

MARCH 2025

CORPORATE SUSTAINABILITY REPORTING DIRECTIVE

CHANGES PROPOSED BY OMNIBUS



Presented by

EUROPEAN CONFEDERATION OF
INSTITUTES OF INTERNAL AUDITING



ECIIA

Context

Corporate Sustainability Reporting Directive

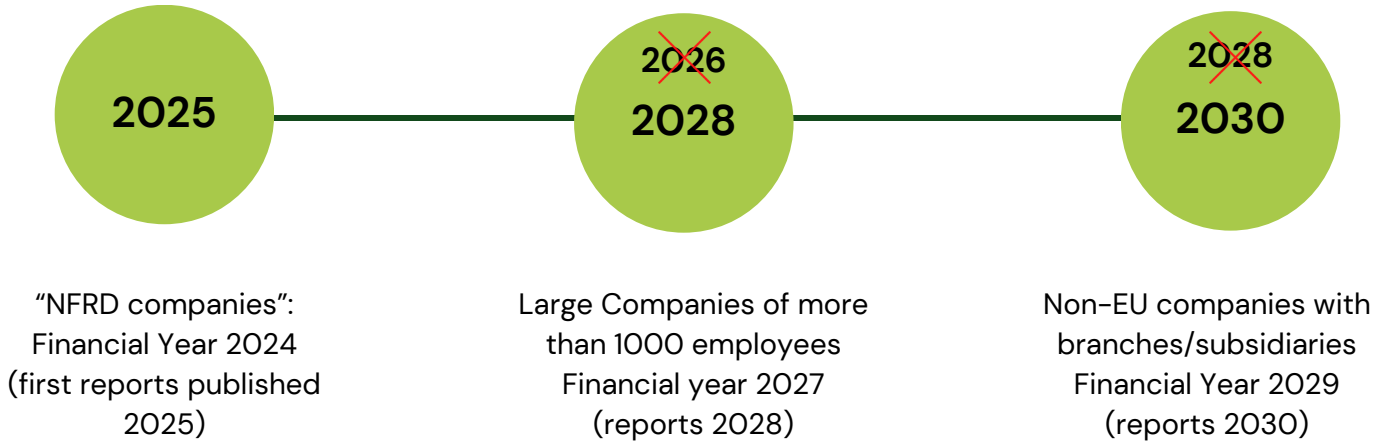
On February 26, 2025, the European Commission launched the Omnibus sustainability rule simplification package, as part of the simplification agenda to boost European companies' competitiveness while maintaining the Green Deal objectives.

	Initial CSRD	New criteria based on an Omnibus I and II proposals
To which companies will it be applicable?	All large companies: » 250 employees and/or » €40M Turnover and/or » €20M Total assets	<ul style="list-style-type: none"> • Large EU Companies avg. above 1000 employees + €50M turnover or €25M Balance sheet • Third Country undertakings with more than €450M in Turnover in the Union with an EU subsidiary generating €450M or a Branch generating €50M
How many companies are subject to the new directive?	49.000 Covering » 75% of total EU companies' turnover	<ul style="list-style-type: none"> • 9800 (reduction of companies covered by 80%)
What is the scope of reporting requirements?	<p>Defined by the European Sustainability reporting Standards that will be developed in 2 sets</p> <p>Adding additional requirements in the ESRS (based on phase 1) on:</p> <ul style="list-style-type: none"> • Double materiality concept: Sustainability risk (incl. climate change) affecting the company + Companies' impact on society and environment • Process to select material topics for stakeholders 	<p>Revision of the first ESRS set and proposals for the other sets of sustainability reporting standards</p> <ul style="list-style-type: none"> • Revision of the first set of ESRS at the latest 6 months after the entry into force of the Omnibus proposals • Future adoption of proportionate standard for voluntary use by companies outside the revised scope of CSRD

	<ul style="list-style-type: none"> • More forward looking information, including targets and progress thereon • Disclose information relating to intangibles (social, human and intellectual capital) • Reporting in line with Sustainable Finance Disclosure Regulation (SFDR) and the EU Taxonomy Regulation • Goal to adopt reasonable assurance in the short term 	<ul style="list-style-type: none"> • Recommendation for voluntary sustainability reporting based on VSME standards developed by EFRAG • No standard for LSME anymore as no obligation for LSME anymore • More flexibility for certain undertakings to report on EU taxonomy
<p>Is independent 3rd party assurance mandatory?</p>	<p>Mandatory – limited level of assurance, including:</p> <ul style="list-style-type: none"> • integration in Auditor’s Report • Audit by independent third party (statutory auditors or others) • Scope to include EU Taxonomy and process to identify key relevant information • Goal to adopt reasonable assurance in the short term 	<p>Mandatory – limited level of assurance, including:</p> <ul style="list-style-type: none"> • integration in Auditor’s Report Audit by independent third party (statutory auditors or others) • No obligation to adopt reasonable assurance standards anymore and move of reasonable assurance requirements • Target to issue assurance guidelines by 2026
<p>Where should companies report?</p>	<p>Inclusion in the Management report</p>	<p>Inclusion in the Management report</p>
<p>In what format should companies report?</p>	<p>To be submitted in electronic format (in XHTML format in accordance with ESEF regulation)</p>	<p>To be submitted in electronic format (in XHTML format in accordance with ESEF regulation)</p>

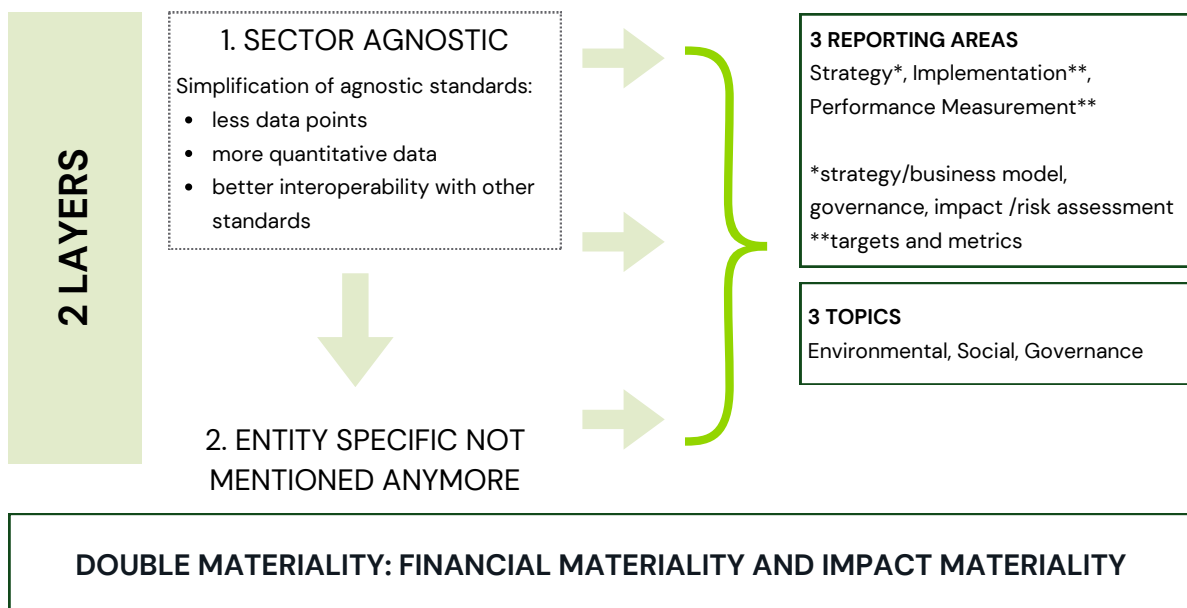
CSRD at a glance

PHASED ENTRY INTO APPLICATION: Waves 2 and 3 delayed by 2 years



PUTTING SUSTAINABILITY DISCLOSURES IN AN APPROPRIATE ARCHITECTURE

THE “RULES OF THREE” APPROACH FOR THE ARCHITECTURE OF STANDARDS HAS CHANGED > No sector specific standards anymore

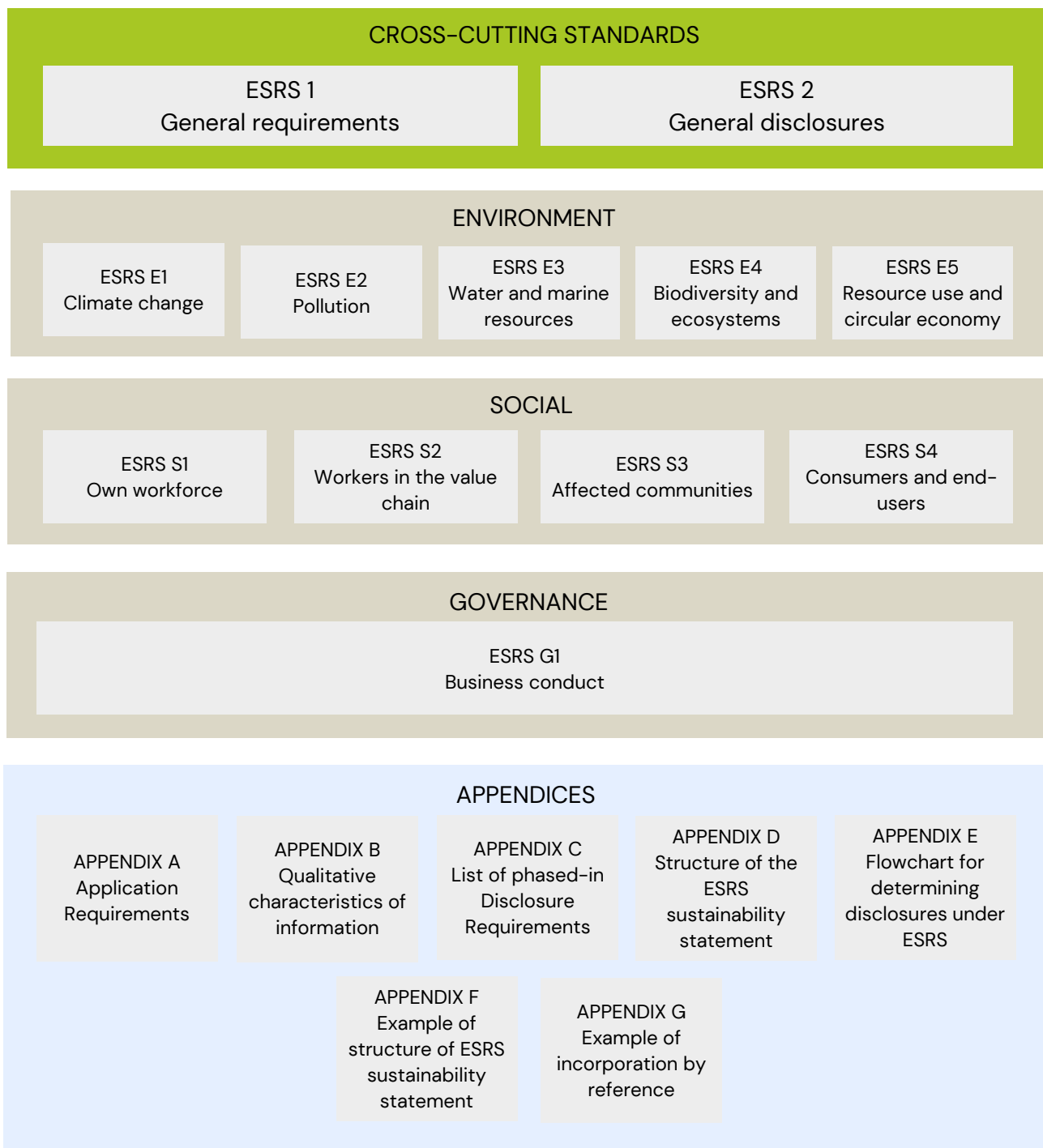


FORWARD-LOOKING INFORMATION WITH PREDEFINED DURATION

EUROPEAN SUSTAINABILITY REPORTING STANDARDS (ESRS)

ESRS 1 IN THE OVERALL ESRS STRUCTURE

10 Topic specific standards
 2 cross cutting standards



Most important principles proposed in the ESRS

1. DOUBLE MATERIALITY	Details below
2. FORWARD LOOKING	Need to set clear ESG targets and publish annually progress towards the targets
3. ROLES & RESPONSIBILITIES	Need to identify who is responsible for achieving sustainability targets (internally and externally)
4. VALUE/SUPPLY CHAIN	Details below
5. INTEGRATED REPORTING	Integration of sustainable targets and performance into the annual report

Double materiality as the basis for sustainability disclosures

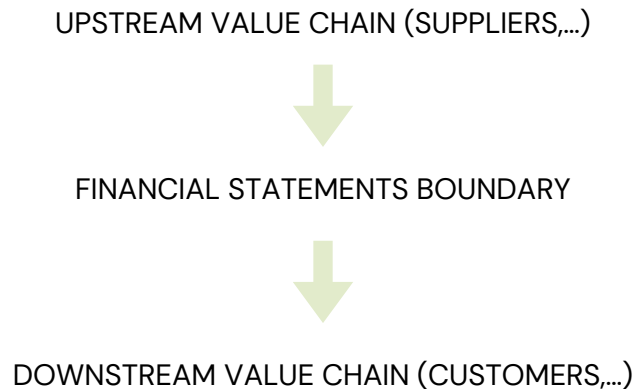


- Combination of financial materiality and impact materiality
- Need to assess what is material to the company and how the company impacts the planet and people

NEW: clearer (new) instructions on how to apply DM principles and ensure reporting exclusively on material information



INTRODUCTION TO THE VALUE CHAIN CAP



- the information collected from value chain actors is limited to the information specified in the ESRS and in the voluntary standard (to be adopted)
- it applies directly to the reporting companies, so value chain information may only be required from companies in the CSRD revised scope

ESRS PROPOSED CHANGES

The first set of ESRS will be reviewed to:

- reduce the number of datapoints (remove the less important ones)
- prioritise quantitative datapoints over narrative text
- further distinguish between mandatory and voluntary datapoints
- improve consistency with other pieces of the EU Regulations
- simplify the standards structure and presentation
- enhance further interoperability



LEGISLATIVE NEXT STEPS

- Ordinary legislative procedure (European Parliament–European Council)
- Possibly presented to European Parliament on Plenary 10–14 March
- New Delegated Acts expected
- New mandate for EFRAG
- Timeline unclear at this point

Contact Information



Industrious 6/9 Avenue des Arts
1210, Brussels, Belgium



info@eciia.eu



www.eciia.eu