Omnibus Package on Sustainability Reporting Simplification

Eurelectric position paper

May 2025

Eurelectric represents the interests of the electricity industry in Europe. Our work covers all major issues affecting our sector. Our members represent the electricity industry in over 30 European countries.

We cover the entire industry from electricity generation and markets to distribution networks and customer issues. We also have affiliates active on several other continents and business associates from a wide variety of sectors with a direct interest in the electricity industry.

We stand for

The vision of the European power sector is to enable and sustain:
- A vibrant competitive European economy, reliably powered by clean, carbon-neutral energy
- A smart, energy efficient and truly sustainable society for all citizens of Europe

We are committed to lead a cost-effective energy transition by:

investing in clean power generation and transition-enabling solutions, to reduce emissions and actively pursue efforts to become carbon-neutral well before mid-century, taking into account different starting points and commercial availability of key transition technologies;

transforming the energy system to make it more responsive, resilient and efficient. This includes increased use of renewable energy, digitalisation, demand side response and reinforcement of grids so they can function as platforms and enablers for customers, cities and communities;

accelerating the energy transition in other economic sectors by offering competitive electricity as a transformation tool for transport, heating and industry;

embedding sustainability in all parts of our value chain and take measures to support the transformation of existing assets towards a zero carbon society;

innovating to discover the cutting-edge business models and develop the breakthrough technologies that are indispensable to allow our industry to lead this transition.

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I. General Position

Eurelectric supports the overall objective of the Commission to reduce the administrative burden and reporting obligations by 25% for all businesses and by 35% for SMEs[1]. This must entail simplifications and identifying and removing overlaps and redundancies in the sustainability legislation and in the existing reporting requirements.

In our view, this means reducing unnecessary mandatory ESRS data points and avoiding new ones (sector-specific ESRS), redefining or removing Taxonomy KPIs that are not significant and not pertinent, and harmonising due diligence rules across all relevant legislations.

However, we support the fundamental idea and objective of sustainability reporting as they contribute to achieving a sustainable energy transition. We particularly support that the fundamental principles such as the double materiality principle under the CSRD is upheld.

Additionally, companies of the first reporting wave have already overcome the first hurdles of the CSRD and have adjusted their operations and worked towards their first CSRD sustainability statement. Some have even already published or will soon publish it. Hence, legal certainty is key for those companies.

We welcome most of the ideas the Commission has presented in the Omnibus package as these cover requests our industry has already made prior to the publication. We elaborate on the individual provisions further below.

Looking ahead, we urge for an efficient negotiation process between co-legislators under the fast-track procedure that ensures a predictable operating environment for companies. Companies must also have enough time to get an understanding of the new requirements and to implement them.

Proportionality must be the guiding principle for the review of the CSRD, CSDDD, and EU Taxonomy during these negotiations. The review must be guided by the questions whether each individual KPIs and data points are cogent and expedient for the goal of achieving a sustainable transition and whether the resulting reporting requirements for companies are commensurate to that goal. Redundancies and potential simplifications must be identified and thus removed or harmonised across legislations accordingly.

II. Corporate Sustainability Reporting Directive (CSRD)

A. We support the following elements of the proposal:

- Maintaining the double materiality concept: it is a fundamental and guiding element of sustainability reporting that should not be questioned

[1] Commission simplifies rules on sustainability and EU investments

- Planned annulment of the Commission delegated act for sector-specific ESRS

  This is a very effective way to avoid additional administrative burden since these standards would not provide added value for the market, especially not alongside the sector-agnostic ESRS.

  Also, introducing sector-specific standards would force companies to adjust their reporting that has partly already been finalised, hence require additional resources.

  If co-legislators agree to retain the sector-specific ESRS, these standards should by no means follow the lead of the draft oil and gas sectoral standard prepared by EFRAG as it is highly complex and unclear. Also, in such scenario additional data points should be limited as much as possible.

- Revision of sector-agnostic ESRS

  We support that mandatory ESRS datapoints will be reduced by removing those deemed least important for general purpose sustainability reporting, and also those provisions that are deemed to be unclear. However, the review process must be transparent by early engaging in stakeholder dialogue, conducting an impact assessment, and publishing a clear timeline as early as possible. This is important as companies require sufficient time to assess impacts and provide feedback.

- Assurance of sustainability reporting

  We support the Commission's plan to drop the delegated act on 'standards for reasonable assurance' and instead clarify and simplify the assurance of sustainability reporting through targeted assurance guidelines. These guidelines should clearly clarify the boundaries of 'limited assurance' and the necessary procedures to be followed by assurance providers and should ensure harmonised interpretation and application of sustainability assurance across Europe.

  The above is highly relevant given that in many cases, over-compliance by companies has been triggered by auditors' own interpretation of EFRAG's non-binding guidance and/or auditors' overly cautious approach to sustainability reporting leading to an unlevel playing field between corporates across Europe and undue additional costs and efforts.

B. We suggest the following further amendments to the proposal:

- Reporting standards for voluntary use (VSME)

The Commission proposal exempts companies from CSRD reporting, and hence these cannot be obliged to collect and report data that in-scope companies require for their own CSRD reporting. As co-legislators appear to support this reduced scope of companies, we propose and highlight the following regarding the Commission proposal.

We question to limit the information requests to VSME (sustainability reporting standards for voluntary use by undertakings not required to report on their sustainability) that larger in-scope companies send to companies that are meant to be out-of-scope of reporting in the future. Generally, for in-scope companies, gathering reporting information from out-of-scope companies is more feasible when the information out-of-scope companies must provide are not limited.

First, it must be ensured that in-scope companies have access to information in their value chain that are required for their own CSRD reports while not increasing their administrative burden. Plus, it will need to be further clarified under what conditions in-scope companies could be compliant and receive assurance for their reporting while required information are potentially missing from their reports resulting from out-of-scope companies not being obliged to share this information.

III. Corporate Sustainability Due Diligence Directive (CSDDD)

As follows we are either voicing our support for the proposal or suggest further improvements and clarifications.

- Extending full harmonisation regarding due diligence rules

  This objective is positive. Nevertheless, the proposal focuses only on the due diligence requirements of the CSDDD while value chain mapping and due diligence (including reporting) is currently required as part of an increasing number of other pieces of legislation too (EU Taxonomy, CSRD, the EU Forced Labour Import Ban, the Deforestation Regulation, the Battery Regulation or the EU Conflict Minerals Regulation etc.).

  The differences in these legislations must be harmonised. For example, the CSRD defines value chains, whereas the CSDDD defines a chain of activities, and the Batteries Regulation talks about supply chains.

- Risk-based human rights and environmental due diligence (article 8)

  The proposed amendments to the due diligence obligations need to be clarified. The due diligence requirements should facilitate risk-based prioritisation in the due diligence process that enables focusing action where most necessary and impactful. The

amendments should not decrease companies' possibilities to conduct meaningful due diligence. Some of the proposed amendments in Article 8(2a) would increase possibilities for different kind of interpretations, increasing uncertainty for companies. Clarifications are for example required to what constitutes 'plausible information' about shortcomings and adverse impacts at the level of 'indirect business partners' that companies should investigate and assess.

- Climate transition plans

  Only minor changes are proposed that do not provide a solution to the main implementation and compliance problems that companies face. Companies will still have to adopt a transition plan and implementation actions aimed at ensuring - through best efforts - that their business model and strategy are compatible with the 1.5° trajectory. Furthermore, companies must update their transition plan annually, including a progress report, and are subject to extensive oversight by the competent national authorities which may (potentially) intervene in the design of the transition plans. Additionally, the proposed changes still raise questions about how to interpret the legal provisions. In our view, further clarifications are needed on these provisions and potential liability and oversight issues must be addressed. We also call on a better alignment of transition plan requirements across EU policy, and in particular CSRD and CS3D.

- Removing minimum caps for fines and the link to the net worldwide turnover

- Reducing the frequency from 1 to 5 years for companies to monitor the adequacy and effectiveness of due diligence measures

- Removing the obligation to terminate business relationships as a last resort measure. However, the right to terminate a business relationship should be preserved.

- The proposed limitation of information requests vis-à-vis SME and SMC business partners for mapping the value chain for the purposes of identifying adverse impacts should not be introduced. It must be ensured that large companies have access to information in the value chain. The adopted CSDDD already includes enough provisions to safeguard SMEs.

- Accelerating the adoption of Commission guidelines including the model contractual clauses to allow companies sufficient preparation. It is crucial that these are published no later than July 2026.

Eurelectric pursues in all its activities the application of the following sustainable development values:

Economic Development

- Growth, added-value, efficiency

Environmental Leadership

- Commitment, innovation, pro-activeness

Social Responsibility

- Transparency, ethics, accountability

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