

EU Sustainability Reporting: EU Commission President Foreshadows Omnibus Law

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In a response to a question by a journalist at a press conference at the European Political Community meeting in Budapest on 8 November 2024, EU Commission President Ursula von der Leyen indicated that the Taxonomy Regulation (Taxonomy), the Corporate Sustainability Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD) could be consolidated into an omnibus law, a single legal act. The president made the statement in the context of the Budapest Declaration, which includes a point to launch a "simplification revolution", and the introduction of proposals by the EU Commission in 2025 to reduce reporting requirements by EU companies "by at least 25%". In her response, Mrs von der Leyen referred to improving European competitiveness and reducing "bureaucratic burden" and "red tape", specifically reducing redundant and overlapping data points that the EU collects from European companies.

The EU Commission President's comments are interesting but do not amount to a formal proposal. Whilst there is some overlap among CSRD, CSDDD and the Taxonomy in that CSRD reporting satisfies CSDDD reporting, and CSRD reporting includes Taxonomy reporting, it is not clear how the EU Commission will consolidate the reporting requirements into a single set of questions. The CSRD reporting standards are Commission Delegated Acts (made only by the EU Commission) created through a long process with the European Financial Reporting Advisory Group's (EFRAG) help. Extensive amendments to the legal text of CSRD may result in reopening the reporting standards and may create more legal uncertainty for companies in scope. In addition, the various laws do work independently—in particular, the Taxonomy is used in many contexts outside CSRD, and CSDDD and CSRD thresholds and scope are by no means the same.

It seems unlikely that consolidation of the Directives will result in changes to substantive obligations, and we would not expect the approach to funds or other financial products under CSRD to be likely to change. Also, Mrs von der Leyen did not mention SFDR, which is set to be revised in the next couple of years according to a consultation in 2023.

The EU Commission's overriding message of how to facilitate companies' data collection and reporting obligations with the need to be competitive in the global economy is, of course, generally encouraging.



Patricia Volhard
Partner, Paris, Frankfurt, London
+ 33 1 40 73 12 12
+49 69 2097 5150
pvolhard@debevoise.com



Jin-Hyuk Jang
International Counsel, Frankfurt
+ 49 69 2097 5115
jhjang@debevoise.com



John Young
International Counsel, London
+ 44 20 7786 5459
jyoung@debevoise.com



Harry Just
Associate, Frankfurt
+ 49 69 2097 5262
hjust@debevoise.com



Alfie Scott
Associate, London
+ 44 20 7786 5478
awscott@debevoise.com



Eike Björn Weidner
Associate, Frankfurt
49 69 2097 5220
ebweidner@debevoise.com



Keith Moshe
Corporate Staff Attorney, Frankfurt
+ 49 69 2097 5123
kmoshe@debevoise.com