

THE INFLUENCE OF THE EU OMNIBUS DISCUSSION ON CORPORATE COMPLIANCE

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Abstract

The European Union's (EU) ongoing debate on the Omnibus Package represents a recalibration of sustainability-related corporate governance and reporting regulation. While the initiative aims to simplify and partially delay existing requirements under the Corporate Sustainability Reporting Directive (CSRD), the Corporate Sustainability Due Diligence Directive (CSDDD), and the EU Taxonomy, it simultaneously creates significant legal and operational uncertainty for companies. This study analyses the implications of the EU Omnibus discussion for corporate compliance functions. It argues that regulatory uncertainty increases, rather than reduces, the strategic importance of compliance. Companies must remain compliant with current obligations while preparing for multiple possible regulatory outcomes regarding scope, timing, and enforcement. As a result, compliance systems need to become more flexible, scenario-based, and data-driven. The research discusses the effects on governance structures, sustainability reporting, due diligence obligations, and liability exposure. It concludes that organisations which proactively adapt their compliance and governance frameworks during this transition will be better positioned to manage future regulatory demands and maintain stakeholder trust.

1. INTRODUCTION

The European Union (EU) is currently engaged in an intense debate about the so-called *EU Omnibus Package*, a legislative initiative designed to simplify, recalibrate, and partially delay existing sustainability and corporate governance regulations. While the package aims to address regulatory overload and enhance competitiveness, it simultaneously generates new challenges for corporate compliance. Companies must adapt to shifting requirements under the Corporate Sustainability Reporting Directive (CSRD), the Corporate Sustainability Due Diligence Directive (CSDDD), the EU Taxonomy, and related frameworks — while also operating in a state of legal uncertainty regarding timing, scope, and enforcement intensity.

Rather than reducing the importance of compliance, the omnibus discussion elevates its strategic significance. Organisations must remain compliant with existing rules, anticipate potential changes, and maintain readiness for both stricter and more flexible regulatory outcomes. This environment requires compliance functions to become more *data-driven, scenario-based, and organisationally integrated*.

This study analyses the implications of the current EU Omnibus debate for corporate compliance. It discusses regulatory background, major expected changes, internal governance consequences, and the strategic responses companies must adopt to remain resilient.

2. REGULATORY BACKGROUND: THE NATURE OF THE EU OMNIBUS PACKAGE

In EU law, an *omnibus* instrument is a legislative package that amends multiple legal acts simultaneously to harmonise, simplify, or adjust them. The current EU Omnibus Package focuses on sustainability-related regulations, particularly those that have generated administrative burdens or implementation challenges for companies across the Union.

Several drivers underpin this initiative:

1. *Regulatory overload* arising from the rapid rollout of CSRD, CSDDD, the EU Taxonomy, Sustainable Finance Disclosure Regulation (SFDR), and related frameworks.

2. *Competitiveness concerns*, especially for small and medium enterprises and non-listed mid-cap companies.

3. *Implementation bottlenecks*, including shortages of sustainability reporting experts and auditors.

4. *Political criticism* suggesting that certain sustainability obligations are excessively complex or insufficiently aligned with economic realities.

Key elements of the current omnibus discussion include:

- potential delays to CSRD reporting obligations for certain reporting waves;
- simplification of European Sustainability Reporting Standards (ESRS), including reducing reporting datapoints;
- adjustments to CSDDD scope, potentially focusing due diligence obligations more narrowly on direct business partners;
- consolidation and harmonisation of sustainability disclosure frameworks;
- administrative burden reduction for smaller companies.

While simplification is a core objective, the underlying regulatory trajectory remains clearly oriented toward *greater transparency, stronger accountability, and more harmonised enforcement*. This means that compliance functions cannot assume a reduction in requirements — only a reconfiguration.

3. IMPLICATIONS FOR CORPORATE COMPLIANCE FUNCTIONS

3.1. Scope and timing uncertainty

One of the most significant compliance challenges arising from the omnibus debate is uncertainty. Draft proposals suggest raising CSRD thresholds for company size and delaying reporting obligations for certain groups. However, until final legislation is adopted, companies must operate under existing rules.

This creates a dual burden for compliance departments:

- They must continue preparing for current regulatory timelines and scopes.
- They must simultaneously monitor legislative developments to adapt compliance workstreams if simplification or delays occur.

Effective compliance, therefore, requires *scenario-based planning*, including:

- a “full compliance” scenario assuming no simplification;
- a “delayed compliance” scenario, assuming postponement of deadlines;
- a “narrowed scope” scenario assuming threshold increases;
- a “stricter enforcement” scenario reflecting enhanced supervisory power.

Compliance architectures must remain modular and flexible to accommodate these divergent outcomes.

3.2. Impact on governance, reporting and internal controls

Although the omnibus aims to reduce burden, companies already within the CSRD scope will continue to face high expectations around:

- double materiality assessment;
- data governance and audit-readiness;
- internal control systems for sustainability data;
- traceability across the value chain;
- assurance requirements.

Studies emphasise that sustainability reporting is moving from a *compliance exercise* to a *performance-driven governance system* (Environmental Resources Management [ERM], 2025; Business for Social Responsibility [BSR], 2025). Regardless of simplification, companies must build robust governance structures involving:

- coordination between compliance, sustainability, finance, and internal audit;
- transparent documentation and audit trails;
- mechanisms to demonstrate the reliability and completeness of sustainability data.

3.3. Adjustments to due diligence and liability exposure

The CSDDD has been a focal point of omnibus discussion, with proposals suggesting:

- narrowing due diligence obligations to direct business partners;
- reducing or clarifying civil liability exposure;
- adjusting reporting requirements for complex value chains.

However, compliance risks remain substantial:

- Companies must still map and assess supply-chain risks.
- Contractual governance with suppliers remains essential.
- EU supervisory authorities are expected to intensify enforcement coordination.

As scholars note, transitional periods of regulatory uncertainty can increase, rather than decrease, compliance exposure, since companies must remain prepared for multiple possible regulatory outcomes simultaneously.

3.4. Increased need for data, technology and talent

Even with potential simplification, sustainability compliance requires:

- extensive data collection across operations and supply chains;
- digital tools for risk identification and traceability;
- skilled staff capable of interpreting ESRS requirements;
- capabilities for internal and external assurance processes.

Organisations must, therefore, continue to invest in:

- data governance and digitisation;
- environmental, social, and governance (ESG) reporting platforms;
- training and professionalisation of compliance staff.

Such investments remain necessary even if reporting burdens are reduced, because the overall regulatory direction remains decidedly toward *evidence-based governance*.

4. STRATEGIC ORGANISATIONAL RESPONSES

4.1. Scenario-based compliance planning

Agility is key. Compliance functions should develop multi-scenario frameworks, identifying triggers, timelines, and resource allocations based on possible omnibus outcomes. This allows companies to avoid over-investment while ensuring readiness.

4.2. Stronger integration of compliance, risk and sustainability

Best practice increasingly calls for merging:

- risk management;
- compliance management;
- ESG/sustainability offices;
- internal audit.

Such integration avoids redundancy, ensures consistent metrics, and facilitates more coherent reporting across legal, financial, and sustainability domains.

4.3. Maintaining high internal standards despite simplification

While regulatory thresholds may shift, long-term corporate credibility will depend on:

- transparent reporting;
- high-quality sustainability data;
- consistent global due diligence standards.

Investors and customers increasingly expect robust ESG governance independent of minimum regulatory requirements.

4.4. Governance oversight and board responsibilities

Boards must ensure:

- oversight structures adapt to future regulatory complexity;
- committees cooperate rather than work in silos;
- management receives adequate resources for sustainability compliance;
- risk appetite statements incorporate ESG risks.

Boards must recognise that sustainability compliance is not optional — it is a strategic risk driver.

5. CHALLENGES AND RISKS FOR COMPLIANCE STRATEGY

5.1. Regulatory uncertainty

Organisations risk misalignment if they prematurely scale back compliance investments under the assumption that simplification will proceed. Regulatory outcomes may change due to political shifts, stakeholder pressure, or legal challenges.

5.2. Reputational risk

Even if regulations are simplified, stakeholders — including investors, rating agencies, and non-governmental organizations — expect high transparency. Companies that reduce disclosure quality may face reputational damage or investor distrust.

5.3. Cross-border complexity

Global value chains require harmonised standards. Simplification within the EU does not eliminate the need for compliance with global due-diligence frameworks such as the Organisation for Economic Co-operation and Development Guidelines or UN Guiding Principles.

6. CONCLUSION

The EU Omnibus discussion does not signify a retreat from sustainability governance. Instead, it represents a recalibration of the regulatory environment toward greater efficiency while maintaining (and in some areas increasing) expectations for accountability and disclosure.

For corporate compliance, the key message is clear: *Do not scale back — adapt.*

Compliance must become more strategic, data-driven, integrated and scenario-oriented. Organisations that use this period of transition to strengthen governance infrastructures will be better positioned to navigate future regulatory requirements and gain trust from investors, stakeholders and regulators.

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