Responding to European Commission 'Omnibus' Proposals for Sustainability Reporting.

This paper presents a **contingency plan** in response to the **Omnibus proposals** by the European Commission to streamline ESG reporting regarding Sustainability Disclosures under CSRD.

Audit / Tax / Advisory

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The two European Commission proposals are detailed in COM (2025) 80 ("Stop the Clock") and COM (2025) 81, which amends the Corporate Sustainability Reporting Directive (CSRD), the Corporate Sustainability Due Diligence Directive (CSDDD), and the EU Taxonomy Regulation.

The first proposal, COM (2025) 80, establishes an urgent procedure to temporarily suspend the implementation timeline to prevent inconsistencies introduced by COM (2025) 81 with the ongoing CSRD rollout. Given its urgency, its progress will be determined soon under the Rules of Procedure of the European Parliament.

The second proposal, COM (2025) 81, introduces substantial amendments to the CSRD and CSDDD. Unlike the urgent first proposal, its adoption is expected to take longer, with the earliest implementation timeline projected for summer 2026, followed by a transposition period for Member States.

In brief, if the proposal is accepted by the co-legislators, the smallest companies currently within the scope of CRSD will no longer be required to report, and others will be subject to a two-year delay ("Stop the Clock").

It is important to clarify that the European Commission (EC) does not legislate, nor does it act as an executive power in the way national governments do. Instead, the EC proposes legislation, which must then be negotiated and adopted by the European Parliament and the Council of the European Union. The Parliament, composed of elected representatives, and the Council, representing Member State governments, jointly decide on amendments and approval. Once legislation is formally enacted, Member States must transpose the directive into national law, a process that can take additional time and lead to further variations in implementation across the EU.

We present below the thinking by Crowe Global member firms for **immediate action** as well as planning for **longer-term strategic adjustments.** Our **scenarios are** as follows:

- For **companies with more than 1,000 employees,** we are continuing with the CSRD implementation process until the **Stop the Clock proposal is approved,** while simultaneously developing a **Plan-B** in case that extension is granted. Our experience is that these companies are **happy to proceed at full speed to take advantage of the existing momentum,** ensuring that their reporting frameworks remain on track and aligned with potential regulatory outcomes.

- For **companies with between 500 and 1,000 employees,** those that we are working with are **finalising their Double Materiality Analysis** but are recommending that they pause their **GAP analyses** until there is more clarity on the **Stop the Clock outcome.** However, **many of our clients** have expressed their intention to proceed regardless, as they anticipate sustainability demands from their **own clients, financial institutions, or state-level regulations**, which could impose additional requirements beyond CSRD.

- For **companies with fewer than 500 employees,** we have advised them to **wait for the Stop the Clock decision** before making further commitments. Nonetheless, we are aware that **many companies** will still require a strategy, as **several** have already indicated their interest. In certain cases, we have already received **requests to shift ongoing projects towards strategic planning and horizon scanning,** recognising the need for **high-level regulatory support** in areas such as **Extended Producer Responsibility (EPR), the EU Deforestation Regulation (EUDR), and transition plans required by financial institutions.** Many of these companies already operate under **financing agreements with environmental and social covenants,** which include **assurance reporting obligations.**

It is important to remember that the **Non-Financial Reporting Directive (NFRD) remains in place** in countries which have yet to transpose CSRD. Companies should take professional as to their reporting obligations, but also remain aware that they will, in due course, be expected to comply with the requirements of CSRD once transposed. Companies in these countries should also be alert to the expectations of supply chain partners who will require information for their reporting.

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Likely Timeline

According to the Rules of Procedure of the EU Parliament, the proposal measures may take some time to implement. Our estimates of the timelines are below.

Stop The Clock (COM(2025) 80) – Fast-Track Process

(Fastest approval: Mid-2025)

February 2025	European Commission submits the proposal.
March–April 2025	European Parliament committees review and vote.
April–May 2025	Trilogues (negotiations between Parliament, Council, and Commission).
June 2025*	Final vote in the European Parliament and Council approval.
July 2025*	Directive enters into force.
Q3–Q4 2025	Member States begin national implementation.

Total time: 4–5 months

*Based on procedures and is not an indication to make any decision.

Omnibus Proposal (COM (2025) 81) – Standard Legislative Process

(Mid-to-late 2026, with transposition extending into 2027 but can may take longer depending on negotiations)

February 2025	European Commission submits the proposal.
March–June 2025	European Parliament committees review and propose amendments.
July 2025	First reading vote in the European Parliament.
Q3–Q4 2025	Council discussions and potential trilogues.
Q1–Q2 2026	Second reading in Parliament and Council.
Summer 2026	Final adoption of the directive.
Q3 2026 – Q3 2027	Member States transpose the directive into national law.

Total time: 18–24 months

Crowe will share further briefings on this topic as the proposals progress through European Institutions. Should you have queries on the impact this may have on your business, contact your local Crowe advisor. A full list of all our Crowe businesses is available on our website.

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