

# Potential legal challenges under EU law to the proposed Omnibus directive

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ClientEarth commissioned law firm Baldon Avocats to assess the legal risks of the European Commission's Omnibus proposal, if passed into a law, which seeks to amend key corporate sustainability legislation: the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD).

The legal analysis concludes that the proposed changes could significantly weaken the EU's environmental and human rights safeguards. It highlights how the reduction in reporting scope, the dilution of due diligence obligations, and the removal of implementation requirements for climate transition plans risk undermining the EU's legal commitments to sustainability, transparency, and corporate accountability.

Baldon Avocats identifies multiple grounds for legal challenge under EU law which could invalidate the Omnibus, including violations of the principles of proportionality, legal certainty, legitimate expectations, coherence, and environmental integration, and of the Charter of Fundamental Rights. The analysis further warns that breaches of essential procedural requirements could lead the Omnibus to being found invalid. Baldon Avocats also points out the Commission's failure to conduct a climate impact assessment under the EU Climate Law and a broader impact assessment under its own Rules of Procedure could lead to an action for failure to act. The analysis warns that these legal challenges could be brought to EU courts by EU institutions, Member States, civil society organisation and private operators.

This expert legal opinion supports growing concerns from civil society, investors, and EU bodies that the Omnibus Directive threatens to roll back critical sustainability standards just as implementation begins.

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