EU omnibus package on sustainability – something we don't want to ride (yet)?

"Omnibus I", CSRD (new) and the revised future of sustainability reporting in the EU: Evidence from Austria

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Abstract

In February 2025, the European Commission proposed its "first omnibus package on sustainability", aiming at simplification and deregulation of the current sustainability (reporting) regime in the EU. One important measure addresses the scope of companies falling under the CSRD, which should be considerably reduced by introducing a new threshold of 1,000 employees. However, the impact of this proposed threshold does not seem well analyzed. To contribute to the ongoing discussions, this paper analyzes a sample of approx. 32,000 Austrian companies retrieved from the Orbis database. The effects of the omnibus proposal with regard to the number of companies being excluded from the scope of the CSRD are assessed. Special consideration is given to effects resulting from group exemptions as well as over different sectors. The results underline that the reduction of companies subject to the CSRD reporting requirements might be considerable – and for a SME-dominated country like Austria arguably even more severe than expected by the European Commission. Also, different sectors are effected in a way that is not consistent with a sector's sustainability impacts or other considerations. It is suggested to either modify the threshold of 1,000 employees or – even better – to not set it outside of the Accounting Directive's three thresholds approach, i.e. not making this higher threshold a necessary prerequisite for reporting requirements but instead equally important as balance sheet total and net revenue. Also, an approach that better differentiates between sustainability impacts – e.g. by defining "high risk sectors" – would mitigate some of the limitations of the current proposals.

1. Introduction

The Corporate Sustainability Reporting Directive (CSRD) was published in the Official Journal of the EU in December 2022 and went into effect in January 2023. This was considered an important milestone of the European Commission's Green Deal, receiving great acclaim from political actors from all spectrums. It should start a new era of corporate transparency and thus contribute to EU economy's sustainability transition (e.g. PwC 2022).

The roots of the CSRD can be traced to the Action Plan on Financing Sustainable Growth from 2018. Led by the ambition of the Paris Climate Conference 2015, the European Commission built upon the concept of sustainable finance to establish mechanism that transform market mechanisms in order to better include sustainability in their considerations (Migliorelli 2021). By that, financial incentives should be given to companies that contribute to European sustainability ambitions with their economic activities; at the same time, private capital should be mobilized in a more extensive way in order to ensure the funds necessary for financing the transition. To establish such market mechanism, however, information on a company's alignment with political priorities on sustainability was deemed necessary. This is why the CSRD was considered a necessary measure – to vastly improve availability, comparability and reliability of data. Something that could not be provided by the predecessing Non-Financial Reporting Directive (NFRD) already applicable since the financial year 2017 (European Commission 2020).

Consistent with the concept of sustainable finance, the European Commission addressed questions regarding the scope extension in its FAQ from April 2021 – when the CSRD draft was published (European Commission 2021):

> "Consultations carried out by the Commission found that many stakeholders are in favour of extending reporting requirements to additional categories of companies. Today's proposal will extend the scope of these requirements to include all large companies, whether they are listed or not and without the previous 500-employee threshold. This change would mean that all large companies are publicly accountable for their impact on people and the environment. It also responds to demands from investors for sustainability information from such companies."

Most notably, the European Commission's FAQ addressed another question as well – relating to the costs and potential disadvantages for companies in the wake of the CSRD implementation (European Commission 2021):

> "The Commission's proposal aims to reduce reporting costs for companies over the medium to long term. Although the proposed CSRD would imply additional costs in the short term for companies subject to its requirements, most companies will face an increase in costs anyway because of the growing demand from investors and other stakeholders for corporate sustainability information. This problem is exacerbated by the existence of several overlapping standards and frameworks and inconsistent information requests from investors and other stakeholders. The Commission's proposal is an opportunity for an orderly, cost-efficient solution to the problems posed by this increase in demand, based on building consensus around the essential information that companies should disclose."

The suggestion that the introduction of the new reporting requirements might also benefit companies in the medium and long term was also upheld by the EFRAG in its cost-benefit analysis accompanying the publication of the ESRS in November 2022 and their submission to the European Commission for adoption (EFRAG 2022).

However, while the date of the first-time application of the new reporting requirements drew closer, the political views have changed. Already in early 2023, the European Commission made some significant changes to the EFRAG's proposals to the ESRS, in order to achieve reductions in reporting requirements of 25% (European Commission 2023). The subsequently materializing economic crisis in the EU and frustrating experiences from companies progressing with their implementation projects led to a further attention that was directed towards the CSRD. In the year 2024, the changing political majorities in the European Parliament led to an new priority for policymaking: protecting and improving the competitiveness of the European economy. One means to achieve this ends was seen in cutting red-tape (Draghi 2024). And the newly introduced sustainability reporting requirements by now were considered as too excessive (European Commission 2024):

> "What is agreed is too much today. We will look, for example, at the triangle taxonomy, CSRD, CSDDD. What is important is, and this is something we agreed also in the Council meeting today, the content of the laws is good. We want to maintain it, and we will maintain it, but the way we get there, the questions we are asking, the data points we are collecting, 1000s of them, is too much, often redundant, often overlapping. So it's our task to reduce this bureaucratic burden without changing the correct content of the law that we all want."

To achieve this aim, the publication of an omnibus regulation was announced – and illustrated shifting dynamics, from simplification to deregulation. The „EU Competitiveness Compass" from January 2025 announced an „unprecedented simplification effort": „the Commission has set ambitious quantified targets for reducing reporting burden: at least 25 % for all companies and at least 35 % for SMEs." (European Commission 2025a: 17).

This resulted in the publication of the "Omnibus package on sustainability" ("Omnibus I") on February 26th, together with the Clean Industrial Deal s new political agenda for Europe. It addressed the CSRD together with other relevant legal acts in the field of sustainability reporting, most importantly the Taxonomy Regulation. With regard to the first, SME were eliminated from the scope of reporting obligations and for all other large corporations, an additional threshold of 1,000 employees was introduced. This was expected to reduce the number of companies being subjected to the CSRD by 80%, as announced in the accompanying FAQ (European Commission 2025b):

> "Companies across the EU – large and small – will benefit from the simplifications of the omnibus proposals. If adopted and implemented as set out today, the proposals are conservatively estimated to bring total savings in annual administrative costs of around EUR 6.3 billion and to mobilise additional public and private investment capacity of EUR 50 billion to support policy priorities."

However, the ambitions of the Green Deal were meant to be upheld (European Commission 2025c). Also, no changes were made to relevant capital market legislation such as the Capital Requirement Regulation (CRR) – implying that for the financial sectors, the expectations towards financing sustainable activities were not changed.

The shortcomings of the European Commission's reasoning were soon highlighted by critics (e.g. WWF 2025). In its analysis, no analysis of benefits was conducted – which played a considerable role in the previous assessments of its regulatory initiatives by the European Commission. Also, the consequences of demands from capital markets were not considered. The proposals focus on reducing the so-assessed reporting burden by introducing a size-related threshold, taken from the Corporate Sustainability Due Diligence Directive (CSDDD) in an undifferentiated way. They are lacking any empirical evidence to support the impact of tis threshold on the underlying ambitions of the CSRD, e.g. with regard to effects on different sectors and related sustainability matters.

The omnibus proposals are currently under negotiation in the trilogue process. To support evidence-based discussion, this paper aims at providing empirical evidence for the consequences of the proposals. For the Austrian economy, the changes in the size-related threshold are illustrated, using company information obtained from the Orbis database. An estimation shall be given for the number and nature of companies being subjected to the proposed new thresholds. Based on this, data for alternative thresholds is provided as well, and crucial questions are raised with regard to possible intended and unintended consequences, also referring to the still-relevant overall ambitions of the Green Deal and sustainable finance.

With regard to size-related criteria, our analyses distinguish between several thresholds for employees that are part of the regulatory framework for sustainability reporting in Europe:

- 250 employees: Accounting Directive, SME definition of the European Commission
- 500 employees: threshold for non-financial reporting obligations under the NFRD
- 750 employees: threshold for extended phase-in provisions under ESRS 1
- 1,000 employees: threshold under the CSDDD, also taken up by "Omnibus I" for the new scope for sustainability reporting under the CSRD

However, it should be noted that each of these thresholds seems arbitrary, often lacking coherent reasoning behind its establishment in the regulatory framework. At the same time, they might play an important role in the current political discussion, especially because of the severe consequences associated with them.

The paper is structured as follows: At first, an overview is given over the Austrian economy with regard to the number and nature of companies. Then, data from the Orbis database is retrieved and discussed. Based on this data, a detailed analysis of the impacts of the omnibus package on sustainability on the number of companies being subjected to the CSRD is conducted. Also, effects on different sectors are illustrated. Lastly, the key findings of this analysis are derived and suggestions are made for the European Commission to succeed in two conflicting aims: reducing the number of companies being subjected to the CSRD whilst at the same time keeping relevant sustainability impacts in their focus and thus maintaining the mechanisms of sustainable finance.

2. Data collection and analysis

2.1 Companies in Austria

In Austria, Statistik Austria is the most comprehensive source of data on the Austrian economy. The data is freely available and accessible via the organization's website. However, the data collected and presented is following specific conventions that do not directly align with the conventions from the European accounting directive. For that reason, a direct comparability with the requirements set forth by the CSRD is not possible.

For the year 2022, Statistik Austria (2025a) lists a total of 730,741 companies that are registered in Austria. The majority of which are one-person companies (445,906). Correspondingly, the most frequently employed legal form is sole proprietorship ("Einzelunternehmen") with a total of 569,286 companies, about 78% of all companies in Austria. With regard to the legal forms being set up as undertakings as defined by the CSRD, the following figures were recorded:

- Private limited company ("Ges.m.b.H.", "Gesellschaft mit beschränkter Haftung"): 100,541
- Public limited company ("AG", "Aktiengesellschaft"): 693

Adding to that, the number of cooperatives – which also play an important role in the Austrian financial sector – amounts to 1,145.

Based on the European Commission's definition of SME, approx. 99,7% of all companies were classified as such SME in 2022 (KMU Forschung 2025). Furthermore, for a total of 583,947, Statistik Austria (2024) provides a break-down of company-size related to the number of employees for the year 2022:

	Number of companies	Employees in total	Revenues in Mio. EUR
Total	583,947	3,751,038	1,068,620
0 – 1	339,673	323,785	43,900
2 – 9	195,455	725,085	106,223
10 – 19	26,902	358,176	73,321
20 – 49	14,084	418,657	110,639
50 – 249	6,352	625,403	277,347
250 +	1,481	1,288,179	457,190

One further breakdown can be derived from the data of Statistik Austria (2025b) for companies with more than 250 employees. Based on the Austria NACE classification for the year 2020, the following fields of activity were covered:

Austrian NACE classification	Total number of companies	Thereof: 250 and more employees
B - Mining (ÖNACE 2008)	337	4
C - Production of goods (ÖNACE 2008)	26,324	496
D - Energy supply (ÖNACE 2008)	2,682	21
E - Water supply and waste disposal (ÖNACE 2008)	2,200	11
F - Building (ÖNACE 2008)	38,480	88
G - Trade (ÖNACE 2008)	80,179	217
H - Transport (ÖNACE 2008)	14,379	69
I - Accommodation and catering (ÖNACE 2008)	45,345	33
J - Information and communication (ÖNACE 2008)	22,514	53
K - Financial and insurance services (ÖNACE 2008)	6,940	71

L - Real estate and housing (ÖNACE 2008)	25,111	7
M - Freelance/technical services (ÖNACE 2008)	74,566	51
N - Other business services (ÖNACE 2008)	18,738	139
S - Other services (excl. 94 and 96) (ÖNACE 2008)	1,489	-

2.2 Companies deemed under the current scope of the CSRD

The Austrian Ministry of Justice estimated a total of 2.400 companies to fall under the scope of the national transposition of the CSRD. This number comprises all companies registered in Austria that exceed the size-related thresholds of the Accounting directive for classification as a "large corporation" (BMJ 2025) or as a large company with another legal form in the finance sector. This estimation is based on data extractions from the Austrian company register ("Firmenbuch").

The difference between the number of companies with 250 or more employees and the number of companies estimated to fall under the CSRD transposition mainly results from the fact that the number of employees is not a necessary requirement for classification purposes under the accounting directive. Average number of employees, balance sheet total and net turnover are defined as the three criteria out of which two have to be met.

These numbers do not include the effects from intra-group exceptions. Also, it is not clear whether the numbers presented by the Ministry of Justice already take into account the increase in thresholds of the Accounting Directive that became effective in 2024, as this was only transposed into national law at the end of that year (whilst most analyses with regard to the effects of the CSRD were already performed before).

As data from the company register is not freely available and does not allow customized analyses, thus,

2.3 Method of data collection

For the purpose of this study, most recent data on companies is collected via the Orbis database (Bureau van Dijk). It provides and extensive source of information on companies throughout the European Union. Financial data can be traced to individual companies and aggregated at various levels. What is more, this data can be aligned to a great extend to the requirements of the European accounting directive/CSRD.

Considering companies located in Austria, for which financial data is available either for 2022, 2023 or 2024, Orbis covers a total of 271,556 different companies per 7/3/2025. This shall ensure that only up-to-date information of companies that are most likely to be still operating in 2025 are considered. Out of this number, data for 32,504 companies with 10 or more employees were available.

A total of 1,436 companies shows at least 250 employees. This number almost exactly matches the corresponding figure from chapter 2.1 provided by Statistik Austria. This underpins the conclusion that data availability and reliability on Orbis (as with any other data provider) increases with the size of a company. However, it must also be noted that for parent companies, Orbis typically provides consolidated numbers. For that reason, the number provided by Orbis might be over-estimated.[1]

2.4 General descriptive statistics

With regard to the size of the 32,504 companies under consideration, the following table provides further insights:

Number of employees	Number of companies
0 – 249	31,068
250 – 499	793
500 – 749	230
750 – 999	102
1000 +	311
Total	**32,504**

The number of companies showing at least 250 employees matches thus the number of 1,436 stated in chapter 2.3. Further breaking down this number into different legal forms, the analysis shows the following results:

Legal Form	Number of companies
G.m.b.H.	1,130
AG	189
Others	117

Extending the scope of analysis to all companies that extend the thresholds for large companies as defined by the Accounting Directive, the total number amounts to 1,770. This is about 23% more than the number of companies with at least 250 employees (irrespective of their classification under the Accounting Directive). What should be noticed in that regard:

- Only 33 of these large companies are neither AG or G.m.b.H.
- The 1,436 companies identified under the previous analysis are not just a subgroup of this group of 1,770 companies. There data shows that there are also different companies being addressed if the number of employees is taken as sole criterion.

Combining both perspectives, the following table results. It only includes large corporations measured by the criteria of the Accounting Directive that show a certain number of employees.

Number of employees	Number of companies
250 – 499	556
500 – 749	176
750 – 999	79
1000 +	246
Total	**1,057**

[1] At the same time, it should be noted that Austria transposed the option of the Accounting directive to calculate size-related thresholds for parent undertakings based on consolidated figures: this applies for companies under the legal form of the AG; the law for the national transposition of the CSRD proposes the extension of this rule to companies under the legal form of the G.m.b.H.

Thereof: AG or G.m.b.H.	1,034

As the European regulatory framework contains specific requirements for credit institutions and insurance companies – they are frequently treated as corporations –, also their importance for the statistics presented above are considered:

Out of the 1,436[2] companies presented above, 40 companies are credit institutions. Only the group with at least 250 employees comprises 3 credit institutions that are organized as cooperatives; besides that, corporations are dominating these statistics as well.

Number of employees	**Number of companies**
250 – 499	20
500 – 749	4
750 – 999	3
1000 +	13
Total	**40**

247 credit institutions show less than 250 employees.

With regard to insurance companies, analyses were conducted in a similar way. 23 companies were found to be included in the sample of 1,436. In both the group with at least 250 employees and the group with at least 500 employees, one insurance company each was found to be organized as association. Otherwise, corporations are dominating again.

Number of employees	**Number of companies**
250 – 499	6
500 – 749	5
750 – 999	4
1000 +	8
Total	**23**

117 insurance companies show less than 250 employees.

2.5 Statistics relating to groups

Lastly, to identify the important of group-related effects, an analysis was run to only include a group's ultimate owner, publishing consolidated data (or at least with estimations possible for such data). Both types of information are provided as classification criteria by Orbis. This shows a result of 101 companies, i.e. groups.

Number of employees	**Number of companies**
250 – 499	22
500 – 749	12
750 – 999	12
1000 +	55
Total	**101**

[2] We refer to that number as starting point, as "revenues" are calculated differently for credit institutions; this number cannot be derived from Orbis.

148 parent companies, in contrast, show less than 250 employees on a consolidated basis.

Most notably, however, 39 of these 101 companies are operating under a non-profit legal form, typically an association (16 in the group of “1,000+ employees”). Under Austrian law, they would not be required to publish consolidated reports. This reduces the number of groups that would fall under the CSRD in a corresponding way.[3]

The figure of 101 parent companies relates to the total figure of 1,057 companies that would currently be large and have at least 250 employees. The first group is a sub-group of the second. Then, many companies being included in the second number are part of a group and thus might be exempted from individual reporting obligations. For that reason, the first can be considered as a minimum expectation for companies being subjected to the reporting obligations of the CSRD and the second as a maximum expectation – given the consideration of additional employee-related criteria. However, it might be expected that the actual number of companies that would have to publish a report is closer to the first group, i.e. the 101 parent companies (or any employee-related sub group of these parent companies).

In contrast, a total of 957 group’s ultimate owners are registered in the Orbis database, of which 821 show less than 250 employees. In contrast to the figures stated above, obviously a vast number of these parent companies are not obliged to draw up consolidated financial statements (as they should otherwise be included in the database filter described above) or are not sufficiently represented via the Orbis database (as no consolidated financial information is available for most of these companies).

To get a better indication for the effects of any missing data on the assumptions made in this paper, the 957 companies are distributed to the size-related threshold distinguished throughout the paper. It is assumed that the distribution is the same as for the 101 + 148 = 249 companies which are a group’s ultimate owners and for which consolidated financial information is available. It can be expected that the following figures might serve as a maximum expectation for consolidated reporting obligations in Austria:

Number of employees	**Number of companies**
0 – 249	569
250 – 499	85
500 – 749	46
750 – 999	46
1,000 +	211
Total	**957**

Adding to the discussions on the difficulty to come to a correct assessment of these groups, the following statistic should be considered: In the sample described for this paper, 251 companies have “holding” in their name. Excluding the filter of at least 10 employees that had to be set for this analysis, 8,662 companies are shown in Orbis, 8,485 of which are either AG or G.m.b.H.

In contrast: Out of the 1,057 companies identified before, Orbis only shows 43 companies as independent companies (out of which 40 are organized either as AG or G.m.b.H.). Addressing all 1,770 companies that are large, 46 companies with less than 250 employees are added, resulting in a

[3] As with regard to the size-related thresholds of the Accounting Directive, being mandated to publish consolidated financial reports typically also would mean to publish consolidated sustainability statements.

total of 89 independent companies. Based on the available data, these numbers seem to be the most appropriate ones to be added to the numbers for groups in Austria.

2.6 Company properties and fields of activities

In this chapter, relevant economic activities are analyzed with regard to the characteristics of companies engaging in these activities. Only large corporations are considered (which makes a total of 1,737 companies[4]), i.e. companies that were subjected to the initial version of the CSRD.

The analyses were based on NACE classification as shown in Orbis. Overall, a vast heterogeneity of classifications and thus a rather low degree of reliability had to be assessed. Consequently, the following data cannot represent a sector in its entirety. However, in relation to different sectors, an indication should be given to what extend especially employee-related thresholds (in addition to the general size-related thresholds of the Accounting Directive) play a role.

Also, it should be noticed that based on current data available at a sector-level, many of the sectors that are presented here amongst the highest-emitting sectors with regard to GHG (UBA 2025). However, also other sustainability matters should be taken into considerations when assessing the relevance of certain sectors for sustainability reporting terms.

Sector Real Estate

Number of employees	**Number of companies**
250 – 499	10
500 – 749	2
750 – 999	2
1,000 +	2
Total	**16**

In contrast, 52 of these large corporations show less than 250 employees.

Sector Steel

Number of employees	**Number of companies**
250 – 499	4
500 – 749	1
750 – 999	2
1,000 +	3
Total	**16**

In contrast, 6 of these large corporations show less than 250 employees. What is more, all companies in the two groups of “500 – 749 employees” and “1,000+ employees” are part of one single group (Voestalpine).

[4] Directly relating to the 1,770 companies presented above that comprise every legal form available.

Sector Cement

Number of employees	Number of companies
250 – 499	5
500 – 749	4
750 – 999	0
1,000 +	0
Total	**9**

In contrast, 4 of these large corporations show less than 250 employees.

Sector Energy

Number of employees	Number of companies
250 – 499	6
500 – 749	1
750 – 999	1
1,000 +	4
Total	**12**

In contrast, 14 of these large corporations show less than 250 employees.

Sector Agriculture

Number of employees	Number of companies
250 – 499	3
500 – 749	0
750 – 999	0
1,000 +	1
Total	**4**

In contrast, 10 of these large corporations show less than 250 employees.

Sector Manufacture

Number of employees	Number of companies
250 – 499	175
500 – 749	60
750 – 999	25
1,000 +	51
Total	**311**

In contrast, 135 of these large corporations show less than 250 employees.

Sector Transportation

Number of employees	Number of companies
250 – 499	32
500 – 749	9
750 – 999	2
1,000 +	9
Total	**52**

In contrast, 29 of these large corporations show less than 250 employees.

Sector Construction

Number of employees	Number of companies
250 – 499	37
500 – 749	14
750 – 999	4
1,000 +	13
Total	**68**

In contrast, 46 of these large corporations show less than 250 employees.

Sector Social Services

Number of employees	Number of companies
250 – 499	1
500 – 749	3
750 – 999	1
1,000 +	4
Total	**9**

In contrast, 1 of these large corporations shows less than 250 employees.

Comparing the different sectors under scrutiny, it might be doubted that employee thresholds can cover impacts that are associated with those sectors in an adequate way. In the first version of the CSDDD that was agreed in 2023, several high-impact sectors were defined, including the manufacturing of textiles, leather and related products; agriculture, forestry and fisheries; and the extraction and manufacturing of mineral products. For companies in these sectors, lower thresholds should have applied. Also, the work on sector-specific ESRS should prioritize in a similar way high-impact sectors (EFRAG 2025). The general requirements for materiality analysis under the CSRD demand that companies identify scale and scope of their impacts; with only the latter being related to the size of their operations (see ESRS 1, chapter 3). This insight is not reflected in setting size-related thresholds.

The following analysis shows that the setting of employee-related thresholds has a considerable impact on the number of companies that are addressed by regulation. This effect is highly sector-specific and in turn not related to differences in the nature of impacts. Setting a threshold of 1,000 employees, e.g., excludes most companies from the real estate sector from reporting requirements;

the same holds true e.g. for the sectors transportation or steel. At the same time, social service providers still remain to a very high extend in the scope of regulation.

However, this is not just a question of what size-related criterion to set; already setting the threshold at the lowest level (250 employees) has in many sectors considerable consequences that cannot be linked with the underlying impacts of that sector. The main benefit of the mechanism of the Accounting Directive to set size criteria, demanding that two out of three different thresholds have to be exceeded, is that it is more flexible to the specifics of different business models and the related meaning of "size" in that context. The figures presented in this chapter raise doubts that this still is the case under the new proposals of "Omnibus I".

Again, the limitations of this sector-specific analysis shall be highlighted. The data set obtained via Orbis cannot be considered as a perfect representation of Austrian companies. However, as outlined in the previous chapters, a high degree of compatibility can be assessed. Still, the mapping of companies to different sectors based on NACE classification is difficult and does not always lead to sufficiently relevant results. This is also due to the fact that this classification is typically performed by companies themselves for reporting purposes and thus lacks comparability and consistency. Thus, the results presented in this chapter should be treated cautiously and mainly as an indication for underlying structural problems.

3. Findings and conclusions

Based on the findings of this paper, it can be concluded that the proposed addition of a new employee-related threshold for sustainability reporting requirements has an enormous effect on the number of companies that will have to publish such reports. This was also the intention of the European Commission and thus comes as no surprise. However, several things should be noticed.

Any number for setting this threshold seems arbitrary. A relevant assessment of related sustainability impacts has not been conducted by the European Commission – and might be different given the heterogenous nature of impacts, often relating to a qualitative nature as well as a sheer quantity.- The setting of this threshold has considerable relevance for determining the number of companies that have to publish those reports in the future.

The effects of different thresholds are vastly different for sectors under consideration. Some sectors experience a severe reduction of companies in the scope of the CSRD, others do less so. However, indicative results from chapter 2.6 of this paper suggest that these reductions are not related to the nature of impacts of these sectors on sustainability matters. Here, the idea of high-risk sectors (e.g., for which separate thresholds are defined) as set forth in the discussions on the CSDDD and also in the still ongoing work on the sector-specific ESRS would benefit the prioritization of companies that should be in the focus of regulations. This, however, would imply a deviation from the current approaches towards setting scopes under the Accounting Directive and the CSRD (and was also not upheld for the final version of the CSDDD).

Also, the question of proportionality is not adequately addressed: Some sectors with more economic resources at their avail benefit more from a threshold (e.g. real estate) whilst other sectors that will be way more troubled with the implementation of sustainability reporting requirements receive only very limited benefits (e.g. social service providers). The sector-neutrality of the three thresholds approach incorporated in the Accounting Directive (balance sheet total, net revenue, employees) would lead to superior outcomes at least with regard to the second point of criticism. If the thresholds regarding the number of employees shall be raised, a more balanced way would be thus e.g. to increase this threshold not via a new criterion that has to be met in any case, but within the thresholds approach which is already established. This, however, would only lead to a comparatively low reduction of companies being subjected to the CSRD after the new Omnibus regulation.

Based on the data analyzed for this paper, the proposals set forth in "Omnibus I" would imply for the Austria a reduction of approx. 90% of companies (or more) falling under the scope of the CSRD – compared with initial assessments of the Ministry of Justice and the European Commission. As a minimum, considering effects from group exemption, 40 reports can be expected (if all large corporations with at least 1,000 employees are part of one group that also falls under the scope of the new proposal); at the same time, the maximum number can be approx. 290 reports (246 non-consolidated reports + 40 consolidated reports). Most probably, a reasonable guess[5] lies between these figures, in a range of 100-250 reports – compared to a range of 80-90 companies that fell under the scope of the national transposition of the NFRD in the past (Baumüller 2023).

This is not only a severe reduction compared to initial estimation, but also poses a threat to the underlying idea of sustainable finance. One clear rationale formed the fundament for the work on the CSRD: markets have to rely on the availability of reliable data at a sufficiently large scale. Based non the findings of this paper, at least for Austria this will not be the case in the future. If, as a consequence, also capital market mechanisms have to be weakened in order to reflect this new situation, the idea of "financing sustainable growth" might come to its end; and with this, probably also a(nother) cornerstone of the Green Deal. But this would not only be detrimental to the political ambitions with regard to sustainability, but also for corporations in their endeavors to adapt to a changing environment and increased pressure on sustainability from customers and capital providers also outside of the European Union.

If, in contrast, these mechanisms are still meant to be working, then the lack of information provided by companies in a standardized, regulated way will increase the costs both for financial sector entities as well as for their business counterparts. Unstructured, heterogenous and multiple data collection was already mentioned by the European Commission as challenge will be unavoidable, posing higher costs to businesses than mandatory but standardized sustainability reporting based on the CSRD.[6] Given the drastic decrease in the number of companies being subjected to such reporting requirements, also coming from sensitive sectors, the benefits of sustainability reporting should receive far much more (and differentiated) attention, thus, than they actually have received in the work of the European Commission on "Omnibus I". Arguably, focusing on improving set 1 of the ESRS or introducing a new proportionate set of ESRS for so-called "mid-caps" might have turned out to be a more promising approach towards regulation in the end.

Last not least, the findings of this paper highlight a critical gap in the European Commission's proposed new approach to setting thresholds for sustainability reporting: the absence of a comprehensive assessment of related sustainability impacts. The arbitrary nature of the proposed threshold changes raises significant concerns, as they also disproportionately affect different sectors (in Austria but likely also elsewhere) and do not show alignment with actual sustainability impacts. A structured, interdisciplinary impact assessment—incorporating sustainability science, economics, and industry-specific insights—should form the basis for any significant adjustments to reporting thresholds. Without such due diligence, the EU's sustainability reporting framework risks being severely compromised, in a time where sustainability has moved far beyond a mere moral concern

[5] Also taking into consideration possible limitations in the Orbis database, as discussed before.

[6] Refer to the European Commission's statements from 2021 regarding the benefits of introducint the CSRD, cited in chapter 1 of this paper.

but towards a business imperative, linking sustainability impacts to financing aspects and, ultimately, resilience of companies.

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