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European Parliament Rejects "Omnibus" Negotiating Mandate on CSRD and CSDDD Simplification

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On 22 October 2025, the European Parliament voted against adopting a negotiating mandate on the European Commission's Omnibus Directive – a proposal to simplify and streamline sustainability reporting and due diligence obligations under the Corporate Sustainability Reporting Directive ("**CSRD**") and the Corporate Sustainability Due Diligence Directive ("**CSDDD**").

The vote was narrowly defeated (309 in favour, 318 against, 34 abstentions), reflecting the deep seated divisions among Members of the European Parliament ("**MEPs**") over how far the proposed simplifications should go.

What Happened?

The Parliament's Legal Affairs Committee (JURI) had drafted a resolution setting out the European Parliament's position, which included:

- Raising scope thresholds for CSRD to at least 1,000 employees and a minimum of EUR 450 million net turnover);
- Applying third-country reporting to groups with a non-European Union ("**EU**") parent that generate a minimum of EUR 450m EU net turnover, where an EU subsidiary or branch also meets the EUR 450m net turnover threshold;
- Exempting financial holding undertakings from CSRD;
- Developing voluntary sector-specific CSRD guidelines in lieu of the existing requirement for sector-specific standards;
- Raising CSDDD scope thresholds to at least 5,000 employees and a minimum of EUR 1.5 net billion turnover;
- Limiting in-depth due diligence to areas whether adverse impacts are most likely;
- Reinstating a five percent turnover cap on fines; and
- Diluting transition-plan obligations.

However, the draft failed to secure enough support, with some MEPs arguing the changes were too lenient and others that they did not go far enough.

What's Next?

The Omnibus package will return to the next European Parliament plenary session, held on 11–13 November 2025, for a full vote and possible amendments. Only once Parliament adopts its position can it begin trilogue negotiations with the European Commission, as well as the Council of the European Union, which already agreed its mandate earlier this year.

Why It Matters

The failure to agree on a negotiating mandate on 22 October 2025, further prolongs uncertainty for companies preparing for CSRD and CSDDD compliance. The upcoming vote will be closely watched, particularly to see where a majority forms and whether a coalition between centrist and right-wing groups emerges.

Until then, it is recommended that businesses should monitor developments and continue planning for multiple compliance scenarios.

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