

Omnibus Position Paper – 8th of May 2025

In February 2025, the European Commission presented an omnibus package aimed at revising several key sustainability regulations, including the Corporate Sustainability Reporting Directive (CSRD), the Corporate Sustainability Due Diligence Directive (CSDDD), and the Taxonomy Regulation.

The purpose is to simplify corporate reporting obligations and enhance competitiveness. The Haga Initiative welcomes these proposals but expresses concern that certain aspects risk undermining climate ambition, transparency, and the incentives needed for a successful transition. We see great value in European climate policy remaining both ambitious and predictable, in order to create confidence for business investment.

CSRD: Simplification – but with maintained scope and function

It is positive that the double materiality assessment is retained and that it is being reviewed to ensure that the materiality assessment truly captures the essential aspects, which will facilitate the integration of sustainability into corporate governance. However, the proposal to limit mandatory sustainability reporting to only companies with over 1,000 employees would exempt about 80 percent of the companies otherwise covered. This significant limitation hinders transparency around companies' actual climate impact, and these companies would miss out on the insights that the double materiality assessment provides. The reporting has a strong educational and innovation effect, which risks being lost and may increase the gap between small and large companies. Furthermore, reduced inclusion of companies may distort competition within certain sectors.

We support simplifications by eliminating duplicate reporting and aligning data requirements between CSRD, the taxonomy, and CSDDD, without lowering sustainability ambition. However, the standards must continue to ensure relevant, comparable, and verifiable information. Quality assurance is essential, but we see the need to phase in audit requirements and assurance levels. Initially using limited assurance, with a transition to reasonable assurance, is a justifiable step to balance cost and benefit. To support comparability, sector-specific guidance from EFRAG is needed.

To further strengthen the link to the EU's self-sufficiency and resource efficiency goals, and to show how sustainability reporting can contribute to more than mere compliance, we also propose that the CSRD be complemented with reporting requirements on the content of critical raw materials and how the company works with circular processes, such as design for recycling. This would reinforce the link to EU objectives and highlight how sustainability reporting can add strategic value.

CSDDD: Broader responsibility, gradual implementation, and risk-based focus

Limiting due diligence requirements to only the first tier of suppliers is insufficient. Serious sustainability risks can arise all throughout the value chain. Focusing solely on the first-tier risks diluting the directive's overall purpose. The Haga Initiative therefore proposes a gradual implementation, where requirements for supplier tiers 1-3 are introduced at two-year intervals. This gives companies time to gather information and establish good practices without abandoning the directive's intent.

We support a toward a risk-based approach, as long as companies are required to demonstrate that risks further down the chain have been assessed and deemed immaterial. Transparency in the methods used for risk assessments is essential. Limiting risk assessments to every five years is far too infrequent; we propose every three years as a reasonable initial standard.

The requirement for climate transition plans should be maintained but clarified. Linking them to concrete climate targets provides predictability. However, this must be combined with political responsibility and actions as the private sector cannot carry the burden of the transition alone.

To avoid additional costs, clearer direction and harmonized definitions are essential, as the current directive risks leading to differences in interpretation, making implementation more difficult and possibly resulting in redundant efforts.

Taxonomy: Retain strength – but support small businesses

It is important to ensure that the taxonomy for sustainable investments remains a strong and credible tool and provide incentives for investments in the transition. One way to simplify the taxonomy and make it more understandable for recipients is to introduce a materiality criterion, i.e. requiring reporting only on impacts that are material. This would shift the focus of reporting toward quality rather than quantity. We understand the need for proportionality for smaller companies and that voluntary reporting could be considered for them. At the same time, the criteria for what qualifies as sustainable must remain strict. Loosening the definitions risks encouraging greenwashing and weakening the purpose of the taxonomy.

We therefore advocate maintaining current requirements but with improved sector-specific guidance to support businesses, especially SMEs, in adapting gradually. The taxonomy must also be interoperable with other global standards to avoid duplication and enhance international credibility. A materiality principle similar to CSRD could be introduced to ensure that only relevant information is reported, thereby avoiding redundant reporting.

Focus on implementation – not delay

The rules need to be implemented effectively but this requires support and predictability. Authorities and EU institutions should offer clear guidance, training, and support functions, rather than delaying already adopted reforms. At the same time, certain requirements, such as full audit obligations, may need to be phased in so that companies can meet them without undue administrative burden.

Businesses are calling for long-term, clear rules of the game. Uncertainty hampers investment and innovation, while stable requirements drive the development of sustainable solutions.

About Haga Initiative: The Haga Initiative is a network of large companies in Sweden. The vision is a profitable business without climate impact.

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