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ARTICLE DETAILS

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ABSTRACT

The European Union's 2026 regulatory simplification agenda—anchored by the Omnibus I Directive (Directive (EU) 2026/470) and the Digital Omnibus on Artificial Intelligence (Regulation (EU) 2026/1744), alongside ongoing legislative negotiations over the Digital Omnibus on data protection—marks a decisive shift in European corporate and digital governance. Framed around competitiveness and administrative relief, these reforms raise sustainability reporting and due diligence thresholds, remove the harmonized EU-wide civil liability regime under the Corporate Sustainability Due Diligence Directive (CSDDD), and extend compliance deadlines for high-risk artificial intelligence (AI) systems. However, statutory simplification does not create a zone of corporate impunity. Drawing on regulatory scholarship examining the tension between simplification and institutional stagnation, this article argues that narrowing ex-ante statutory obligations generates an operational governance vacuum that is rapidly filled by parallel accountability mechanisms. Specifically, corporations and their boards remain constrained by fiduciary duties of care and oversight, converging Environmental, Social, and Governance (ESG) and AI risks, strict General Data Protection Regulation (GDPR) rules governing generative AI web scraping under European Data Protection Board (EDPB) Guidelines 03/2026, copyright constraints, and ex-post civil and regulatory enforcement. Navigating this post-Omnibus landscape requires an integrated, board-level governance framework rather than an opportunistic retreat from compliance.

Keywords: EU Omnibus Reforms; Regulatory Simplification; Governance Vacuum; Corporate Accountability; Directors' Fiduciary Duties; ESG–AI Governance; Generative AI Web Scraping; GDPR; EU AI Act; CSRD; CSDDD.

INTRODUCTION

Between 2016 and 2024, the European Union constructed an ambitious statutory architecture designed to embed fundamental rights, environmental sustainability, and algorithmic accountability into corporate operations. Through the General Data Protection Regulation (GDPR),[1] the Corporate Sustainability Reporting Directive (CSRD),[2] the Corporate Sustainability Due Diligence Directive (CSDDD),[3] and the EU Artificial Intelligence Act (AI Act),[4] Brussels established dense ex-ante compliance obligations across corporate value chains and digital ecosystems. By 2025, however, mounting concerns over overlapping regulatory burdens and European economic competitiveness prompted a legislative recalibration. Through the 2026 Omnibus packages—most notably Omnibus I (Directive (EU) 2026/470, in force 18 March 2026)[5] and the Digital Omnibus on AI (Regulation (EU) 2026/1744, in force 27 July 2026),[6] alongside

the pending Digital Omnibus on data protection[7]—EU lawmakers narrowed statutory perimeters, deferred high-risk AI compliance deadlines, and scaled back harmonized civil liability rules.

While corporate stakeholders welcomed this compliance relief, legal scholars and rights advocates warned of regulatory regression. Yet framing the post-Omnibus era as a simple binary between deregulation and regulatory absolutism obscures a deeper structural shift. As Henry Pearce demonstrates in his analysis of the EU Digital Omnibus, treating legislative reform itself as normatively suspect risks institutional stagnation, whereas failing to resolve the friction between overlapping legal regimes displaces unresolved governance tensions into less transparent and less accountable arenas.[8] Building on this insight, this study examines how corporate and board-level accountability operates when direct ex-ante statutory obligations contract, demonstrating that liability migrates toward company law fiduciary duties, converging ESG–AI risk management, data protection and copyright enforcement in AI training, and ex-post litigation**.**

STATEMENT OF RESEARCH PROBLEM WITH RESEARCH GAP

Research Problem

The EU's 2026 Omnibus reforms have substantially altered the statutory boundaries of corporate sustainability and AI compliance. Omnibus I raised CSRD thresholds to undertakings exceeding 1,000 employees and €450 million in net annual turnover, restricted CSDDD application to corporations exceeding 5,000 employees and €1.5 billion in net turnover while postponing enforcement to July 2029 and deleting the harmonized EU civil liability clause,[9] and Regulation (EU) 2026/1744 deferred high-risk AI obligations to December 2027 (Annex III) and August 2028 (Annex I).[10] This contraction of ex-ante public-law mandates creates a corporate governance vacuum: enterprises and boards face acute legal uncertainty regarding whether reduced statutory reporting and deferred regulatory deadlines diminish their substantive legal exposure, or whether parallel legal regimes continue to impose enforceable accountability.

Research Gap

Existing legal and corporate governance scholarship largely examines these domains in isolation:

1. Siloed Regulatory Analysis: Studies on Omnibus I focus almost exclusively on sustainability reporting and supply-chain due diligence,[11] while analyses of the Digital Omnibus on AI and EDPB Guidelines 03/2026 focus narrowly on technical AI Act timelines and GDPR data-scraping compliance.[12]

2. Disconnect Between Public-Law Simplification and Private-Law Fiduciary Duties: Current literature rarely evaluates how the contraction of ex-ante EU statutory obligations interacts with directors' fiduciary duties of oversight under company law,[13] cross-cutting ESG–AI operational risks (such as compute energy footprints and algorithmic bias), and ex-post tort, product liability, and copyright litigation.

This research bridges that gap by offering an integrated doctrinal and governance analysis demonstrating how accountability persists—and shifts—across corporate, data protection, intellectual property, and liability frameworks following the 2026 EU Omnibus reforms.

RESEARCH QUESTIONS

1. How do the EU's 2026 Omnibus reforms reshape corporate and board-level accountability when ex-ante statutory obligations under the CSRD, CSDDD, and EU AI Act are narrowed or deferred?

2. To what extent do directors' fiduciary duties of care and oversight require corporate boards to monitor ESG and AI risks even when their enterprises fall below revised statutory thresholds or operate within extended regulatory transition windows?

3. How do converging ESG–AI operational risks, copyright constraints, and data protection standards under EDPB Guidelines 03/2026 (on web scraping for generative AI) sustain corporate liability despite regulatory simplification?

4. How does the rollback of ex-ante statutory mandates shift corporate accountability toward ex-post regulatory and private enforcement, and what integrated governance framework should boards adopt to mitigate this exposure?

RESEARCH OBJECTIVES

1. To critically examine the statutory and procedural changes introduced by the EU's 2026 Omnibus reforms—specifically Omnibus I (Directive (EU) 2026/470), the Digital Omnibus on AI (Regulation (EU) 2026/1744), and the evolving Digital Omnibus on data protection—and identify the resulting ex-ante governance vacuum.

2. To analyze the interaction between reduced public-law compliance thresholds and directors' fiduciary duties of oversight, establishing why statutory exemptions do not extinguish board-level responsibility for material technological and sustainability risks.

3. To evaluate the legal and operational convergence of ESG and AI governance, with particular emphasis on corporate liability arising from generative AI web scraping under EDPB Guidelines 03/2026, GDPR principles, and EU copyright law.

4. To trace the structural shift from ex-ante regulatory compliance to ex-post enforcement (including DPA sanctions, product liability, collective redress, and contractual chain liability) and propose an integrated corporate governance framework for post-Omnibus boards**.**

HYPOTHESIS

Hypothesis: Although the EU's 2026 Omnibus reforms reduce direct ex-ante statutory compliance obligations by raising sustainability thresholds, removing harmonized civil liability under the CSDDD, and deferring high-risk AI Act deadlines, they do not reduce substantive corporate or directors' accountability; instead, they displace regulatory oversight into an enforcement-driven governance vacuum governed by directors' fiduciary duties, converging ESG–AI risk standards, strict data protection and copyright rules on AI training, and ex-post civil and regulatory liability

EVOLUTION OF EU REGULATORY FRAMEWORK:CSRD, CSDD, GDPR AND EU AI ACT

Evolution of corperate sustanibility: Non -Financial Reporting to Corperate sustainability reporting directive(CSRD)

As Baumiller and Sopp deonatrates the evolution of European sustainability reporting is fundamentally a contest over boundaries of materiality . While the EU'S Non Financial Reporting Directive sought to increase corperate transparency, its ambiguous phrasing allowed companies to trat financial relevance as de facto gatekeeper effectively defaulting to single materiality. The subsequent shift towards Corporate Sustainabiltiy Reporting Directives (CSRD)reframes corporate accountability throught reframed corporate accountability through explicit double materailty, requiring firms to rreport both sustainability risk affect enterprise value and how corporate operations impact society and the environment.

Despite its normative ambition, operationalizing double materiality introduces significant methodological and economic friction. Consequently reporting entities face heightened compliance and assurance costs amid ongoing uncertainity regarding how capital markets and diverse stakeholders groups utilize expandesd impact disclosures[1].

Viewed through Pearce's Lens of regulatory evolution this trajectory illustrates how a governance vaccum can mutate rather than disappear. Between 2001 and 2019 voluntary frameworks ambiguous statutory phrasing under the NFI Directives and non-binding guidelines left a substantive accountability vacuum in which firms defaulted to narrow financial materiality filters. Yet while the 2021 CSRD and ESRS closed that formal statutory gap by codifying binding double materiality and mandatory external assurance . Reforming Eu sustainability governance therefore requires avoiding both pre-2021 regulatory minimalism and rigid resistance to procedural simplification[2].

Evolution of Corporate Sustainability: Voluntary Responsibility to Corporate Sustainability Due Diligence Directive (CSDDD)

Silvia Ciacchi's Article traces the legislative trajectory of European Union's Corporate Sustainabiltiy Due Diligence Directive (CSDD),contextualizing its emergence with international soft-law frameworks – such as 2011 UN Guiding Principles on Business and Human Rights and the OCED Guidelines – as well as pioneering national laws like France Loi de Vigilence and Germany's Supply chain act. Originating from the European Commission's 2020 Sustainable Corporate Governance Intiative and formally proposed in Ferbruvary 2022 to prevent legal fragmentation across the single market, the Directive endured intense inter – institutional trilogue negotiations and a dramatic eleventh -hour political crisis in early 2024 . Following last- minute opposition from Member states led by Germany,Italy and France, the Belgian council Presidency brokered a heavily compromised text that secured Corper approval in March 2024 by significantly raising employee and turnover thresholds, removing high -risk sector designations and dropping corporate governance provision such as directors' duties

Substantively, the article examines the Directive's core mandate requiring large EU and Non- EU companies to conduct risk – based human rights and environmental due diligence across their own operations, subsidiaries and upstream and downstream "chain of activities". Under Articles

[1] Josef Baumüller & Karina Sopp, Double Materiality and the Shift from Non-Financial to European Sustainability Reporting: Review, Outlook and Implications, 23 J. Applied Acct. Rsch. 8 (2022)
[2] Henry Pearce, Between Simplification and Stagnation: The EU Digital Omnibus and the Future of Data Protection Law, CAMBRIDGE Y.B. EUR. LEGAL STUD. 1, 1–10 (First View July 27, 2026), https://doi.org/10.1017/cel.2026.10035.

5 through 22, in scope companies must integrate due diligence into corporate policies, map and prioritize severe adverse impacts, take appropriate measures to prevent or cease harms, remediate actual damages,engage meaningfully with stake holders, maintain complaint mechanism and adopt a best efforts climate change transistion aligned with 1.5 degree Celsius Paris agreement target.

Finally she also critiques the mixed public-private enforcement architecture, noting that while Member States must impose dissuasive administrative fines upto 5% of net worldwide turnover and courts may compel corporate evidence disclosure, the final text restricts civil liability by entirely exempting companies from damages caused solely by supply chain partners[3].

In their 2025 European Journal of Risk Regulation article, Julia Sinnig and Dirk A. Zetzsche examine how the EU's Corporate Sustainability Due Diligence Directive (CSDDD) marks a structural shift in EU sustainability law—moving beyond disclosure and reporting obligations toward mandatory prevention, mitigation, and remediation of human rights and environmental harms across global supply chains. Rather than relying on transparency and market discipline alone to curb corporate externalities, the directive legally requires companies to identify, prioritize, prevent, and end adverse impacts, as well as adopt climate transition plans. The authors frame the CSDDD as a complex "legal transplant" that merges international soft-law frameworks (the UN Guiding Principles and OECD Guidelines) with two distinct national traditions: France's 2017 Loi de vigilance, which relies on private civil liability, and Germany's 2021 Lieferkettengesetz, which centers on administrative supervision and public enforcement.

For arguments focused on corporate accountability and private enforcement, the article's central value lies in its critique of this dual-track enforcement model. By layering administrative oversight and sanctions directly on top of private complaint mechanisms and civil liability, the CSDDD creates overlapping legal pressures intended to deter misconduct and ensure victim redress. However, Sinnig and Zetzsche question the doctrinal consistency and proportionality of combining full public and private enforcement regimes simultaneously, noting that multi-tier supply chain attribution, high compliance burdens, and asymmetric scope rules (capturing smaller EU firms while leaving comparably sized non-EU competitors out of scope) risk straining European competitiveness. Consequently, the piece provides both a clear map of how private enforcement operates within modern EU due diligence law and a preview of the exact proportionality and economic counterarguments any defense of private enforcement must address[4].

Evolution of EU Data Regulations from the GDPR to the DMA, DSA, DGA, Data Act and AI Act

Maitrayee Pathak's article argues that EU digital law has undergone a fundamental paradigm shift from narrow personal data protection to comprehensive ecosystem governance. While the GDPR established a rights-centric foundation focused on safeguarding natural persons and restricting the misuse of personal data, the EU's subsequent legislative wave—comprising the Digital Markets Act (DMA), Digital Services Act (DSA), Data Governance Act (DGA), Data Act, and EU AI

[3] Silvia Ciacchi, The Newly-Adopted Corporate Sustainability Due Diligence Directive: An Overview of the Lawmaking Process and Analysis of the Final Text, 25 ERA F. 29 (2024

[4] Julia Sinnig & Dirk A. Zetzsche, The EU's Corporate Sustainability Due Diligence Directive: From Disclosure to Mandatory Prevention of Adverse Sustainability Impacts in Supply Chains, 16 EUR. J. RISK REGUL. 628 (2025).

Act—expands regulation into non-personal data, market contestability, platform accountability, and algorithmic risk. Rather than treating data solely as something to shield, these newer instruments aim to actively structure data flows, interoperability, and trustworthy innovation across the digital economy.

A central argument of the piece is that these regulations operate as an interconnected, overlapping stack rather than isolated legal silos, making it impossible to understand the EU AI Act without tracing its roots back to the GDPR and broader data governance laws. Specifically, the GDPR governs personal data throughout AI training and deployment, the DGA and Data Act establish the infrastructure and access rules for sharing non-personal and industrial datasets that fuel AI systems, and the DMA/DSA curb platform monopolies and systemic algorithmic risks. By mapping these intersections, Pathak demonstrates that effective compliance and policy analysis require a unified governance lens—one that reconciles individual privacy rights with data availability and risk-based AI oversight[5].

The Development of European Data Protection Law and Regulation

European data protection law evolved from scattered 1970s national statutes—enacted to regulate early mainframe databases—into a unified, directly applicable fundamental rights framework under the GDPR. Following early international baselines such as the 1980 OECD Guidelines and the Council of Europe's Convention 108, the European Union introduced its first harmonized instrument with the 1995 Data Protection Directive (Directive 95/46/EC), alongside the later recognition of data protection as a distinct fundamental right under Article 8 of the EU Charter of Fundamental Rights. However, because a directive required national transposition and predated global internet platforms, cloud computing, and pervasive tracking, it produced fragmented enforcement across Member States and struggled to keep pace with modern data processing[6].

The central argument of the chapter is that the GDPR was not a sudden break from the past, but a necessary structural evolution designed to preserve Europe's foundational data protection principles in a radically changed technological and constitutional landscape. Kuner, Bygrave, and Docksey contend that while core substantive principles—such as lawfulness, purpose limitation, and data subject control—remained continuous from earlier instruments, the shift from a directive to a directly enforceable regulation was essential to eliminate internal market fragmentation, give real teeth to fundamental rights protections, and establish a more effective, accountable, and globally resonant regulatory model.

Between Simplification and Stagnation: The EU Digital Omnibus and the Future of Data Protection Law

In his 2026 Cambridge Yearbook of European Legal Studies article, "Between Simplification and Stagnation: The EU Digital Omnibus and the Future of Data Protection Law," Henry Pearce examines the fierce debate surrounding the European Commission's November 2025 Digital Omnibus proposal. Framed by the Commission as a modest, technical effort to cut compliance burdens and boost EU digital competitiveness, the Omnibus seeks to streamline elements of the General Data Protection Regulation (GDPR) alongside adjacent digital rules. Critics, however,

[5] Maitrayee Pathak, Data Governance Redefined: The Evolution of EU Data Regulations from the GDPR to the DMA, DSA, DGA, Data Act and AI Act, 10 Eur. Data Prot. L. Rev. 43 (2024).
[6] Christopher Kuner, Lee A. Bygrave & Christopher Docksey, Background and Evolution of the EU General Data Protection Regulation (GDPR)https://academic.oup.com/book/36724/chapter-abstract/321800312

warn that because the GDPR operationalizes constitutional fundamental rights and anchors key concepts across the wider EU digital acquis—including the Digital Services Act and AI governance—even ostensibly procedural adjustments risk eroding hard-won data protection safeguards and destabilizing legal coherence.

While Pearce takes these warnings about regulatory regression seriously, his central argument is that the debate risks sliding into a counterproductive posture that treats legislative reform of data protection law as inherently suspect. When every attempt at simplification is reflexively dismissed as covert deregulation—and opposition is written off as obstructionism—genuine structural flaws, persistent legal ambiguities, and overlapping compliance burdens within the existing regime remain unresolved. Pearce contends that resisting legislative evolution altogether does not preserve fundamental rights; instead, it entrenches operational stagnation and pushes necessary institutional adaptation into less transparent, less accountable channels, making the core challenge not whether to reform EU data protection law, but how to do so without sacrificing its normative legitimacy[7].

Risk-Based AI Regulation and the Convergence of Data Protection Obligations

The adoption of Regulation (EU) 2024/1689, commonly known as the European Union Artificial Intelligence Act, represents a significant development in the regulation of artificial intelligence through a risk-based legal framework. Ebers (2025), in his article Truly Risk-based Regulation of Artificial Intelligence: How to Implement the EU's AI Act, critically examines the proportionality and implementation of this regulatory approach. The author acknowledges that risk-based regulation provides an appropriate mechanism for balancing technological innovation with the protection of fundamental rights and public interests. However, he identifies certain limitations in the implementation of the AI Act, particularly concerning risk classification, insufficient reliance on empirical evidence and the possibility of overlapping regulatory obligations. The author further highlights that the simultaneous application of the AI Act and existing EU legislation, including data protection and copyright laws, may create legal uncertainty and additional compliance burdens for organisations. His analysis emphasises the importance of continuous risk assessment, regulatory flexibility and proportionate implementation to ensure that AI governance remains effective as technology develops.

The relationship between artificial intelligence regulation and data protection is further examined by Hohmann and Kollár (2025) in their article Reflections on the Data Protection Compliance of AI Systems under the EU AI Act. The authors analyse the interaction between the AI Act and the General Data Protection Regulation (GDPR), particularly in relation to the compliance responsibilities of AI developers. Their study demonstrates that the AI Act supplements rather than replaces the GDPR, thereby requiring organisations to address both AI-specific risks and personal data protection obligations. The interaction between these regulatory instruments creates additional compliance considerations concerning the lawful processing of personal data, organisational accountability and the responsibilities of AI developers. This is particularly significant in the context of AI training, where large datasets may contain personal information collected from publicly accessible online sources. Consequently, AI regulatory compliance cannot

[7] Henry Pearce, Between Simplification and Stagnation: The EU Digital Omnibus and the Future of Data Protection Law, Cambridge Y.B. Eur. Legal Stud. 1, 1 (July 27, 2026) (advance online publication), https://doi.org/10.1017/cel.2026.10035.

be considered independently of the principles and obligations established under data protection law.

A combined examination of these scholarly contributions highlights the fragmented nature of existing AI compliance responsibilities. While Ebers focuses on the proportionality and effectiveness of risk-based AI regulation, Hohmann and Kollár emphasise the continuing relevance of data protection obligations within the AI regulatory framework. However, these regulatory discussions also raise a broader corporate governance question concerning the responsibility of directors and corporate boards for supervising interconnected AI-related legal risks. The use of web-scraped data for AI training, for instance, may involve privacy, copyright and organisational accountability concerns that require coordinated internal supervision. This research therefore extends the existing discussion by examining how the interaction between AI regulation and data protection obligations can be incorporated into directors' oversight responsibilities and an integrated ESG–AI corporate governance framework[8].

EU Omnibus Reforms

The European Union's Omnibus reforms represent a significant development in the evolution of its corporate sustainability and digital regulatory framework. These reforms were introduced primarily to simplify regulatory requirements, reduce administrative burdens and improve the competitiveness of European businesses. However, their implications extend beyond procedural simplification, raising important questions concerning corporate accountability, sustainability reporting and board-level governance. In particular, the Omnibus I package introduced amendments to the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD), thereby modifying the scope and extent of sustainability-related obligations imposed on companies.

A major legislative development in this regard is Directive (EU) 2026/470, which entered into force on 18 March 2026. The amended CSRD generally limits mandatory sustainability reporting to companies exceeding both 1,000 employees and €450 million in net annual turnover. The amendments also seek to reduce excessive information requests imposed on smaller companies within corporate value chains. Similarly, amendments to the CSDDD modify the scope and implementation of corporate sustainability due diligence obligations. These changes reflect the EU's attempt to balance sustainability objectives with business competitiveness and regulatory proportionality. From a corporate accountability perspective, these developments create an important area for legal examination. The reduction of mandatory reporting and due diligence requirements may increase the importance of internal corporate governance mechanisms, particularly where companies continue to deploy AI systems that generate privacy, discrimination, environmental or intellectual property risks. In this context, directors' duties of care, diligence and oversight under applicable national corporate laws become relevant to assessing whether boards have adequately identified and supervised foreseeable corporate risks. Therefore, this research examines whether the Omnibus reforms create a potential accountability gap between the reduction of certain statutory sustainability obligations and the continuing legal responsibilities of companies and their directors.

[8] Martin Ebers, Truly Risk-Based Regulation of Artificial Intelligence: How to Implement the EU's AI Act, 16 Eur. J. Risk Regul.

Convergence of ESG and AI Regulation

The convergence of Environmental, Social and Governance (ESG) principles with Artificial Intelligence (AI) regulation represents an emerging dimension of contemporary corporate governance. Traditionally, ESG frameworks have focused on environmental sustainability, social responsibility, human rights, transparency and corporate accountability. However, the increasing integration of AI into business operations has expanded the scope of these considerations. AI systems can influence environmental sustainability through energy consumption and resource utilisation, create social risks through algorithmic discrimination and privacy violations, and generate governance challenges relating to transparency, accountability and human oversight.

The environmental dimension of ESG is particularly relevant to the development and deployment of AI technologies. Training and operating advanced AI models may require substantial computational resources, electricity and data infrastructure. These activities raise questions concerning energy consumption, carbon emissions and the sustainability of digital infrastructure. Accordingly, corporate sustainability governance should consider not only the financial and operational benefits of AI adoption but also its environmental consequences. The CSRD provides a framework for sustainability-related disclosures by companies within its scope, while AI governance mechanisms can support the identification and management of environmental risks associated with AI deployment[9].

REGULATORY SIMPLIFICATION AND EMERGING CORPORATE ACCOUNTABILITY GAP

The immediate effect of Omnibus I and Regulation (EU) 2026/1744 is a measurable contraction of ex-ante statutory reporting and compliance deadlines. However, statutory relief creates an illusion of immunity if boards conflate the removal of a reporting duty with the disappearance of underlying corporate risk.

Drawing on Pearce's framework, regulatory simplification exposes a structural tension: when dense, overlapping rules are pared back to avoid compliance paralysis, an accountability gap opens between formal statutory obligations and real-world harms[10]. Under Omnibus I, mid-sized enterprises with 300 to 999 employees are no longer legally required to publish CSRD reports, yet they remain embedded in global supply chains where institutional investors, commercial lenders, and large tier-one customers (still bound by CSRD and CSDDD) contractually demand environmental, human-rights, and governance assurances. Similarly, extending high-risk AI Act compliance deadlines to December 2027 or August 2028 suspends administrative conformity assessments under the AI Act, but does not insulate deployers from harms caused by discriminatory, unsafe, or opaque algorithmic systems deployed today.

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[9] International Energy Agency, Energy and AI (2025).
Commission Delegated Regulation (EU) 2024/1364 of 14 Mar. 2024 on the First Phase of the Establishment of a Common Union Rating Scheme for Data Centres, 2024 O.J. (L 2024/1364).
Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 Dec. 2022 as Regards Corporate Sustainability Reporting, 2022 O.J. (L 322) 15.. Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 Supplementing Directive 2013/34/EU as Regards Sustainability Reporting Standards, 2023 O.J. (L 2023/2772), Annex I, ESRS E1-5.
Regulation (EU) 2024/1689 of the European Parliament and of the Council of 13 June 2024 Laying Down Harmonised Rules on Artificial Intelligence (Artificial Intelligence Act), 2024 O.J. (L 2024/1689), arts. 53, 95.
Short-form citations

[10] Pearce, supra note 1

Rather than extinguishing accountability, regulatory simplification shifts its locus—from standardized administrative checklists toward company law duties, contractual risk allocation, data protection enforcement, and private litigation.

DIRECTORS' FIDUCIARY DUTIES AND BOARD-LEVEL AI OVERSIGHT

Company law provides the primary bridge across any statutory gap left by the Omnibus reforms. Across European jurisdictions, corporate directors owe core fiduciary duties of care, diligence, loyalty, and informed oversight—requiring them to identify, monitor, and mitigate material risks to the company's long-term viability and legal compliance[11]

Regulatory thresholds under CSRD or the AI Act define minimum public-law compliance floors, not the outer boundaries of fiduciary prudence. Under established corporate governance principles—exemplified in comparative jurisprudence by the Caremark oversight doctrine[12] and codified across EU Member State company codes—directors breach their duty of oversight when they fail to implement information and reporting systems for mission-critical risks or consciously disregard red flags. When an enterprise deploys generative or high-risk AI systems across credit scoring, human resources, healthcare, or industrial operations, algorithmic failure poses an existential financial and reputational threat regardless of whether Annex III enforcement is deferred to December 2027.

Furthermore, Omnibus I's deletion of the EU-wide civil liability provision in the CSDDD does not shield directors or parent companies from domestic tort and company-law claims. National courts remain empowered to evaluate whether boards exercised reasonable care in overseeing foreseeable supply-chain or technological harms. Boards that dismantle internal ESG or AI risk committees simply because statutory thresholds shifted risk turning regulatory simplification into evidence of governance negligence.

ESG–AI CONVERGENCE: Integrating Sustainability and Responsible AI Governance

Modern corporate risk rarely respects statutory silos. The rapid enterprise adoption of generative and agentic AI systems has created an acute ESG–AI convergence, where technological deployment directly implicates environmental, social, and governance performance.

1. Environmental Dimension: Training and running large-scale foundation models require substantial electricity and water consumption, complicating corporate decarbonization targets and Scope 3 emissions tracking. Even where Omnibus I repealed the mandatory CSDDD climate transition plan obligation, capital markets, green bond covenants, and CSRD-covered parent entities continue to scrutinize data-center energy footprints and resource intensity.
2. Social Dimension: Algorithmic bias in recruitment, lending, insurance pricing, and workplace surveillance directly threatens fundamental rights to non-discrimination and human dignity. While Regulation (EU) 2026/1744 introduces a narrow legal basis allowing providers and deployers to process special-category personal data for bias

[11] Beate Sjåfjell et al., Shareholder Primacy: The Main Barrier to Sustainable Companies, in COMPANY LAW AND SUSTAINABILITY: LEGAL BARRIERS AND OPPORTUNITIES 79, 85–92 (Beate Sjåfjell & Benjamin J. Richardson eds., 2015).

[12] In re Caremark Int'l Inc. Derivative Litig., 698 A.2d 959, 970 (Del. Ch. 1996); see also Marchand v. Barnhill, 212 A.3d 805, 820–24 (Del. 2019) (reaffirming board oversight liability for mission-critical compliance risks)

detection and correction, that facilitation does not excuse discriminatory outcomes under EU equality directives or national labor laws.

3. Governance Dimension: Treating AI ethics and ESG compliance as separate operational tracks produces blind spots. When procurement teams license third-party AI tools without evaluating vendor data provenance, labor conditions in data-labeling supply chains, or environmental impacts, the corporation absorbs compounded legal and reputational exposure.

WEB SCRAPING , DATA PROTECTION AND COPYRIGHT LIABILITY IN AI TRAINING

Nowhere is the persistence of corporate liability clearer than in the acquisition of training data for generative AI. Even as legislative negotiators debate targeted GDPR refinements under the Digital Omnibus on data, existing data protection and intellectual property rules impose strict constraints on web scraping.

On 8 July 2026, the European Data Protection Board adopted Guidelines 03/2026 on web scraping in the context of generative AI, establishing a rigorous compliance benchmark for organizations scraping online data directly or reusing datasets compiled by third-party data brokers. The EDPB clarifies that publicly accessible online data remains fully subject to the GDPR. Controllers relying on legitimate interests under Article 6(1)(f) GDPR must conduct a documented three-part balancing test weighing commercial model development against data subjects' reasonable expectations, the risk of profiling or deepfake generation, and the inadvertent capture of sensitive data under Articles 9 and 10 GDPR (such as health, biometric, financial, location, or minors' data). Moreover, controllers must implement technical filters to uphold data minimization, respect machine-readable opt-out protocols, and satisfy Article 14 transparency duties through detailed public disclosures specifying data sources and crawler characteristics.

Parallel copyright and database rules compound this exposure. Under Article 4 of the EU Digital Single Market (DSM) Copyright Directive[13] commercial text and data mining (TDM) is lawful only where rightsholders have not expressly reserved their rights in an appropriate, machine-readable manner—a requirement reinforced by Article 53(1)(c) of the EU AI Act, which obliges general-purpose AI providers to implement a policy respecting copyright reservations and publish detailed training-content summaries[14] Crucially, Article 53 obligations for general-purpose AI models were not deferred by Regulation (EU) 2026/1744. Corporations scraping protected works

[13] 12. Directive (EU) 2019/790, of the European Parliament and of the Council of 17 April 2019 on Copyright and Related Rights in the Digital Single Market and Amending Directives 96/9/EC and 2001/29/EC, art. 4, 2019 O.J. (L 130) 92, 113–14.
[14] Regulation (EU) 2024/1689, supra note 8, art. 53(1)(c)–(d)

or ingesting unverified third-party datasets therefore face simultaneous exposure to GDPR administrative fines, statutory injunctions, and copyright infringement suits.

THE SHIFT FROM EX-ANTE COMPLIANCE TO EX-POST ENFORCEMENT AND PRIVATE LITIGATION

When lawmakers narrow ex-ante regulatory reporting and extend statutory transition windows, enforcement pressure migrates toward ex-post accountability mechanisms. In the post-Omnibus environment, corporations face four converging channels of ex-post liability:

1. Data Protection Supervisory Enforcement: National Data Protection Authorities (DPAs) retain full investigative and fining powers under Article 83 GDPR—including orders to delete unlawfully scraped datasets or retrain models tainted by unlawful personal data processing.
2. . Product Liability and Algorithmic Harm: Under the revised EU Product Liability Directive (Directive (EU) 2024/2853)[15] software and AI systems are explicitly classified as products, enabling injured parties to seek strict-liability compensation for defects—including post-deployment machine-learning updates—supported by disclosure presumptions where technical complexity impedes proof.
3. Collective Redress and Shareholder Actions: The EU Representative Actions Directive (Directive (EU) 2020/1828)[15] empowers qualified entities to bring cross-border consumer collective actions for breaches of the GDPR, AI Act, and unfair commercial practices—creating substantial class-action exposure for deceptive "AI-washing" or "greenwashing" claims.
4. Contractual Chain Liability: Under Omnibus I, large corporations subject to CSRD and CSDDD cannot demand unlimited disclosures from small suppliers beyond the voluntary standard, yet they routinely embed representations, warranties, and indemnification clauses into commercial contracts covering AI provenance, data lawfulness, and human-rights compliance. Breach triggers immediate commercial termination and contractual damages independent of public-law thresholds.

RECOMMENDATIONS FOR AN INTERGRATED CORPORATE GOVERNANCE FRAMEWORK

To prevent the post-Omnibus compliance gap from maturing into fiduciary or litigation liability, boards should adopt a unified, risk-based governance architecture:

1. Anchor Governance in Enterprise Materiality, Not Statutory Thresholds: Boards of companies falling below the revised CSRD threshold (1,000 employees / €450 million turnover) should maintain proportionate double-materiality assessments aligned with the EU's voluntary sustainability standards to satisfy lender, investor, and supply-chain expectations.

2. Unify Board-Level ESG and AI Oversight: Establish a joint Sustainability and Digital Governance Committee (or expand Audit and Risk Committee charters) with clear reporting lines covering algorithmic risk, environmental compute impacts, and supply-chain human rights.

[15] Directive (EU) 2024/2853, of the European Parliament and of the Council of 23 October 2024 on Liability for Defective Products and Repealing Council Directive 85/374/EEC, arts. 4(1), 7, 10, 2024 O.J. (L 2024/2853) 1.

3. Institute Pre-Deployment Data Lineage and Scraping Audits: Require documented GDPR legitimate-interest assessments, sensitive-data filtering, machine-readable TDM opt-out verification, and vendor indemnities before deploying or fine-tuning generative AI models in accordance with EDPB Guidelines 03/2026.
4. Use Extended AI Act Timelines for Operational Readiness: Treat the December 2027 and August 2028 high-risk AI application dates as a structured runway to build technical documentation, human-oversight protocols, and post-market monitoring systems rather than delaying governance until enforcement begins.
5. Prevent "Greenwashing" and "AI-Washing" in Public Disclosures: Subject voluntary sustainability and AI safety claims to internal verification controls so public statements remain accurate, verifiable, and defensible against consumer and investor scrutiny.

CONCLUSION

The EU's 2026 Omnibus reforms recalibrate the procedural weight of European corporate and digital regulation, narrowing direct statutory reporting perimeters and extending compliance horizons. Yet as this analysis demonstrates, regulatory simplification does not equate to corporate deregulation. By raising statutory thresholds and deferring ex-ante administrative rules, the Omnibus packages shift the center of gravity toward fiduciary oversight duties, integrated ESG–AI risk management, strict GDPR and copyright rules governing AI training data, and ex-post civil and regulatory enforcement. Boards that interpret legislative streamlining as an invitation to retreat from governance expose their enterprises—and themselves—to acute legal, financial, and reputational liability. Sustainable competitiveness in the post-Omnibus era belongs to corporations that treat statutory simplification not as a ceiling on responsibility, but as an opportunity to build coherent, principled, and resilient governance from within.