

# **From Compliance to Control**

## **What CSRD and ESRS Mean in Practice (Post-Omnibus)**

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The introduction of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) in 2023 represented a step-change in the scope, depth and formality of sustainability reporting across Europe. For many organisations, CSRD is the most significant reform they have faced in the area of ESG reporting and governance.

The subsequent **EU Omnibus initiative** in 2025 has altered the reporting scope, requirements and timelines on CSRD and others for many organisations. This has created a perception in some quarters that CSRD, and more broadly ESG reporting and the green transition in Europe, have been materially weakened. Despite the short-term disruption and uncertainties, Omnibus has not changed the direction of travel, underpinned as it is by science and economics. Instead, it has shifted the focus from rapid compliance towards a system that its proponents argue is designed to be more proportionate and phased and offers companies the opportunity to plan strategically and implement thoroughly across the organization. Science is clear that climate change, biodiversity loss and other connected environmental risks require an urgent and extensive response. Hence, even if the compliance requirements for organizations have been reduced in Europe that should be seen as a floor and not a ceiling for their level of ambition and action on addressing climate change and other sustainability issues.

This paper summarises the latest status of Omnibus, highlights what has and has not changed, and sets out what organisations should prioritise now - both to meet compliance requirements and to unlock longer-term strategic value.

## What is Omnibus and what is the latest status?

The EU Omnibus package (or Omnibus Simplification Package) is a European Commission initiative launched in 2025 to streamline and reduce the reporting burden associated with EU sustainability regulation, including CSRD and the Corporate Sustainability Due Diligence Directive (CSDDD), while maintaining the EU's core sustainability objectives under the European Green Deal.

Omnibus did not emerge in isolation. It reflects a broader geopolitical and economic context, including:

- increasing global competition and geopolitical tension,
- influential policy debates such as the Draghi report on EU competitiveness,
- demographic decline across many EU member states,
- the need to finance significant new investment requirements linked to digitalisation, decarbonisation and defence.

In this context, productivity growth becomes critical. The underlying policy rationale for Omnibus is that EU sustainability regulation must function as an enabler of competitiveness and investment, rather than a drag on growth. Simplification, proportionality and sequencing are therefore central to the Omnibus agenda.

**Omnibus I**, the sustainability-focused component of the broader package, covers CSRD, CSDDD and related measures. Following intensive negotiations, political agreement was reached by Member States in December 2025, followed by approval by the European Parliament in the same month. The package now awaits final approval by the European Council and subsequent transposition into national legislation.

## Key changes: what is being modified

The Omnibus package introduces a number of material changes, including:

- **Reduced CSRD scope:** the threshold for mandatory reporting increases from an average of 250 employees to **1,000+ employees with turnover above €450m**, removing a significant proportion of previously in-scope organisations.
- **Raised CSDDD thresholds:** CSDDD will now apply only to companies with **5,000+ employees and €1.5bn turnover**.
- **Timeline adjustments:** application dates for CSRD are postponed by up to two years for certain waves, with CSDDD delayed by one year.
- **EU Taxonomy simplification:** mandatory taxonomy reporting is limited to the largest companies, with voluntary options for others.
- **Value-chain relief:** smaller suppliers outside the narrowed scope face significantly reduced reporting demands.
- **Voluntary SME standard (VSME):** the Commission has officially adopted a voluntary and simplified sustainability standard to replace mandatory reporting for smaller companies.
- **Climate transition plans:** mandatory plans are removed from CSDDD (though they remain within CSRD).
- **Sector-specific standards:** the requirement to develop sector-specific ESRS is dropped, with guidance potentially to be issued instead.

## Summary of key changes

Feature	Pre-Omnibus	Post-Omnibus
CSRD threshold	250+ employees	<b>1,000+ employees (+ €450m turnover)</b>
CS3D threshold	Lower thresholds (e.g. 500-1,000)	<b>5,000+ employees (+ €1.5bn turnover)</b>
Reporting start	2026/27 (Waves 2/3)	<b>Delayed to 2028/29</b>
Climate plans	Mandatory	<b>Removed from CSDDD (retained in CSRD)</b>
Value chain	Extensive data	<b>Limited to direct / major suppliers</b>

## What has *not* changed

Despite simplification, several foundational elements of CSRD remain firmly in place:

- **Double materiality** remains the mandatory foundation of CSRD reporting.
- **Application of the EU's Sustainability Reporting Standards (ESRS)** remain mandatory for organisations within scope.
- **External assurance** remains required, with limited assurance as the minimum.
- **Scrutiny by investors and other key stakeholders** of ESG data continues to intensify.

In short, while Omnibus provides short-term relief for some organisations, the longer-term trend towards more comprehensive, assured and decision-relevant ESG reporting is unchanged.

## Where early implementation often goes wrong

Across sectors, several recurring challenges are emerging:

- **Over-engineering double materiality**, creating reporting on immaterial data points not valued by stakeholders.
- **Treating ESRS as a checklist**, rather than as an opportunity to design an integrated ESG management system.
- **Isolating sustainability teams** from finance, risk and internal audit, despite the systemic nature of many ESG issues.
- **Underestimating assurance readiness**, particularly the shift from selective assurance to limited assurance across the full sustainability statement.

These are not regulatory failures — they are **operating-model failures**.

Approached strategically, CSRD can be used to upgrade governance, data architecture and decision-making across the organisation. Organisations that do so stand to reduce long-term compliance costs, strengthen internal insight, and enhance credibility with investors, regulators and other stakeholders.

## Where RZB Advisory helps

RZB Advisory supports organisations in CSRD readiness and alignment, helping them move beyond compliance towards more strategic and organisational outcomes. Our services include:

- CSRD / ESRS readiness, alignment and implementation
- CSRD-aligned double materiality assessments
- CSRD target operating model design and implementation
- ESG integration with financial reporting, risk and assurance
- CSRD roadmap development

Our focus is not simply on compliance, but on helping organisations move **from compliance to control - and ultimately to strategic value creation**.

*This perspective reflects regulatory developments and emerging market practice as of 2026.*

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