies and risk management frameworks.

This includes:

- adoption of a due diligence policy
- establishment of a complaints mechanism

The risk assessment is carried out in two steps:

- preliminary scoping exercise to identify broad areas of potential risk based on reasonably available information
- in-depth assessment focusing on the most severe and likely adverse impacts

Stakeholder engagement is required in this context, particularly when identifying and prioritising risks and impacts.

Prevention and Mitigation

Companies must take appropriate measures to prevent, mitigate or bring to an end identified adverse impacts.

Actions must be proportionate to:

- severity and likelihood of the impact;
- company leverage, i.e. the company's ability to effect change in the wrongful activities or practices of a business partner;
- contextual factors, i.e. the specific characteristics and circumstances of the company's operations that might increase the likelihood and/or severity of impacts.

Stakeholder engagement is required in the design and implementation of prevention and mitigation measures, particularly where impacts affect or involve external stakeholders. Companies are expected to engage with business partners to address adverse impacts, rather than immediately disengaging where leverage is limited.

Remediation

Companies must provide remedy for the adverse impacts to restore harmed individuals or groups impacted by the company's activities. When restoration is not possible, the company should provide compensation or other forms of remedy that can amend the caused harm.

Monitoring and reporting obligations

Companies must monitor the effectiveness of their due diligence measures on a periodic basis and whenever significant changes occur, but at least every five years.

Companies must report on the implementation of their sustainability due diligence obligations in line with the CSRD and ESRS disclosure framework.

Reporting covers:

- due diligence policies and processes implemented to identify and address adverse human rights and environmental impacts
- risk identification and management across own operations, subsidiaries and the chain of activities
- measures taken to prevent, mitigate and remediate adverse impacts, including their effectiveness

Important note: Climate transition plans are no longer part of the CSDDD due diligence obligations and are disclosed exclusively under the CSRD and ESRS framework.

Timeframe

Application is unified for all in-scope companies, with full applicability **from July 2029.**

CSRD

Scope

Large companies with more than 1,000 employees and net turnover exceeding EUR 450 million.

Non-EU companies or groups with a net turnover in the EU exceeding EUR 450 million and either one of the two:

- A subsidiary undertaking with a net turnover exceeding EUR 200 million
- A branch in the EU with a net turnover exceeding EUR 200 million

Key requirements

Core reporting obligation

Companies must prepare a sustainability statement in accordance with the European Sustainability Reporting Standards (ESRS). The statement forms part of the management report and explains:

- how the company governs sustainability matters, carries out its double materiality assessment, and conducts sustainability due diligence;
- the company's material sustainability impacts, risks and opportunities, and how these affect its business model and strategy;
- the policies, actions, targets and performance metrics used to manage those impacts, risks and opportunities across its own operations and value chain.

The ESRS require standardised disclosures across key sustainability topics, including climate change (e.g. greenhouse gas emissions and transition plans), pollution, water, biodiversity, circular economy, workforce and value chain impacts, and business conduct (e.g. anti-corruption and supplier management).

The CSRD reporting requirements will be operationalised through the revised ESRS, which are expected to be adopted by the end of 2026. The revised standards are expected to significantly reduce complexity and the number of disclosure requirements, while clarifying that companies should report only material information, in line with the principles of fair presentation and decision-usefulness.

Companies under CSRD scope need to obtain a limited assurance on their sustainability reporting.

Value chain requests

By the end of 2026, the EU Commission will adopt the Voluntary Standard for sustainability reporting, which also defines what in-scope CSRD companies can require by means of legally enforceable arrangements from value chain partners with fewer than 1,000 employees (known as the “value chain cap”).

Companies in scope of the CSRD may request additional information for reporting purposes beyond the value chain cap, but they must specify this fact in the request and they should not contractually bind their partners to provide it.

However, this restriction does not apply for information needs connected to due diligence or any other EU applicable requirements such as information needed for risk assessment by banks and investors. Companies may also freely request information, including through legally enforceable arrangements, that they need for any purposes other than CSRD compliance, such as for monitoring and implementation of their strategy and targets or procurement.

Read our briefing on B2B information requests under the revised CSRD and CSDDD here.

Timeframe

EU companies are subject to a revised CSRD timeline following the Omnibus I Directive.

First-wave companies started reporting in 2025 for the financial year 2024. Following the revision of the ESRS, these companies may choose to start using these simplified standards immediately in 2027.

For second-wave companies (non-listed) that remain in scope of the CSRD, they will be mandated to start reporting in 2028 for the previous financial year under the revised ESRS.

Non-EU companies will be required to start reporting in 2029 for the financial year 2028.

Taxonomy

Scope

Companies within the scope of the CSRD (see above).

Financial market participants subject to the SFDR must disclose the extent to which financial products promoted as environmentally sustainable (Articles 8 and 9 SFDR) are aligned with the EU Taxonomy.

Key requirements

Taxonomy alignment assessment

Companies must assess whether their economic activities are Taxonomy-eligible and, where eligible, whether they are Taxonomy-aligned.

An activity is Taxonomy-aligned only if it cumulatively meets the following conditions:

- it makes a Substantial Contribution to at least one environmental objective
- it complies with the Do No Significant Harm (DNSH) criteria
- it complies with the Minimum Safeguards

Substantial contribution must relate to one of the following objectives:

- climate change mitigation
- climate change adaptation
- sustainable use and protection of water and marine resources
- pollution prevention and control
- circular economy
- protection and restoration of biodiversity and ecosystems

DNSH compliance must be assessed against the applicable technical screening criteria and KPIs set out in the Commission Delegated Acts. Depending on the activity, this may require risk-based analysis (e.g. climate risk assessments or environmental impact assessments).

Taxonomy Disclosures

Companies must disclose information on their eligible and aligned activities as part of the CSRD sustainability statement.

Thresholds and exclusions

- 10% de minimis threshold applies allowing omission of eligibility/alignment assessment.
- A qualitative exemption applies to OpEx reporting where non-financial undertakings may omit such reporting (without a percentage threshold) where OpEx is not material for their business model, subject to some disclosure and explanation.
- For financial undertakings, exposures to counterparties not subject to CSRD reporting obligations are excluded from KPI denominators, with some exceptions and subject to a transitioning regime with a five-year exemption from implementing the new rules. Financial undertakings may voluntarily include exposures to non-CSRD counterparties where use of proceeds is known or where the counterparty reports Taxonomy KPIs voluntarily.

Timeframe

Retrospective implementation from 1 January 2026, hence it applies for company's reporting for financial year 2026.

For financial year 2025 reporting, transitional provisions are envisioned.

Further review of the legislation is in progress. That review is targeted for completion by Q1 2027 (entry into force Q3 2027, before the transitional relief for financial undertakings expires on 31 December 2027).

EU ETS

Scope

The EU ETS applies to installations in carbon-intensive sectors, including electricity and heat generation, energy-intensive industries (e.g. oil refineries, steel and iron production), aviation maritime transport and waste incineration.

It covers specific greenhouse gases depending on the activity, including CO_2, N_2O (certain industrial processes) and perfluorocarbons (aluminium production).

Member States may exclude small installations emitting less than 25,000 tonnes of CO_2-equivalent under specific conditions.

The system is complemented by **ETS 2**, which will extend coverage to emissions from buildings, road transport and additional fuel combustion activities in sectors not already covered by ETS 1.

Key requirements

Permitting and monitoring framework

Companies must hold a greenhouse gas emissions permit and submit a monitoring and reporting plan for approval by the competent authority, setting out the methodology for measuring and reporting emissions.

Emissions reporting and verification

Companies must monitor and report their annual greenhouse gas emissions and submit emissions reports for independent verification by accredited verifiers.

Cap-and-trade compliance obligation

Companies must surrender sufficient emission allowances to cover each tonne of CO_2-equivalent emitted.

Free allocation conditioned on decarbonisation investment planning

Until the end of Phase 4 (2030), the existing requirement continues to apply: operators of high-emitting installations must establish a climate neutrality plan as a condition for receiving full free allocation. Failure to adopt such a plan results in a 20 percent reduction in that allocation. A climate neutrality plan must include:

- measures and investments to achieve climate neutrality by 2050 (excluding the use of carbon offset credits);
- intermediate targets and milestones, with progress assessed every five years;
- estimated greenhouse gas emissions reductions from the planned measures.

From 2031 (Phase 5), under the Commission's July 2026 proposal, all free allocation is made conditional on operators submitting and implementing an independently verified „Invest in EU Decarbonisation Plan". 80 percent of allowances are released upon plan approval; the remaining 20 percent are contingent on demonstrated emissions reductions by the end of each five-year period. Operators relocating activities outside the EU must return the allowances received under this provision.

For sectors covered by CBAM, 15 percent of phased-out free allocation is proposed to be reintroduced from 2028, slowing the CBAM phase-in and extending the full free allocation phase-out to 2038.

Annual reporting obligation

Companies must produce and submit an annual emissions report as part of their compliance obligations under the EU ETS.

Timeframe

The EU ETS has been in force since 2005. It applies to installations carrying out activities listed in Annex I of the ETS Directive. The requirement for certain high-emitting installations to adopt a climate neutrality plan has applied since 1 May 2024.

On 17 July 2026, the European Commission proposed a new legal framework for Phase 5 (2031–2040), aligning the system with the EU's binding 2040 90% reduction target. Key proposed changes include:

- A revised linear reduction factor (LRF): 3.7% for 2031–2035 and 1.7% for 2036–2040, replacing the previously legislated 4.4% trajectory for Phase 5.
- Integration of up to 250 million tonnes of Carbon Removal Certification Framework-certified permanent domestic carbon removals into the cap (2031–2040), funded through a central procurement programme.
- Use of up to 260 million tonnes of high-quality Article 6 Paris Agreement international credits between 2036 and 2040, equivalent to roughly 2% of the EU's 1990 net GHG emissions.

From 2027, the system will be complemented by ETS 2, covering entities carrying out activities listed in Annex III, including:

- road transport
- combustion in buildings
- manufacturing and construction activities not already covered by ETS 1.

CBAM

Scope

CBAM applies to companies importing cement, iron and steel, aluminium, fertilisers, electricity or hydrogen, as well as certain processed products derived from these goods into the EU.

The full list of covered goods, including their CN codes, is set out in Annex I of the CBAM Regulation.

A net mass-based threshold of 50 tonnes per year applies: importers bringing in less than 50 tonnes of CBAM goods annually are exempt from CBAM obligations.

Key requirements

Reporting obligation (CBAM Declaration)

Authorised CBAM declarants must submit a CBAM Declaration through the CBAM Registry, including:

- the total quantity of imported CBAM goods
- the embedded emissions associated with those goods

This is a standalone reporting obligation under CBAM and does not overlap with other EU reporting frameworks.

Embedded emissions accounting and CBAM certificate surrender

Importers must calculate embedded emissions at product level in accordance with the methodologies set out in the CBAM Regulation and implementing acts. The system boundaries for emissions accounting must align with those applied under the EU ETS.

Authorised CBAM declarants may determine embedded emissions using:

- actual emissions data; or
- default values, subject to the applicable conditions.

Where actual emissions data are used, the emissions calculation must be verified. Authorised CBAM declarants must surrender CBAM certificates corresponding to the embedded emissions declared.

The number of CBAM certificates to be surrendered may be reduced to reflect a carbon price paid in the country of origin, taking into account any rebates or compensation schemes.

This adjustment applies:

- where embedded emissions are calculated using actual emissions data; or
- where embedded emissions are calculated using default values, based on yearly default carbon prices, as provided under the CBAM framework.

Timeframe

Application January 2026.

IED

Scope

The IED applies to operators of industrial installations exceeding production capacity thresholds set out in Annex I (including energy, metals, mineral, chemical industries, waste management, pulp production and tanning) and to intensive livestock farming under Annex Ia (pig and poultry farms based on LSU thresholds).

It covers approximately 37,000 industrial installations and 38,500 livestock farms, and has recently been extended to additional activities such as landfills, metal extraction and battery gigafactories.

The Directive applies to a defined set of pollutants, including some not covered by the EU ETS.

Key requirements

Permitting and Environmental Management System (EMS)

Operators must obtain and comply with an operating permit demonstrating compliance with emission limit values and environmental requirements, including the application of Best Available Techniques (BAT) for emission prevention and control.

As part of the permitting framework, operators must establish and maintain an **Environmental Management System (EMS)**, including:

- environmental objectives and performance indicators
- measures to prevent and control environmental impacts
- monitoring and risk management procedures
- hazardous substances management (including inventory, risk assessment and substitution analysis)
- (currently) installation-level transformation planning

Monitoring and data collection

Operators must collect and maintain data on:

- compliance with emission limit values (including waste gases, fugitive emissions and total emissions)
- implementation of emission reduction schemes

Reporting obligations

Operators must report to competent authorities and/or through the Industrial Emissions Portal on:

- emissions and resource use
- progress on industrial transformation measures or installation closure plans, where relevant
- baseline soil and groundwater conditions where relevant (notably in relation to hazardous substances)

Industrial transformation measures

Operators must implement measures supporting industrial transformation towards improved environmental performance and climate neutrality at installation level.

Legal changes pending approval

EMS may be shifted from installation-level to operator-level, allowing a single system across multiple installations.

Removal of EMS requirements related to hazardous substances inventory, risk assessment and substitution analysis.

Removal of the obligation to include an installation-level transformation plan within the EMS.

The formal requirement for a climate transformation plan is proposed for repeal, although related planning elements may remain relevant under other frameworks.

Simplification of reporting obligations for certain sectors (notably livestock and aquaculture), including reduced requirements on selected resource use and pollutant data where alternative data sources are available.

Timeframe

Under the current IED framework, operators are required to establish:

- an Environmental Management System (EMS) by 30 June 2027; and
- an installation-level transformation plan by 30 June 2030.

Under the Commission proposal:

- the deadline for the EMS would be postponed to 30 June 2030; and
- the requirement to adopt a formal transformation plan would be removed.

EUBR

Scope

The EUBR applies to companies with a net turnover of EUR 40 million or more that place batteries on the EU market or put them into service. The Regulation covers both battery manufacturers and importers.

Key requirements

Due diligence system

Companies manufacturing or importing batteries into the EU with a net annual turnover of EUR 40 million or more must implement a battery due diligence system covering key raw materials (including cobalt, lithium, nickel and graphite and their compounds).

The due diligence system must ensure:

- integration of due diligence requirements into supplier contracts and internal governance
- identification and assessment of risks in the supply chain relating to human rights and environmental impacts
- adoption of measures to prevent, mitigate and address identified risks, including supplier engagement and monitoring
- traceability of supply chains beyond Tier 1
- grievance and remediation mechanisms

Reporting and documentation

Companies must:

- retain due diligence documentation for 10 years
- publish an annual due diligence report on risks identified and mitigation measures adopted
- make audit and verification documentation available to competent authorities upon request
- share relevant due diligence information with downstream purchasers, subject to confidentiality constraints

Legal changes pending approval:

The Commission proposal streamlines the EUBR by removing the reference to distance contracts, thereby extending the definition of “producer” to include third-country sellers supplying directly into the EU regardless of contractual structure.

It strengthens alignment with REACH and Classification, Labelling, and Packaging Directive, introducing clearer labelling requirements for substances of very high concern (SVHC) above 0.1% weight on weight (excluding mercury, cadmium and lead).

For Light Means of Transport (LMT) batteries, removability and replaceability is limited to interventions by an independent professional rather than end-users.

Timeframe

The EUBR started to apply from August 2025.

Under the Commission's proposal, the applicable date would shift to 18 August 2027.

EUDR

Scope

The EUDR applies to companies of all sizes that place on the EU market, make available on the EU market, or export from the EU market products containing, derived from, or fed with cattle, cocoa, coffee, oil palm, rubber, soya, or wood.

The relevant CN codes are set out in Annex I of the Regulation.

The Draft Delegated Act from May 2026 proposes changes to the scope, namely the exclusion of leather and inclusion of soluble coffee and palm oil derivatives.

Key requirements

Core obligation

The EUDR prohibits placing on the EU market, making available, or exporting relevant products unless they are deforestation-free, compliant with applicable legislation of the country of production, and covered by a valid due diligence statement.

Operators must conduct due diligence prior to market placement or export, including collection and verification of relevant information (notably geolocation and production data), risk assessment of non-compliance, and the adoption of risk mitigation measures where necessary.

Simplified regimes and obligations

Micro and small primary operators

Micro and small primary operators established in low-risk countries benefit from a simplified due diligence regime and are required to submit a one-time simplified declaration before placing relevant products on the market or exporting them. The declaration includes core information on the operator, product and origin and must be updated where relevant changes occur.

Downstream operators

Downstream operators are not subject to due diligence obligations but must ensure traceability obligations by retaining information on suppliers and customers and references to due diligence statements or simplified declarations. Such information must be retained for 5 years and made available to competent authorities upon request.

Low-risk countries

Where products originate from countries or regions classified as low risk, operators may apply a simplified due diligence approach, which entails reduced risk assessment and mitigation requirements, provided that operators are able to demonstrate a negligible risk of circumvention or mixing with non-compliant products.

Reporting

Where compliance is achieved, operators must submit a due diligence statement via the EU information system prior to placing products on the market or exporting them.

Supporting documentation must be retained for 5 years.

Definition change

The revised EUDR introduces a differentiated definition of "operator", including micro and small primary operators and excluding downstream operators, which determines the applicable compliance obligations under the Regulation.

Timeframe

The EUDR will apply from **30 December 2026 for medium and large operators and traders**.

For micro and small enterprises, the Regulation will apply from 30 June 2027.

CMR

Scope

The Conflict Minerals Regulation (CMR) applies to companies of all sizes importing tin, tantalum, tungsten and gold, as well as metals containing or consisting of these minerals where specified annual import thresholds are exceeded into the EU.

The Regulation does not apply to recycled materials, but remains applicable to products originating as by-products.

Key requirements

Due diligence system (risk management and mitigation)

Companies must establish and implement a due diligence system for sourcing 3TG (tin, tantalum, tungsten and gold) from conflict-affected and high-risk areas (CAHRAs) in line with OECD guidance. The system must include supplier contractual due diligence policies, management-level responsibility, and a grievance mechanism accessible to stakeholders. On this basis, companies must identify, assess and address risks of adverse impacts in their supply chains, adopting appropriate mitigation measures and monitoring their effectiveness over time.

Traceability

Companies must ensure traceability of 3TG supply chains in order to identify upstream actors and the origin of materials.

Audit

The due diligence system must be subject to independent audit by a competent and accountable auditor.

Reporting and documentation

Companies must retain documentation evidencing compliance with due diligence obligations for at least 5 years and make audit reports available to competent authorities upon request. They must publish an annual report on due diligence implementation, risk management and audit outcomes, and ensure continuous information sharing with downstream purchasers, subject to confidentiality constraints.

Timeframe

Applicable from January 2021.

FLR

Scope

The Forced Labour Regulation (FLR) applies to companies of all sizes placing, making available, or exporting products on the EU market. It covers all physical products extracted, harvested, produced, or manufactured.

The Regulation prohibits products made wholly or partly with forced labour at any stage of the supply chain from being placed on or exported from the EU market.

Key requirements

Prohibition and enforcement framework

The FLR prohibits placing, making available or exporting products made wholly or in part with forced labour at any stage of the supply chain. Enforcement is carried out by competent authorities and customs, with application starting in 2027.

Corrective measures following authority decisions

Where a competent authority determines non-compliance, companies must withdraw the relevant products from the market and ensure their disposal, including recycling, donation (for perishable goods) or rendering them inoperable where appropriate.

Cooperation with authorities

Companies must cooperate with investigations by providing relevant information upon request, including evidence of measures taken to identify, prevent, mitigate or remediate forced labour risks in their operations and supply chains.

Timeframe

Applicable from 14 December 2027.