Matheson

CSRD: Irish government announces support for omnibus as stop-the-clock is approved by the European Parliament

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There has been a number of significant recent updates related to the Corporate Sustainability Reporting Directive (“**CSRD**”). The Irish government has announced support for the ‘omnibus simplification package’, which proposes to significantly modify the CSRD and signalled that separate changes to the existing Irish CSRD legislation are forthcoming. At the same time, at European level the ‘stop the clock’ directive to pause the CSRD for many companies for two years has been approved by the European Parliament and the European Commission has started the process for simplifying the European Sustainability Reporting Standards.

Background

The CSRD became law at European Union level in 2023 and was transposed into national law in Ireland in July of 2024. As currently in force, the CSRD applies to companies on a phased basis, with the first companies in scope publishing their reports this year in respect of 2024 sustainability information. The majority of companies subject to the CSRD are due to publish their first report in 2026 in respect of 2025 information.

On 26 February 2025, the European Commission announced the first ‘omnibus simplification package’, which would simplify certain EU ESG laws, including the CSRD. If enacted, the omnibus proposals would significantly scale-back the scope of the CSRD and the reporting obligations for in-scope companies by, among other things, delaying the application of the CSRD for many companies (the ‘stop-the-clock’ proposal) and taking companies / groups with less than 1,000 employees out of scope of mandatory reporting requirements. The omnibus proposals will need to be approved by the EU institutions and then transposed into the national law of each member state.

For more information on those proposed changes, you can read our recently published note on the omnibus proposals here.

Irish government announces support for the omnibus proposals and proposed changes to the Irish CSRD legislation

On 31 March 2025, the Irish Department of Enterprise, Trade and Employment announced the Minister for Enterprise, Tourism and Employment’s support for the omnibus proposals and the EU’s efforts to reduce administrative burdens for companies. The announcement states that the Minister is focused on quickly implementing the omnibus proposals, when approved by the EU. This statement by the Minister is helpful in providing welcome comfort to companies that the Irish government will act quickly to transpose the European proposals once approved by the EU.

Separately, the Department also announced that the Minister will soon amend the Irish CSRD laws to "*further clarify and reduce the scope of companies covered*". While the announcement does not provide any more detail in relation to these changes, it is widely expected that the Minister will change the law to remedy certain anomalies that have arisen under the existing Irish legislation to align the Irish law more closely with the EU law, following much lobbying by industry bodies and stakeholders. In particular, these anomalies include that many Irish regulated companies are currently deemed by Irish law to be "large" and in-scope for CSRD reporting, irrespective of their turnover, balance sheet and average employee figures. On this issue, see our update here. However, we will have no certainty on the extent of the changes to the Irish law until the amending Irish regulations are published by the government.

European Parliament approves the 'stop-the-clock' proposal

On Thursday, 3 April 2025 the European Parliament voted under the urgent procedure to approve a key part of the omnibus simplification package: the so-called 'stop-the-clock' proposal, which would delay the application of the CSRD for two years for many companies. See here for more information on the delay. Before the delay becomes law, the approval of the Council of the European Union is needed; however this is widely expected to be a mere formality, as the Council has previously agreed to support the delay.

While many companies will be grateful for the delay to reporting obligations, many others are concerned by the uncertainty that comes with the EU re-opening the CSRD and the Corporate Sustainability Due Diligence Directive (CS3D) for substantive changes. While EU institutions are targeting the end of 2025 for agreeing these more substantive changes, it may be into 2026 by the time agreement is reached. In the meantime, companies face considerable uncertainty about how and whether they will be subject to mandatory sustainability reporting following the EU's changes to the regime.

European Commission starts the process for revising the European Sustainability Reporting Standards

Companies that report under the CSRD are required to do so in accordance with European Sustainability Reporting Standards ("**ESRS**"). Sector-agnostic ESRS were approved by the Commission in July 2023 and the first reports under these ESRS are being published this year by the first wave of reporting companies. As part of the omnibus simplification package, the Commission announced that it intends to revise these sector-agnostic ESRS to streamline and simplify reporting obligations, substantially reducing the number of mandatory datapoints.

On 27 March 2025, the Commission wrote to the EFRAG (previously known as the European Financial Reporting Advisory Group), requesting technical advice on the proposed simplification of the sectorspecific ESRS; the first step in revising the standards. The Commission has committed to revising the ESRS as soon as possible and within six months of the substantive changes to the CSRD being approved by the EU. The Commission has therefore asked EFRAG to provide its technical advice by 31 October 2025, by fast-tracking the process.

In response to the request for advice, Chair of the EFRAG Sustainability Reporting Board said that EFRAG is “fully aligned with the objective of simplifying and enhancing the first set of ESRS to ensure they remain practical, effective, and proportionate”.

We continue to monitor this evolving situation closely and will keep you updated as to any further developments as we have them. In the meantime, if you have any queries in respect of any of these updates or the CSRD more generally, please do get in touch with any of the authors or your usual Matheson contact.

Contacts

Susanne McMenamin
Partner
T +353 1 232 2266
E susanne.mcmenamin@matheson.com

Susan Carroll Chrysostomou
Partner
T +353 1 232 2286
E susan.carroll.chrysostomou@matheson.com

Michael Sinnott
Senior Associate
T +353 1 232 2413
E michael.sinnott@matheson.com