Principles for Responsible Investment

POSITION PAPER

EU OMNIBUS I – EUROPEAN COMMISSION PROPOSAL

May 2025

To inform this paper, the PRI has consulted its Global Policy Reference Group, EU Regional Policy Reference Group, various signatory advisory committees and broader signatory and stakeholder base.

While the policy recommendations herein have been developed to be globally applicable, the PRI recognises that the way in which policy reforms are implemented may vary by jurisdiction and according to local circumstances. Similarly, the PRI recognises that there may be circumstances where there are merits to allowing market-led initiatives to precede regulatory requirements.

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United Nations Global Compact
An investor initiative in partnership with UNEP Finance Initiative and UN Global Compact

ABOUT THE PRI

The Principles for Responsible Investment (PRI) works with its international network of signatories to put the six Principles for Responsible Investment into practice. Its goals are to understand the investment implications of environmental, social and governance (ESG) issues and to support signatories in integrating these issues into investment and ownership decisions. The PRI acts in the long-term interests of its signatories, of the financial markets and economies in which they operate and ultimately of the environment and society as a whole.

The six Principles for Responsible Investment are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practice. The Principles were developed by investors, for investors. In implementing them, signatories contribute to developing a more sustainable global financial system. More information: www.unpri.org

ABOUT THIS POSITION PAPER

On 26 February 2025, the European Commission published its "Omnibus I" proposal to simplify EU corporate sustainability reporting rules. The proposal amends the Corporate Sustainability Reporting Directive (CSRD), Corporate Sustainability Due Diligence Directive (CSDDD) and the delegated acts of the EU Taxonomy.

This position paper is informed by signatory views expressed in the joint PRI-EUROSIF-IIGCC investor statement released earlier in February along with further feedback from additional signatories that did not sign the statement. It offers specific recommendations from the responsible investor perspective on the European Commission proposal, and seeks to simplify and improve the coherence of the EU sustainable finance framework while preserving its core principles. It does not comment on all amendments proposed by the Commission, nor on draft positions from Member States or MEPs.

The recommendations are informed by input from PRI signatories (asset owners, investment managers, and service providers), gathered through:

- Investor group discussion, followed by bilateral interviews with members of PRI's EU Regional Policy Reference Group (EU RPRG) and Human Rights and Social Reference Group (HRSRG), with selected quotations included in the paper;
- A survey open to PRI signatories, with aggregated results referenced throughout; and
- A review of the paper by PRI's Global Policy Reference Group (GPRG).

This paper will guide PRI's engagement with policymakers during the co-decision process, bringing the responsible investor voice and ESG data user perspectives to support a simplified yet ambitious EU sustainable finance framework aligned with the transition and the Clean Industrial Deal objectives.

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INTRODUCTION

Europe is entering a critical phase in its green transition. The Commission has firmly established decarbonisation and cleantech innovation as key drivers for growth, jobs, and a competitive European economy. Ensuring the competitiveness of the EU's industry in line with climate and environmental objectives will require an estimated €750-800 billion in annual investment, as set out by the Draghi report – the bulk of which must come from private finance. To increase the necessary financial flows into sustainable investments, the Savings and Investments Union will be critical, which will require high quality, consistent data to support investment decisions and less fragmentation across member states.

Responsible investors support the overall objective of simplifying and improving the coherence of the EU sustainable finance framework. Reducing reporting burdens and unnecessary complexity for reporting entities, while enhancing the usefulness of disclosure requirements for users of sustainability information - investors being chief among them - is achievable.

However, proposed substantive changes on the scope and implementation of disclosure and due diligence rules risk creating data gaps and costs for investors and companies. It is important to safeguard investors' ability to efficiently reorient capital towards the objectives of the European Clean Industrial Deal and the transition to a competitive circular net zero economy. European regulators and supervisory authorities have recently highlighted the role of comprehensive and standardised sustainability disclosures in fostering long-term competitiveness, preventing greenwashing and ensuring the resilience of the financial system.[1] Preserving and strengthening core components of the EU Sustainable Finance framework over time appears essential to ensure European competitiveness – especially in a global environment where other jurisdictions are moving forward with sustainability reporting and transparency standards.[2]

In February, more than 200 stakeholders, including 165 investors with €6.6 trillion assets under management, co-signed a joint PRI/IIGCC/EUROSIF statement on how the EU sustainable finance framework enables investors to make informed decisions to manage risks, identify opportunities and redirect capital flows towards a more competitive, equitable, and prosperous net-zero economy.

This position paper is informed by signatories' needs expressed in this statement as well as through 25 interviews and a survey (Annex I). It details recommendations for EU co-legislators to consider when amending the European Commission's Omnibus I proposal. These recommendations seek to enhance the availability of transparent, comparable, and decision-useful data for investors, while also identifying opportunities to introduce greater flexibility and reduce unnecessary burdens on companies.

The PRI stands ready to answer questions and discuss any recommendations to support a balanced, simpler and effective EU sustainable finance framework that works for investors, companies, and the wider financial community.

[1] See ECB, Different shades of green: EU corporate disclosure rules and their effectiveness in limiting "greenwashing" (2025) and AFM, Omnibus proposal limits CSRD requirements, AFM maintains approach (2025)
[2] As of 31 December 2024, 13 jurisdictions have adopted the ISSB standards on a voluntary or mandatory basis with reporting starting as of 1 January 2024, or 1 January 2025, and 22 other jurisdictions, including China, are planning to adopt them in the future. See S&P Global, December 2024 – Where does the world stand on ISSB adoption? (2025)

KEY RECOMMENDATIONS

Preserve the integrity of EU sustainable finance framework

The CSRD, CSDDD and EU Taxonomy work together to help investors manage risks, identify opportunities, and reorient capital towards a more competitive and sustainable economy. Several key components are retained in the Commission's proposal and should remain in the final text.

- Proceed with the reforms to improve the efficiency and effectiveness of the sustainable finance reporting framework for investors and ensure fast transposition of the "stop the clock" directive.
- Maintain CSRD and ESRS coverage of sustainability risks, opportunities and impacts with a double materiality perspective
- Maintain requirements on transition plans in CSDDD and provide further implementation guidance and common template.
- Maintain the personal scope[3] of CSDDD and current upstream & downstream coverage of risks and impacts in "chain of activities".

CSRD: Ensure investors can access simplified yet decision-useful sustainability data across the value chain

CSRD implementation offers investors the comparable, high-quality sustainability information they need and currently lack from portfolio companies. While simplification of the ESRS is welcome, the substantial reduction in companies reporting under CSRD will materially reduce access to this information across value chains, which investors need to make informed decisions.

- Make considered reductions to the mandatory ESRS, focusing on investors' data needs and ensuring international alignment
  - Streamline and reduce mandatory ESRS Set 1 standards focusing on indicators identified as essential for investors and ensuring alignment with international standards and frameworks of the ISSB, GRI and TNFD.
  - Ensure the sectoral approach is preserved through guidance once the revision to sector-agnostic standards is completed, to promote comparable disclosures across sectors for investors.
  - Ensure that revised ESRS are reflected in SFDR and MiFID II.
  - Deliver EU level guidance on assurance to ensure harmonised and proportionate interpretation of assurance requirements by providers across Member States.
- Remove the "value chain cap" on sustainability information requests. Instead, support smaller organisations through capacity building and digital solutions to ease reporting.
- Ensure the personal scope of the CSRD covers a meaningful proportion of the investible universe, while reporting obligations are phased in.
  - Set the threshold of companies subject to CSRD back to 500 employees[4] as previously defined under Non-Financial Reporting Directive from 2016 (NFRD), with a phase-in approach. This would particularly help address expected data gaps in listed portfolios.
  - For private markets[5], where sustainability information is generally less widely available, it is important that smaller mid-caps and SMEs below 500 employees can report on a voluntary basis.

[3] Personal scope refers to the individuals or entities to whom a law, contract, policy, or agreement applies.
[4] Returning to the NFRD threshold (500 employees) would capture 600 larger EU mid-cap, mostly listed, companies between 500 and 1000 employees, based on Bloomberg calculations (see page 11).
[5] PRI signatories are invested in unlisted companies through their private market allocations (private equity, private debt, real estate, infrastructure), which represented around 20% of total PRI signatory reported AUM (US$17.7trn of US$89.3trn) in 2024. See PRI (2025) – Global Responsible Investment Trends: Inside PRI Reporting Data.

CSDDD: Ensure effective, proportionate and practicable due diligence and avoid creating a tick-box exercise

Mandatory human rights and environmental due diligence, in line with international standards, supports investors' risk and impact analysis and enables better informed investee engagement. Limiting due diligence obligations to direct suppliers, unless there is plausible information, will have several unintended consequences. Co-legislators should ensure due diligence obligations are proportionate, practicable, legally clear and accompanied by implementation guidance and capacity building measures.

- Give companies the discretion and certainty to conduct targeted and effective risk and impact management.
  - Maintain and clarify the implementation of the CSDDD's proportionate risk-based approach to assess the most severe impacts (including and beyond tier one) in line with the UN Guiding Principles for Business and Human Rights and OECD Guidelines.
  - Allow companies to request specific information, based on their due diligence assessments, from smaller suppliers.
- Ensure due diligence processes are adequate and effective.
  - Require companies to assess the effectiveness and adequacy of their due diligence at least every three years.
  - Ensure legal clarity on how companies may proportionately engage with stakeholders.
- Secure a clear and level playing field for civil liability.

EU Taxonomy: Safeguard the quality of information

The EU Taxonomy helps investors channel capital towards sustainable activities by providing a common language to guide such investments. While the proposed technical changes can help simplify the EU Taxonomy and make it more user-friendly, the substantial reduction in the number of companies reporting will materially affect the quality of Taxonomy data available to investors.

- Gradually increase the scope of mandatory Taxonomy reporting to undertakings with over 500 employees (in line with this paper's recommendation for CSRD).
- Clarify whether the proposed 10% materiality threshold applies to individual or cumulative activities.
- Provide guidance on the concept of "partial alignment", building on the recommendations of the EU Platform on Sustainable Finance.
- Review the Do No Significant Harm (DNSH) criteria from a usability perspective.

DETAILED RECOMMENDATIONS

PRESERVE THE INTEGRITY OF EU SUSTAINABLE FINANCE FRAMEWORK

Many key features of the sustainable finance framework have been maintained in the Commission's Omnibus I proposal. These elements should be preserved throughout co-legislator negotiations.

1. Proceed with the reforms and ensure fast transposition of the "stop the clock" directive.

- Investors are supportive of the overall simplification agenda, already underway with the adoption of the 'stop the clock' directive and EFRAG's renewed mandate. They call on the European Commission to **proceed with the reforms to improve the efficiency and effectiveness of the sustainable finance reporting framework for investors**. The current "stop-the clock" directive also requires fast transposition to prevent diverging national approaches. Delays create legal uncertainty and uneven implementation across Member States. Aligning timelines ensures consistent application and strengthens cooperation.

2. Maintain CSRD and ESRS coverage of sustainability risks, opportunities

- **Preserve the CSRD's double materiality principle.**

While all investors need sustainability-related information to inform their assessment of companies' risks and opportunities, some investors also need information to assess and interpret a company's impacts and their alignment with sustainability goals and thresholds. Over time, sustainability impacts may become financially material to long-term investors. Three quarters of PRI signatories (77%) reporting in 2024, said they identify real-world sustainability outcomes connected to their investments. Investor demand for reporting on impacts can arise for the following reasons:

  - Investors vary in their approaches to responsible investment, which can include a combination of: (i) incorporating financially material sustainability-related risks and opportunities into investment and stewardship decisions, (ii) addressing drivers of financially material, system-level sustainability risks that affect short- and long-term returns; and (iii) pursuing positive sustainability outcomes across our investments.
  - The Legal Framework for Impact report demonstrates that as part of their responsibilities to clients and beneficiaries, investors may need to assess the sustainability outcomes which affect the system-level risks to which their portfolio is exposed, and therefore their long-term returns. This is especially relevant for 'universal owners', such as sovereign wealth funds, who invest across entire economies. Without impact-related data, these investors cannot assess and respond to system-level risks to which their portfolio may be exposed.
  - Investors may need this information to meet their own reporting requirements, and – depending on the objectives in their investment mandate – to inform institutional investors' selection and monitoring of managers and their funds. Without standardised data, investors face challenges in meeting the reporting needs of their clients, including retail investors and beneficiaries, hindering their ability to invest into sustainable investment products or engage with institutional investors on these products.

- To meet the breadth of investors' data needs, **the ESRS must continue to be interoperable with globally accepted international standards,** to ensure comparable disclosure across portfolios (irrespective of geography, strategy or mandate).
  - Primarily, this includes the ISSB standards, which have established a global baseline of sustainability information on sustainability risks and opportunities; while additional requirements related to sustainability impacts (and dependencies) should be aligned with the GRI Standards, which sets out globally recognised impact-related disclosure.
  - Additions should be informed by investors' issue-specific needs and data required to meet their regulatory reporting obligations. This approach to alignment is also compatible with the ISSB's "building blocks" approach[6], which ensures interoperability of the standards and preserves the double materiality approach. Note, this is one of four criteria used by the PRI to inform our recommendations for revisions to the mandatory ESRS (below).

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[6] There is already good alignment between ESRS indicators and ISSB and GRI – though there is room for improvement – as evidenced by ESRS-ISSB interoperability guidance and the ESRS-GRI Interoperability Index.

3. Maintain requirements on transition plans in CSDDD and provide implementation guidance and common template.

- **Preserve the requirements to adopt and report transition plans (TPs).**

77 % of surveyed[7] investors are concerned or very concerned about the removal of the obligation to put into effect transition plans under CSDDD.

Robust and credible reporting on transition plans (TP) is necessary for investors to understand how an issuer will pivot its existing assets, operations and entire business model to align its strategy and business model with the Paris Agreement, i.e., limiting global temperature rise below 2°C while pursuing a 1.5°C trajectory. The CSDDD and CSRD introduce TP requirements which are complementary[8] and world leading.[9] If applied, these transition plans should help to mobilise financial resources to both accelerate decarbonisation and strengthen the competitiveness of the EU economy. Re-instating the obligation to "put into effect" TPs under CSDDD would support investors' ability to hold investee companies accountable for implementation[10], provided companies are allowed to explain when planned implementing actions are not financially viable (e.g. insufficient enabling policies).[11]

"From an investment perspective, there is a direct connection between the Omnibus I and the Clean Industrial Deal, as we need to transition and invest into the competitiveness agenda. ***EU companies are on the forefront of the transition, but without transparency we cannot shift portfolios".***

Helena Charrier, Head of SRI solutions, La Banque Postale Asset Management (LBPAM)

- **Provide implementation guidance and decarbonisation pathways.**

As planned under the existing Article 19 (2b) of CSDDD, the transition plan guidance should give comfort to companies that transition plans are to be achieved on a best-efforts basis and help companies navigate situations where compatibility with Paris goals depend on external dependencies outside of their control. The guidance should also take into account forthcoming ISSB guidance on transition plans (which will leverage existing Transition Plan Taskforce materials), thereby enhancing interoperability and reducing duplicative efforts.

Sectoral decarbonisation and technology pathways, building on industry dialogues set in the Clean Industrial Deal and informed by the EU's 2040 climate target impact assessment[12], would also help preparers and users craft TPs that respond to sustainable investment needs in line with the EU's climate objectives.

4. Maintain the personal scope of CSDDD and current upstream and downstream of risks and impacts in "chain of activities".

- **Maintain the current thresholds for a company to be in scope of the CSDDD.**

International guidelines[13] recognise that all companies have a responsibility to respect human rights, which includes the expectation to carry out due diligence. The thresholds for a company to fall in scope of the CSDDD are already very high – it is estimated the directive will cover only 6000 EU and 900 non-EU companies with important operations in the EU.

- **Preserve the coverage of upstream and downstream impacts in the definition of 'chain of activities'.**

Companies and investors can be exposed to risks and may be connected to negative impacts upstream and downstream their value chains. It is important a mandatory due diligence law covers both, to empower undertakings to prioritise their due diligence efforts where the risk of adverse impacts is most severe.

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[7] These results are based on a dedicated survey on the Commission's EU omnibus proposal, open to PRI signatories (asset owner, investment managers and service providers) in March and April 2025. See Annex I
[8] Platform on Sustainable Finance (2025) Building trust in transition: Core elements for assessing corporate transition plans
[9] Taskforce on Net Zero Policy Net Zero Policy Matters: Assessing progress and taking stock of corporate and financial net zero policy reform
[10] In its opinion, the ECB states that with the proposed amendments to the CSDDD "may be misinterpreted as meaning that undertakings are obliged to adopt transition plans but not to implement them (…) and reduce the usefulness of transition plans for investors and financial institutions as a means of channelling investment to those undertakings that are preparing for the transition". See Opinion of the European Central Bank of 8 May 2025 on proposals for amendments to corporate sustainability reporting and due diligence requirements.
[11] The CSDDD already recognises the complexity of achieving transition plan targets and allows for underperformance against targets where this is necessary. As per Recital 73 of the Directive, "*such requirements should be understood as an obligation of means and not of results. Being an obligation of means, due account should be given to the progress companies make, and the complexity and evolving nature of climate transitioning*".
[12] European Commission (2024) Commission Staff Working Document accompanying the 2040 climate target communication
[13] UN Office of the High Commissioner for Human Rights (OHCHR) (2011), Guiding Principles on Business and Human Rights (p.13); OECD (2023) OECD Guidelines for Multinational Enterprises (IV Human Rights, paragraphs 1-6, p. 25)

CSRD: ENSURE INVESTORS CAN ACCESS SIMPLIFIED YET DECISION-USEFUL SUSTAINABILITY DATA ACROSS THE VALUE CHAIN

Investors need access to decision-useful corporate sustainability data[14]**, across their portfolios, to inform their investment decision-making**. Without this information, it is difficult to account for sustainability-related financial risks and opportunities, allocate capital efficiently, meet fiduciary duties and address sustainability goals. **CSRD implementation is an opportunity to provide investors with the comparable, high-quality sustainability information they need (and currently lack) from portfolio companies**.

There is a clear consensus among investors and issuers that reporting requirements can be substantially simplified by reducing the number of data points and focussing on the information most relevant to investors. This should be addressed at a technical level **through ESRS set 1 revision, sector-specific guidance (once set 1 revision is completed) and clearer, more user-friendly reporting templates, as suggested in EFRAG's new mandate.** A proportionate approach should be adopted, ensuring that the requirements are both clear and manageable for businesses and sufficiently detailed and comparable for investors' decision-making.

However, **significantly narrowing the scope of CSRD, as currently proposed in Omnibus I, would reduce the quality of data investors need for their sustainability-related investments, which now represent 62% of European assets under management (AUM).**[15] This will likely affect the reliability of value chain data in listed portfolios and the availability of sustainability information in unlisted portfolios. Decreasing both the coverage and the accountability mechanisms of disclosure obligations will worsen information gaps. It could also increase reliance on third-party data estimates for investors, while companies would still face pressure to respond to multiple questionnaires and data requests.

In accordance with Principle 3 of the PRI, the regulatory framework should support responsible investors to "seek appropriate disclosure on ESG issues by the entities in which [they] invest", fostering greater transparency and accountability in investment decision-making. Introducing a value chain reporting cap would also restrict investors' access to full value chain data, hindering effective risk assessment and management.

To reduce reporting burden for companies while ensuring investors still have access to comparable sustainability data, we recommend co-legislators:

1. Make considered reductions to the mandatory ESRS, focusing on investors' data needs and ensure alignment with future SFDR revision

- **Streamline and reduce mandatory ESRS Set 1 standards** focusing on indicators identified as essential for investors and ensuring alignment with international standards and frameworks of the ISSB, GRI and TNFD.

This indicator selection, in line with the new EFRAG mandate, should prioritise investors' essential sustainability data needs and be informed by an assessment of the first wave of CSRD reports. While aiming to simplify the structure of CSRD reporting to reduce duplication and reporting burden and increasing the decision-usefulness of reported information, the upcoming revision of ESRS Set 1 should preserve:

- Datapoints in line with international standards – especially ISSB and GRI standards, as well as the Taskforce for Nature-related Financial Disclosure (TNFD) recommendations. Inter-operability could be made even clearer by updating existing publicly available mappings of ESRS against international standards and frameworks once the simplifications have been made. In addition, interoperability can be improved by considering forthcoming ISSB guidance on transition plans (which will leverage existing Transition Plan Taskforce materials) when drafting EU guidance on this topic, and by onboarding the ISSB's requirement on financed emissions in the absence of sector-specific ESRS.
- Key issue-specific indicators to better inform investment decisions.
- Targeted and simple narrative reporting describing companies' material sustainability risks, opportunities and impacts – and strategy, policies and action plans to address these.

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[14] As set out in the PRI's Investor Data Needs framework, to be decision-useful, sustainability information must be available, accessible, verifiable, comparable across multiple dimensions, a faithful representation and relevant to investors.
[15] Platform on Sustainable Finance (2025) Financing a Clean and Competitive Transition, Monitoring Capital Flows to Sustainable Investment, Final Report (p. 52)

- All datapoints that investors need to comply with their own sustainability disclosure requirements under the Benchmark Regulation and Pillar 3 disclosure requirements. We note that given SFDR is currently subject to revision it should not be included in the current prioritisation process – see implications of this below.

The revision should also maintain an appropriate balance between environmental, social, and governance indicators, and ensure sufficient qualitative disclosures to aid investors' understanding of quantitative metrics and allow companies to adequately express their strategies. For instance, investors consider policy and action-oriented elements to be essential for a comprehensive understanding of a company's strategic approach.[16]

PRI has developed a proposal to simplify the ESRS, in line with international standards and according to the principles set out above. The revised ESRS as proposed would reduce the number of mandatory disclosure requirements by 24%, in line with the Commission's objective.

- **Ensure the sectoral approach is preserved through guidance.**

Investors require sector-specific data to make informed investment decisions. While prioritizing the simplification of sector-agnostic standards, it will be important to develop sector-specific guidance, once the ESRS Set 1 revision is finalised.

- This has two key benefits, to support: (i) the effective implementation of the materiality assessment, by helping reporting entities identify the (subset) of likely material indicators for the sector; and (ii) the specification of indicators that reflects the sector's context and thereby enables more relevant information for users.
- For example, disclosure by capital market participants on how processes to managing risks are integrated into risk management processes should include disclosure on how investors incorporate sustainability issues; or clarifying that when describing their stakeholder engagement, they should include disclosure on their investee stewardship activities. This guidance should build on (where available) GRI sector standards, which will improve comparability of the reporting for users with international exposure, or SASB (which have informed ISSB's sector-specific requirements).

73% of the survey respondents are concerned about the removal of sector-specific standards.

*"To be meaningful to investors, **a company's double materiality analysis requires a sector-specific approach.** The revised ESRS can contain fewer indicators, but they need to be highly relevant and sector-specific, with a mix of quantitative and qualitative information".*

Matthias Narr, Head of Engagement, Ethos

- **Ensure that revised ESRS are reflected in SFDR and MiFID II.**

As part of the SFDR revision expected by year-end 2025, consistency between the obligations for companies and investors will be key to ensure policy consistency and coherence across the regulatory framework. PAI indicators should be streamlined based on the datapoints from the ESRS Set 1 revision and the experience of preparers and users of sustainability data, thereby ensuring investors have all inputs they require for compliance. These changes, which also impact the Taxonomy, should be integrated into the sustainability preferences defined by the MiFID II directive. However, irrespective of the SFDR revisions, it is important to note that PRI's abovementioned list of priority ESRS indicators includes all indicators investors need to calculate the (current) mandatory PAIs – because they are also included within international standards, or because investors need them for reasons other than SFDR compliance[17]. In the interim, we recognise that there will likely be a gap in the availability of corporate reporting to meet investors' regulatory reporting obligations - as noted on the proposed changes to the value chain cap and reporting threshold.

- **Deliver EU level guidance on assurance** to ensure harmonised and proportionate interpretation of assurance requirements by providers across Member States.

Assurance is important for investors as it ensures the accuracy, reliability and verifiability of a company's disclosures. Independent assurance, such as an audit, verifies that financial statements comply with applicable standards and are free from material misstatements. Without a unified approach, national

[16] As specified in the PRI paper on Managing human rights risks: what data do investors need?
[17] However, 11 indicators that are inputs for the voluntary PAIs were not prioritised on this basis.

variations in assurance practices could create an uneven playing field, leading to unfair advantages or obstacles for cross-border companies. Clear, consistent EU-level guidance would ensure consistent implementation and reduce misalignment in reporting across Member States.

2. Remove the "value chain cap" on sustainability information requests. Instead, support smaller organisations through capacity building and digital solutions to ease reporting.

The Commission proposal introduces a "value chain cap" to mitigate the reporting burden on smaller entities. This cap limits the information that companies subject to CSRD can request from value chain partners with fewer than 1,000 employees to data specified in the VSME standard only.

- **Exempt investors from the value chain cap**

The proposed value chain cap under CSRD limits the completeness of information for investors and introduces additional liability for in-scope companies. This may unintentionally hinder the development of a competitive and scalable market for sustainability disclosures—particularly among small and mid-sized enterprises in a context where end investors have shown a growing appetite for investments in such companies which can offer significant sustainability performance and return opportunities.

An explicit exemption from the value chain cap for investors is necessary to ensure they can access material and proportionate value chain-level data. Reliable value chain data is necessary for companies to assess their sustainability-related risks, impacts and opportunities, particularly regarding Scope 3 emissions. Restricted access to sustainability data could also limit the development of innovative financing instruments, such as sustainability-linked bonds, which often rely on performance indicators not captured within the voluntary SME reporting standard (VSME).

- **Provide capacity building, publicly available guidance, and opportunities for engagement to foster support for smaller and mid-sized companies** to navigate the challenges posed by fragmented demand from both large companies and investors.

A key element of this strategy will be leveraging digital solutions, such as XBRL tagging and AI tools, to streamline data collection and enhance accessibility. Additionally, capacity building efforts should target companies with fewer than 500 employees, providing them with open-source guidance based on VSME and digital tools to facilitate their reporting. Clear, user-friendly templates are needed to simplify the preparer's tasks, further supporting small and mid-sized enterprises in their operations.

*"**The value chain cap should be removed**. Larger companies should have flexibility to work with smaller suppliers to help create an ecosystem for disclosures. The proposed value chain cap risks reducing demand pull for disclosures and imposes additional liability on companies disclosing under CSRD. To protect smaller companies, safeguards could be written into practical guidelines on how to engage to support a positive disclosure environment".*

Rebecca Ogg, Sustainable Investing Analyst - Policy Lead, Fidelity International

Around half (55%) of the survey respondents are very concerned or concerned by the value chain cap proposal.

3. Ensure the personal scope of the CSRD covers a meaningful portion of the investible universe, while reporting obligations are phased-in

- **Set the threshold of companies subject to CSRD back to 500 employees, as previously defined under NFRD, with a phase-in approach.**

The Omnibus I proposal to align the scope with CSDDD will significantly reduce the number of companies subject to the CSRD (from 50,000 down to 7,000 companies in the EU). Removing 80% of companies from the scope of sustainability reporting (according to the Commission's own estimates) will have significant implications for investors and companies[18]:

[18] According to analysis by the London Stock Exchange Group, about 14,000 publicly listed companies (EU and non-EU) would have had to report under the current CSRD thresholds. The number of public companies in scope would fall by 57%, to approximately 6,000 companies. This includes 30% of EU-listed companies, 25% companies listed in the United States, and 12% in Japan. The number of private companies in scope would drop by 73% from around 20,000 companies to 5,500. This includes EU and non-EU companies.

- Less reliable information across value chains, including for non-EU companies, could undermine the quality of investment analysis and capital allocation decisions. Investors are likely to need to rely on estimated data, which is less robust, and subject to increased scrutiny from external stakeholders such as supervisors.
- It may hamper investors' ability to prepare their own disclosures and report in a meaningful and robust manner on the sustainability profile of all their investments.
- Companies brought out of scope of mandatory disclosure obligations may face increased *ad hoc* information requests from investors and business partners. This fragmentation could amplify resource constraints for smaller entities, which often lack the internal capacity to respond to multiple bespoke questionnaires and surveys and may ultimately reduce their attractiveness to investors and financial institutions.

Lowering the scope would also extend the VSME, originally designed for non-listed SMEs, to a much wider range of companies - from micro-caps to large and mid-cap listed firms. There is little certainty that companies would opt into voluntary reporting, nor is there a strong signal that the VSME framework would be sufficiently attractive or rigorous to fill data gaps. It is therefore unlikely to meet the breadth of investor data needs for larger mid-caps (between 500 and 1000 employees) and would require revision if it were to be used for this purpose.

To ensure sufficient availability of robust sustainability data, and to allow affected companies time to prepare, we recommend co-legislators phase-in requirements to reach the previous NFRD 500-employee threshold over time. This would align with the investment universe of financial institutions, which are themselves legally bound to report on sustainability risks and impacts.

Returning to the NFRD threshold (500 employees) would capture 600 larger EU mid-cap, mostly listed, companies between 500 and 1000 employees, based on Bloomberg calculations[19]. If the original scope of CSRD had been maintained and deployed until 2029, a total of 2400 listed and unlisted EU companies would have been captured.

Standardised sustainability data from unlisted companies are also relevant to PRI signatories for their private market allocations (private equity, private debt, infrastructure, real estate). These asset classes represent around 20% of total PRI signatory reported AUM (US$17.7trn of US$89.3trn)[20].

Phasing in requirements for listed and unlisted companies with 500-1000 employees will provide them with sufficient time to comply, while also enabling them to benefit from a standardized reporting regime that enhances data consistency and comparability.

"The reduction in scope of around 80% of companies from CSRD and EU Taxonomy reporting ***will undermine our ability to improve our practices and make sound investment decisions.*** *By increasing investors' reliance on third party data providers, it will also reduce the amount of control companies' have over their sustainability data"*

Mathilde Dufour, Head of Sustainability Research, Mirova

[19] These figures have been calculated using Bloomberg's proprietary EU ESG Company Category methodology. Note scoping limitations that could lead to an understated number of in-scope entities: (1) the methodology does not verify EU-sourced revenue to identify third-country entities meeting the threshold; (2) subsidiaries covered by an in-scope parent's consolidated reporting are not separately flagged; and (3) certain instruments, such as warrants, are excluded despite being in scope of the regulation.

[20] See PRI (2025) – Global Responsible Investment Trends: Inside PRI Reporting Data, PRI signatory base overview (page 9)

CSDDD: ENSURE EFFECTIVE, PROPORTIONATE AND PRACTICABLE DUE DILIGENCE AND AVOID CREATING A TICK-BOX EXERCISE

Mandatory human rights and environmental due diligence, in line with international standards, supports investors' risk and impact analysis and enables better informed investee engagement.[21] It serves as an early warning system to protect critical supply chains and is supported and implemented by a large number of investors[22] and businesses[23] worldwide. Companies see the economic benefits of a corporate human rights and environmental due diligence duty.[24]

The current CSDDD requirements, the result of a delicate political compromise, are proportionate and practicable. They do not introduce additional reporting obligations beyond what is already required under the CSRD and the Taxonomy Regulation. To support implementation, timely and sector-specific guidance is crucial. Investors welcome an accelerated timeline for this guidance. Nevertheless, the Omnibus I proposal also risks creating significant legal uncertainty and administrative burden for in-scope companies and their suppliers. Our key recommendations are:

1. Give companies the discretion and certainty to conduct targeted and effective risk and impact management

- **Maintain and clarify the implementation of the CSDDD's proportionate *risk-based approach* to assess the most severe impacts** (including and beyond tier one) in line with the UN Guiding Principles for Business and Human Rights and OECD Guidelines

The risk-based approach allows companies to prioritise their efforts and resources on areas across their entire *'chain of activities'* where the risk of adverse impact is most severe. This means they can be targeted and proportionate in their approach, and benefit from efficiency gains.[25]

Instead, removing the obligation to pro-actively assess actual or potential adverse impacts at the level of indirect business partners (i.e. limiting the scope of due diligence to direct business partners unless there is 'plausible information') as proposed, would have unintended consequences:

- Many of the most severe impacts would be overlooked, as (i) these overwhelmingly occur beyond tier one[26] and (ii) through the concept of "plausible information", company due diligence on indirect business partners could be limited to reactive actions from complaints by NGOs, the media or customers etc.[27] This is a risk for investors and investees as it would lead to less effective risk/impact management, affecting the resilience and security of supply chains.[28] Furthermore, unaddressed harms could become more severe, leading to increased reputational, legal and financial risk.
- "Plausible information" is vague language, causing legal uncertainty about the interpretation of the duty.[29]
- A tier one approach may encourage companies to treat the due diligence requirement as a tick-box exercise - e.g. sending questionnaires to all their direct suppliers - creating significant burden for both. This is a risk for investors if investees over-rely on audits and/or use resources to engage with those not responsible for the negative impact (which itself is a legal risk). By widening the scope of due diligence to the entire 'chain of activities', companies will have stronger incentives to focus their resources on the most severe risks/impacts.
- Deviating from the UN Guiding Principles on Business and Human Rights/OECD Guidelines for Multinational Enterprises would cause incoherence between the CSDDD, and the CSRD materiality

[21] PRI (2023) How to make the CSDD directive practicable for the investment industry; PRI (2020) Why and how investors should act on human rights
[22] In the past two years, over a quarter of PRI signatories have reported that they use the UNGPs framework to identify the intended and unintended sustainability outcomes connected to their investment activities (in 2023, 26% of 3774 respondents, in 2024, 27% of 3048 respondents). See also PRI's Advance initiative with 118 participants and 267 endorsers and PRI's social issues case studies including 2024 awards to Redwheel, AkademikerPension and BMO Global Asset Management
[23] Over 24,000 companies have joined the UN Global Compact, following Principle 1 to respect the protection of internationally proclaimed human rights, using due diligence. See also: UN Global Compact (2025) Support for Efforts Toward Mandatory Human Rights and Environmental Due Diligence; Mars, Unilever etc. (2025) Joint Letter; Business and Human Rights Resource Centre Due Diligence Examples & Case Studies, Incl. HRIA; European Commission: British Institute of International and Comparative Law, Civic Consulting, Directorate-General for Justice and Consumers, LSE, Torres-Cortés, F. et al. (2020) Study on due diligence requirements through the supply chain – Final report (p. 48. 70.85% (37.14, 33.71%) of surveyed companies conduct due diligence on some or all human rights and environmental impacts)
[24] European Commission (2020) Inception impact assessment – Sustainable Corporate Governance Initiative (p. 4)
[25] European Commission (2025) Commission Staff Working Document accompanying the omnibus proposals (p. 11)
[26] SOMO (2025) Save your tiers for another day, Business and Human Rights Resource Centre
[27] Office of the UN High Commissioner for Human Rights (2025) OHCHR Commentary on the Omnibus Proposal (p. 3)
[28] European Commission (2025) Commission Staff Working Document accompanying the omnibus proposals (p. 36)
[29] Office of the UN High Commissioner for Human Rights (2025) OHCHR Commentary on the Omnibus Proposal (p. 3)

assessment principle and other frameworks used worldwide.[30] This would lead to greater fragmentation and complication for companies.

"The omnibus proposals risk making engagement with investees more challenging by limiting our ability to assess risks within complex value chains. In particular, ***restricting due diligence to tier 1 suppliers will prevent companies from focusing on the most severe impacts in value chains, in line with international standards like the UNGPs and OECD guidelines****. Sustainability reporting and due diligence should be seen as a strategic opportunity - not just administrative burden".*

Ophélie Mortier, Chief Sustainable Investment Officer, Degroof Petercam Asset Management (DPAM)

Only a quarter of investors surveyed (25%) are supportive of restricting due diligence to direct tier one suppliers.

The UN Working Group on Business & Human Rights has emphasised that this limitation would not achieve its intended outcome of protecting small and medium-sized enterprises (SMEs).[31] To ensure proportionate and practicable due diligence requirements, focused on the most severe risks/impacts, and to secure simplification, **co-legislators should not accept the Omnibus I amendments to Article 8. Instead, co-legislators should maintain and clarify the risk-based approach to due diligence, across the 'chain of activities' in line with international standards**, by:

- Explicitly defining 'risk factors' in Article 8(2) – i.e. sector, product, geographic, and enterprise-level risks.
- Clarifying in Article 8(2b) that companies should conduct a *high-level scoping exercise* to identify general areas where adverse impacts are most likely to occur and to be most severe, *followed by an in-depth mapping and risk/impact assessment* – in line with international standards.[32] Due diligence is about taking action to prevent/mitigate the most severe impacts in the value chain, not mapping out every single interaction within it.[33]
- Effectively implementing Articles 19 and 20 to provide clear sector-specific implementation guidance and support/capacity building via regional helpdesks (as in Germany).

See Annex II to this paper for our proposed legal amendments.

- **Allow companies to request specific information, based on their due diligence assessments, from smaller suppliers.**

Preventing companies from requesting data from suppliers with fewer than 500 employees, would lead to lower quality risk and impact management by investees. It could also interfere with investor's stewardship practices and hamper SMEs business operations by restricting engagement from their clients. Co-legislators should not accept this amendment.

Nevertheless, it is important to ensure regulatory burden on businesses is proportionate for the companies directly in scope and for their SME business partners that are indirectly impacted. The CSDDD contains various elements to secure this proportionality[34] but co-legislators could consider whether further, more appropriate measures, in line with international standards[35], are needed. For example, to avoid broad-stroke questionnaires, it may be appropriate to require in-scope companies to base any data requests from suppliers on substantive risk/impact assessments, and entitle smaller companies to access such assessments to see which specific concerns are being addressed through the information request. In addition, co-legislators could make a specific reference to the use of mutualisation schemes allowing smaller business partners to provide one report to multiple buyers.

More than two thirds (73%) of investors surveyed are concerned or very concerned that, in general, companies would be forbidden from requesting data from suppliers with fewer than 500 employees.

[30] PRI (2020) Why and how investors should act on human rights (p. 9) Note also 60 country representatives attended the inaugural meeting of the OECD's Inclusive Platform on Due Diligence Policy Cooperation in March 2025, many of which are considering introducing legislation

[31] UN Working Group on Business and Human Rights (2025) Statement by the United Nations Working Group on Business and Human Rights on the European Commission's "Omnibus simplification package

[32] OECD (2018), OECD Due Diligence Guidance for Responsible Business Conduct (p.61-p.62)

[33] Global CSR (2022) Transparency in Value Chains

[34] European Commission (2025) Commission Staff Working Document accompanying the omnibus proposals (p. 11)

[35] OECD (2021) Background note on Regulatory Developments concerning Due Diligence for Responsible Business Conduct (RBC):The Role of Small and Medium Sized Enterprises (SMEs) (p.7-p.10)

2. Ensure due diligence processes are adequate and effective

- **Require companies to assess the effectiveness and adequacy of their due diligence at least every three years.**

Leaving this to every five years as proposed would mean significant risks and impacts could be overlooked. It could also increase the risk of fines (and liability under national law).[36] An assessment at least every three years is in line with many governance codes, climate strategy reviews etc. As is the case in the current text, this should not increase reporting requirements for companies already in scope of the CSRD.

Two thirds of investors surveyed (66%) are concerned or very concerned that the frequency of due diligence monitoring would be reduced from one to five years.

- **Ensure legal clarity on how companies may proportionally engage with stakeholders.**

Meaningful engagement with affected or potentially affected stakeholders is a central pillar[37] of the due diligence process to ensure undertakings understand their exposure and actions required. It helps companies build trust, enhance their reputation, and ultimately strengthen their long-term viability.[38] Inserting the word "relevant" could cause legal uncertainty. Therefore, co-legislators should ensure Article 19(2a) requires the provision of guidance on how to identify 'relevant stakeholders' in line with international standards.[39]

3. Secure a clear and level playing field for civil liability

Due diligence legislation should have an appropriate enforcement mechanism to ensure compliance. Article 29 gives undertakings legal clarity and complements the well-understood concepts "cause", "contribute" and "directly linked" from the UNGPs[40] and OECD guidelines[41]. The Omnibus I proposal to withdraw the liability regime by deleting Article 29(1) would remove this legal certainty, create an un-even playing field across the Union and restrict access to justice for victims. This contradicts some of the central aims of the Directive.[42] Without a civil liability regime, companies would still face legal risks if they failed to undertake due diligence and those who are "leaders" could even be subject to more targeted litigation as claimants would not have a guaranteed legal basis to pursue companies that have not taken these proactive steps.[43] This in turn increases legal and other risks for investors.

Over half of investors surveyed (57%) are concerned or very concerned about the removal of the EU-wide civil liability regime under the omnibus proposal.

As stated in the Commission staff working document, the positive benefit of this proposal is unclear.[44] There is also a lack of evidence that an EU-wide civil liability regime will lead to an overwhelming number of litigation cases. In France, acknowledging there has been debate on procedural grounds, we have only seen a relatively small number of cases given the Loi de Vigilance was enacted almost a decade ago in 2017. In line with the Office of the UN High Commissioner for Human Rights, we recommend co-legislations **re-instate Article 29(1), and introduce amendments to ensure a harmonised approach to the circumstances under which liability should exist across the EU. These amendments should allow States to draw on well-established domestic legal tests and concepts when developing their domestic liability regimes.** PRI has not provided a proposed amendment for this recommendation as it requires advanced legal expertise.

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[36] European Commission (2025) Commission Staff Working Document accompanying the omnibus proposals (p. 38)
[37] UN OHCHR (2011), Guiding Principles on Business and Human Rights (Guiding Principle 18, p. 19)
[38] European Commission (2025) Commission Staff Working Document accompanying the omnibus proposals (p. 38)
[39] OECD (2022) Translating a risk-based due diligence approach into law: Background note on Regulatory Developments concerning Due Diligence for Responsible Business Conduct (p. 22)
[40] UN OHCHR (2011), Guiding Principles on Business and Human Rights (Guiding Principle 13)
[41] OECD (2023) OECD Guidelines for Multinational Enterprises (IV Human Rights, paragraphs 1-6, p. 25)
[42] European Commission Corporate sustainability due diligence ("*For citizens: Better access to justice for victims. For companies: Harmonised legal framework in the EU, creating legal certainty and level playing field*")
[43] British Institute of International and Comparative Law, Civic Consulting, Directorate-General for Justice and Consumers, LSE, Torres-Cortés, F. et al. (2020) Study on due diligence requirements through the supply chain – Final report (p. 227-p.228)
[44] European Commission (2025) Commission Staff Working Document accompanying the omnibus proposals (p. 40)

EU TAXONOMY: SAFEGUARD THE QUALITY OF INFORMATION

The EU Taxonomy helps investors channel capital towards sustainable activities by providing a common language to guide such investments.[45] In 2024, over half of EU-based asset owner PRI signatories reported using the EU Taxonomy to identify sustainability outcomes connected to their investments.[46] Results from the first years of Taxonomy reporting also show encouraging trends – in 2023, companies spent €250 billion of their capital expenditure on taxonomy-aligned activities, up 34% from the previous year.[47]

Yet implementation has uncovered some **clear usability issues** for preparers, including consistency with other policies (especially SFDR), difficulties in interpreting certain DNSH criteria, complex reporting templates, methodological issues with the financial sector KPIs, and a lack of clarity on the use of estimates.

PRI welcomes that some of these issues, notably the simplification of reporting templates, are being addressed as part of the revised delegated acts. These changes are broadly in line with recent proposals by the EU Platform on Sustainable Finance. **But the proposed reduction in the scope of application risks weakening investors' access to meaningful and comparable taxonomy data**.

Over half of investor survey respondents (53%) are supportive or very supportive of a proposed reduction of data points to simplify the reporting templates.

Our key recommendations are:

- **Gradually increase the scope of mandatory Taxonomy reporting to undertakings with over 500 employees** (in line with our recommendation for CSRD). Removing over 80% of companies[48] from the scope of Taxonomy reporting would likely increase transaction costs for investors, which may in turn affect companies' cost of capital. It will also create implementation challenges for investors applying other sustainable finance policies where the EU Taxonomy is embedded (SFDR, MiFID/IDD, EU GBS, etc). Public taxonomy reporting, aligned with CSRD and financial reporting, is important to ensure reliable data to guide investment and engagement decisions.
- **Clarify the proposed 10% materiality threshold.** It is unclear whether the proposed rule applies to individual economic activities that represent less than 10% of total turnover/capex/opex or the cumulative value of activities. Further clarity is also needed on the application of the threshold to financial institutions. Application should seek to achieve consistency with business segment reporting in annual financial statements, notably under IFRS 8.[49]
- **Provide guidance on the concept of "partial alignment".** With adequate transparency and standardisation, disclosure of partial Taxonomy alignment could encourage transition finance for small and mid-cap companies and public entities (for activities that meet substantial contribution criteria and plan to achieve DNSH and minimum safeguard compliance over time, for example). Clear guidance on how to disclose partial alignment, building on existing work by the EU Platform on Sustainable Finance, would help provide clarity to the market.
- **Review the DNSH criteria from a usability perspective.** PRI welcomes the Commission's announcement that it will undertake a comprehensive review of the Technical Screening Criteria (TSC) of the climate and environment delegated acts to achieve further simplification and uptake by markets. This review should be based on lessons learned from implementation and guidance from the EU Platform on Sustainable Finance.[50]

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[45] When assessed in the context of a transition plan, capex alignment with the EU Taxonomy can be a useful indicator of the credibility of a company's transition efforts, particularly in sectors with high eligibility like utilities, transport and real estate. See Platform on Sustainable Finance, Building trust in transition: core elements for assessing corporate transition plans (2025)
[46] PRI 2024 Reporting & Assessment Framework - 50.6% of 168 EU-based asset owners responded, "EU Taxonomy" to the question "*Which widely recognised frameworks has your organisation used to identify the intended and unintended sustainability outcomes connected to its investment activities?"* (PGS 47.1). See PRI (2025) Global responsible investment trends 2025: inside PRI reporting data
[47] Platform on Sustainable Finance (2025) Platform response to the draft taxonomy delegated act consultation
[48] European Commission (2025) Questions and answers on EU omnibus I and II
[49] Bloomberg observes that 60% of companies report revenue segmentation which includes a segment below the 10% minimum. In Europe, 56% of firms report segmented revenue with segments less than 10%. See Bloomberg (2025) Bloomberg response to the European Commission consultation on "Taxonomy Delegated Acts – amendments to make reporting simpler and more cost-effective for companies"
[50]The next mandate of the EU Platform and how it will be consulted for the upcoming review of the delegated acts needs to be clarified.

ANNEX I – SURVEY METHODOLOGY AND RESULTS

To better understand the views of its signatories, the PRI conducted a survey regarding the proposed changes under the EU Omnibus legislation.

The survey was made available online to all PRI signatories and focused specifically on three files within the sustainable finance package: the Corporate Sustainability Due Diligence Directive (CSDDD), the Corporate Sustainability Reporting Directive (CSRD), and the EU Taxonomy Regulation.

Structured into three sections—one for each legislative file—the survey asked signatories to rate their level of concern or support for each proposed change on a scale **from 1 (very concerned) to 5 (very supportive).**

1: Very concerned

2: Concerned

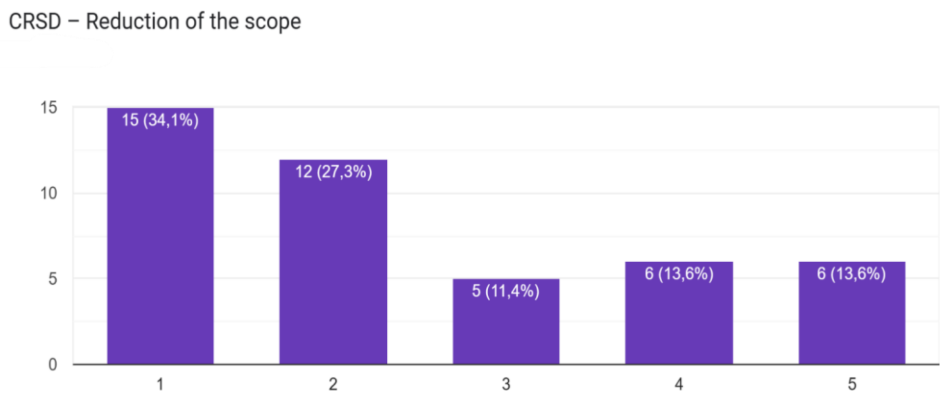
3: Indifferent

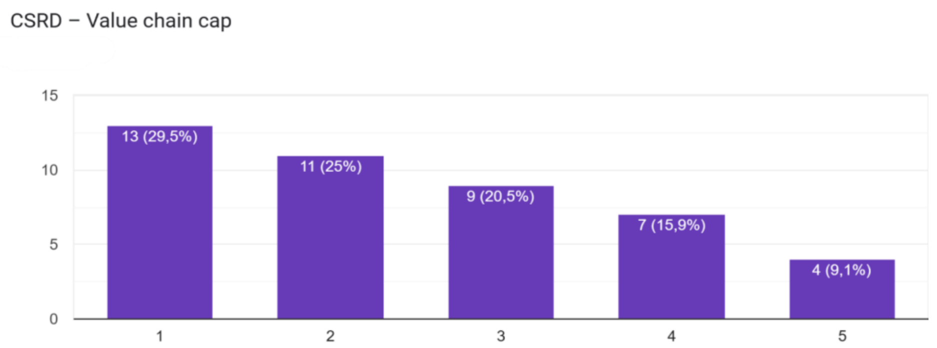
4: Supportive

5: Very supportive

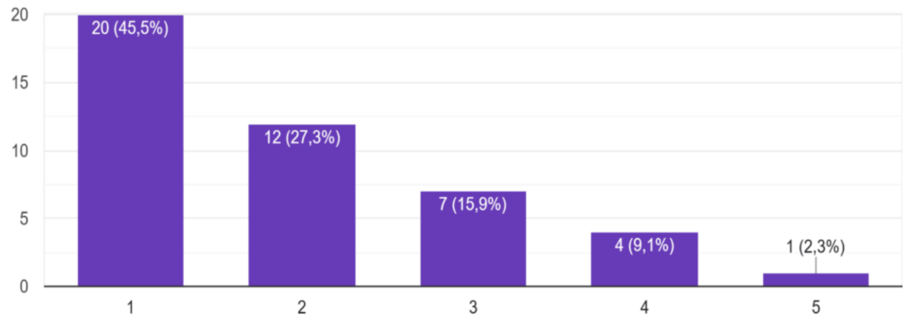
A total of 44 signatories participated in the survey, providing valuable insights into the investment community's perspectives on the evolving regulatory landscape.

The following section presents the survey results, organized by legislative file—CSDDD, CSRD, and the EU Taxonomy—to highlight signatories' responses to the European Commission proposed changes in each area.

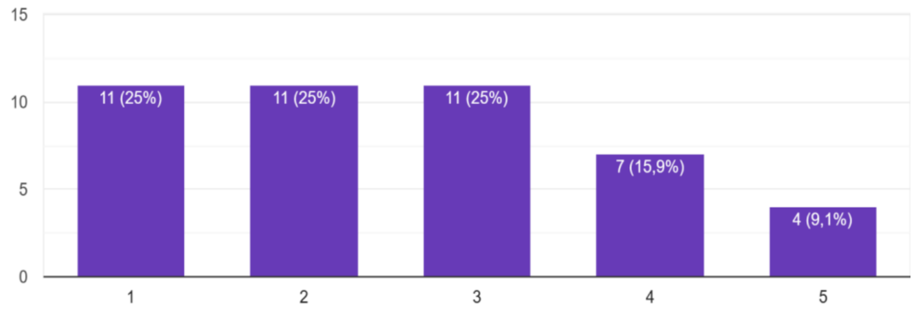




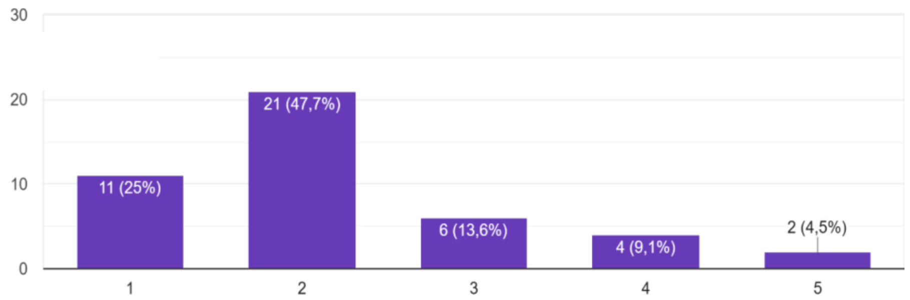
CSRD – Removal of sector-specific standards



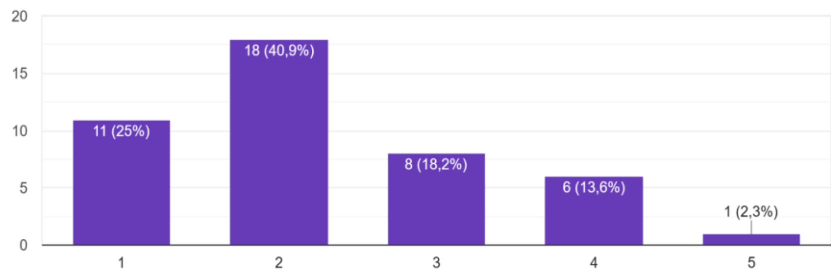
CSDD - Due diligence obligation restricted to direct tier 1 suppliers



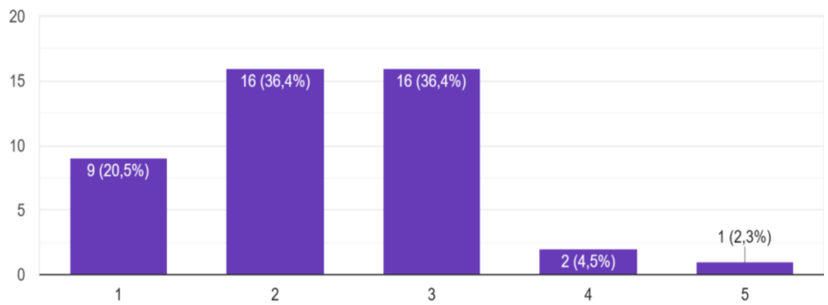
CSDDD – In general, companies forbidden from requesting data from suppliers with <500 employees



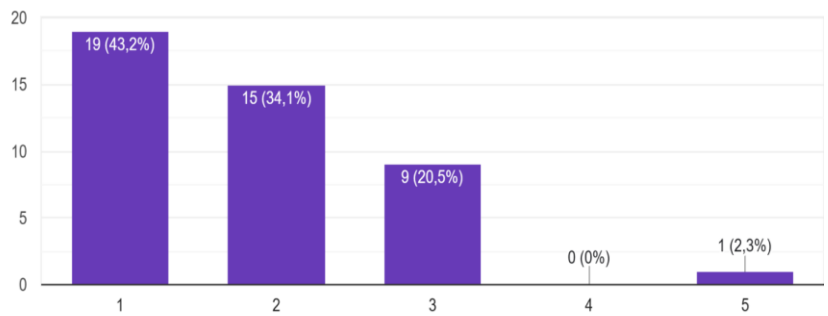
CSDDD – Frequency of due diligence monitoring reduced from 1 to 5 years



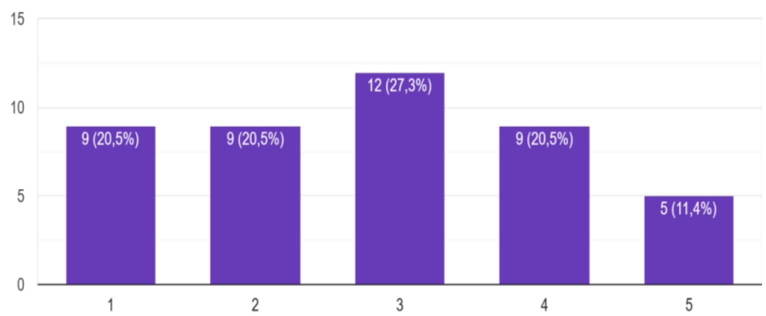
CSDDD – EU-wide civil liability regime removed



CSDDD – Obligation to put into effect transition plans removed



Taxonomy – Reduction of the scope for reporting



ANNEX II – LEGAL AMENDMENTS

CSRD

Current legal text	Omnibus proposal text from EC	PRI proposed text
Article 1 of CSRD, amended by Article 2(1)(a) of the omnibus		
The coordination measures prescribed by Articles 19a, 29a, 29d, 30 and 33, point (aa) of the second subparagraph of Article 34(1), Article 34(2) and (3) and Article 51 of this Directive shall also apply to the laws, regulations and administrative provisions of the Member States relating to the following undertakings regardless of their legal form, provided that those undertakings are large undertakings, or small and medium-sized undertakings, except micro undertakings, which are public-interest entities as defined in point (a) of point (1) of Article 2 of this Directive	The coordination measures prescribed by Articles 19a, 19b, 29a, 29aa, 29d, 30 and 33, Article 34(1), second subparagraph, point (aa), Article 34(2) and (3), and Article 51 of this Directive shall also apply to the laws, regulations and administrative provisions of the Member States relating to the following undertakings regardless of their legal form, provided that those undertakings are large undertakings which, on their balance sheet dates, exceed the average number of **1000 employees** during the financial year	The coordination measures prescribed by Articles 19a, 19b, 29a, 29aa, 29d, 30 and 33, Article 34(1), second subparagraph, point (aa), Article 34(2) and (3), and Article 51 of this Directive shall also apply to the laws, regulations and administrative provisions of the Member States relating to the following undertakings regardless of their legal form, provided that those undertakings are large undertakings which, on their balance sheet dates, exceed the average number of **~~1000~~** <u>**500 employees**</u> during the financial year
Article 19a of CSRD, amended by Article 2(2) of the omnibus		
1. Large undertakings, and small and medium-sized undertakings, except micro undertakings, which are public-interest entities as defined in point (a) of point (1) of Article 2 shall include in the management report information necessary to understand the undertaking's impacts on sustainability matters, and information necessary to understand how sustainability matters affect the undertaking's development, performance and position.	**1. Large undertakings which, on their balance sheet dates, exceed the average number of 1000 employees during the financial year** shall include in their management report information necessary to understand the undertaking's impacts on sustainability matters, and information necessary to understand how sustainability matters affect the undertaking's development, performance and position	**Large undertakings which, on their balance sheet dates, exceed the average number of ~~1000~~ <u>500</u> employees during the financial year** shall include in their management report information necessary to understand the undertaking's impacts on sustainability matters, and information necessary to understand how sustainability matters affect the undertaking's development, performance and position
3. Where applicable, the information referred to in paragraphs 1 and 2 shall contain information about the undertaking's own operations and about its value chain, including its products and services, its business relationships and its supply chain.	3. Where applicable, the information referred to in paragraphs 1 and 2 shall contain information about the undertaking's own operations and about its value chain, including its products and services, its business relationships and its supply chain. **Member States shall ensure that, for the reporting of sustainability information as required by this Directive, undertakings do not seek to obtain from undertakings in their value chain which, on their balance sheet dates, do not exceed the average number of 1000 employees during the financial year any information that exceeds the information specified in the**	Where applicable, the information referred to in paragraphs 1 and 2 shall contain <u>**material**</u> information about the undertaking's own operations and about its value chain, including its products and services, its business relationships and its supply chain. **~~Member States shall ensure that, for the reporting of sustainability information as required by this Directive, undertakings do not seek to obtain from undertakings in their value chain which, on their balance sheet dates, do not exceed the average number of 1000 employees during the financial year any information that exceeds the information~~**

	standards for voluntary use referred to in Article 29ca, except for additional sustainability information that is commonly shared between undertakings in the sector concerned. Undertakings that report the necessary value chain information without reporting from undertakings in their value chain which, on their balance sheet dates, do not exceed the average number of 1000 employees during the financial year any information that exceeds the information specified in the standards for voluntary use referred to in Article 29ca, except for additional sustainability information that is commonly shared between EN 31 EN undertakings in the sector concerned, shall be deemed to have complied with the obligation to report value chain information set out in this paragraph	**~~specified in the standards for voluntary use referred to in Article 29ca, except for additional sustainability information that is commonly shared between undertakings in the sector concerned. Undertakings that report the necessary value chain information without reporting from undertakings in their value chain which, on their balance sheet dates, do not exceed the average number of 1000 employees during the financial year any information that exceeds the information specified in the standards for voluntary use referred to in Article 29ca, except for additional sustainability information that is commonly shared between EN 31 EN undertakings in the sector concerned, shall be deemed to have complied with the obligation to report value chain information set out in this paragraph~~**
Article 29b of CSRD, amended by art. 29aa (6)		
1. In the delegated acts referred to in the first subparagraph the Commission shall, by 30 June 2024, specify: (i), complementary information that undertakings are to report with regard to the sustainability matters and reporting areas listed in Article 19a(2), where necessary; (ii), information that undertakings are to report that is specific to the sector in which they operate. The reporting requirements laid down in the delegated acts referred to in the first subparagraph shall not enter into force earlier than four months after their adoption by the Commission.	**(a) in paragraph 1, the third and fourth subparagraphs are deleted**;	**In order to support the implementation of the Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards the Commission should adopt, after the revision of sector-agnostic standards, non-binding sector-specific guidance to support undertakings in identifying the most material datapoints.**
4.Sustainability reporting standards shall take account of the difficulties that undertakings may encounter in gathering information from actors throughout their value chain, especially from those which are not subject to the sustainability reporting requirements laid down in Article 19a or 29a and from suppliers in emerging markets and economies. Sustainability reporting standards shall specify disclosures on value chains that are proportionate and relevant to the capacities and the characteristics of undertakings in value chains, and to the scale and complexity of their activities,	**4. 'Sustainability reporting standards shall not specify disclosures that would require undertakings to obtain from undertakings in their value chain which, on their balance sheet dates, do not exceed the average number of1000 employees during the financial year any information that exceeds the information to be disclosed pursuant to the sustainability reporting standards for voluntary use referred to in Article 29ca.'**	**4.Sustainability reporting standards shall take account of the difficulties that undertakings may encounter in gathering information from actors throughout their value chain, especially from those which are not subject to the sustainability reporting requirements laid down in Article 19a or 29a and from suppliers in emerging markets and economies. Sustainability reporting standards shall specify disclosures on value chains that are proportionate and relevant to the capacities and the characteristics of undertakings in value chains, and to the scale and**

especially those of undertakings that are not subject to the sustainability reporting requirements in Article 19a or 29a. Sustainability reporting standards shall not specify disclosures that would require undertakings to obtain information from small and medium-sized undertakings in their value chain that exceeds the information to be disclosed pursuant to the sustainability reporting standards for small and medium-sized undertakings referred to in Article 29c		**complexity of their activities, especially those of undertakings that are not subject to the sustainability reporting requirements in Article 19a or 29a.**
Article 5(2) of CSRD amended by article 3 of Omnibus		
2 (b). Member States shall apply the measures necessary to comply with Article 1, with the exception of point (14): For financial years starting on or after 1 January 2025: (i) to large undertakings within the meaning of Article 3(4) of Directive 2013/34/EU, other than those referred to in point (a)(i) of this subparagraph; (ii) to parent undertakings of a large group within the meaning of Article 3(7) of Directive 2013/34/EU, other than those referred to in point (a)(ii) of this subparagraph;	**2 (b).** **(i) to large undertakings which, on their balance sheet dates, exceed the average number of 1000 employees during the financial year;'** **(ii) to parent undertakings of a large group which, on their balance sheet dates, exceed the average number of 1000 employees, on a consolidated basis, during the financial year;**	(i) to large undertakings which, on their balance sheet dates, exceed the average number of ~~1000~~ **500** employees during the financial year;' (ii) to parent undertakings of a large group which, on their balance sheet dates, exceed the average number of ~~1000~~ **500** employees, on a consolidated basis, during the financial year;
2. Member States shall apply the measures necessary to comply with Article 2: (a) for financial years starting on or after 1 January 2024: (i) to issuers as defined in point (d) of Article 2(1) of Directive 2004/109/EC which are large undertakings within the meaning of Article 3(4) of Directive 2013/34/EU exceeding on their balance sheet dates the average number of 500 employees during the financial year; (ii) to issuers as defined in point (d) of Article 2(1) of Directive 2004/109/EC which are parent undertakings of a large group within the meaning of Article 3(7) of Directive 2013/34/EU exceeding on its balance sheet dates, on a consolidated basis, the average number of 500 employees during the financial year;	**(i) to issuers as defined in Article 2(1), point (d) of Directive 2004/109/EC which are large undertakings within the meaning of Article 3(4) of Directive 2013/34/EU which, on their balance sheet dates, exceed the average number of 1000 employees during the financial year;** **'(ii) to issuers as defined in Article 2(1), point (d) of Directive 2004/109/EC which are parent undertakings of a large group which, on its balance sheet dates, exceed the average number of 1000 employees, on a consolidated basis, during the financial year;**	(i) to issuers as defined in Article 2(1), point (d) of Directive 2004/109/EC which are large undertakings within the meaning of Article 3(4) of Directive 2013/34/EU which, on their balance sheet dates, exceed the average number of ~~1000~~ **500** employees during the financial year; '(ii) to issuers as defined in Article 2(1), point (d) of Directive 2004/109/EC which are parent undertakings of a large group which, on its balance sheet dates, exceed the average number of ~~1000~~ **500** employees, on a consolidated basis, during the financial year;

CSDDD

Current legal text	Omnibus proposal text from EC	PRI proposed text
Article 8 of CSDDD, amended by Article 4(4) of the omnibus		
2. As part of the obligation set out in paragraph 1, taking into account relevant risk factors, companies shall take appropriate measures to:	*No change*	2. As part of the obligation set out in paragraph 1, taking into account relevant risk factors **(as defined in Article 3(u) and including sector, product, geographic, and enterprise-level risks),** companies shall take appropriate measures to:
(a) map their own operations, those of their subsidiaries and, where related to their chains of activities, those of their business partners, in order to identify general areas where adverse impacts are most likely to occur and to be most severe;	*No change*	(a) **Conduct a high-level scoping exercise of** ~~map~~ their own operations, those of their subsidiaries and, where related to their chains of activities, those of their business partners, in order to identify general areas where adverse impacts are most likely to occur and to be most severe;
(b) based on the results of the mapping as referred to in point (a), carry out an in-depth assessment of their own operations, those of their subsidiaries and, where related to their chains of activities, those of their business partners, in the areas where adverse impacts were identified to be most likely to occur and most severe.	(b) based on the results of the mapping as referred to in point (a), carry out an in-depth assessment of their own operations, those of their subsidiaries and, where related to their chains of activities, those of their **direct** business partners, in the areas where adverse impacts were identified to be most likely to occur and most severe.	b) based on the results of the **scoping exercise** ~~mapping~~ as referred to in point (a), carry out an in-depth **mapping and risk/impact** assessment of their own operations, those of their subsidiaries and, where related to their chains of activities, those of their business partners, in the **general** areas where adverse impacts were identified to be most likely to occur and most severe**, to identify site-level impacts**.
	2a. Where a company has plausible information that suggests that adverse impacts at the level of the operations of an indirect business partner have arisen or may arise, it shall carry out an in-depth assessment. The company shall always carry out such an assessment where the indirect, rather than direct, nature of the relationship with the business partner is the result of an artificial arrangement that does not reflect economic reality but points to a circumvention of paragraph 2, point (b). Where the assessment confirms the likelihood or existence of the adverse impact, it is deemed to have been identified. The first subparagraph is without prejudice to the company considering available information about indirect business partners and whether they can follow the rules and principles set out in its code of conduct when selecting a direct business partner.	

	Notwithstanding the first subparagraph, irrespective of whether plausible information is available about indirect business partners, the company shall seek contractual assurances from a direct business partner that it will ensure compliance with the company's code of conduct by establishing corresponding contractual assurances from its business partners. Article 10(2), point (b) and (e) shall apply accordingly.';	
3. Member States shall ensure that, for the purposes of identifying and assessing the adverse impacts referred to in paragraph 1 based on, where appropriate, quantitative and qualitative information, companies are entitled to make use of appropriate resources, including independent reports and information gathered through the notification mechanism and the complaints procedure provided for in Article 14.	*No change*	*No change*
4. Where information necessary for the in-depth assessment provided for in paragraph 2, point (b) can be obtained from business partners at different levels of the chain of activities, the company shall prioritise requesting such information, where reasonable, directly from business partners where the adverse impacts are most likely to occur.	4. Where information necessary for the in-depth assessment provided for in paragraph 2, point (b), **and in paragraph 2a** can be obtained from **different** business partners **~~at different levels of the chain of activities,~~** the company shall prioritise requesting such information, where reasonable, directly from business **partner or** partners where the adverse impacts are most likely to occur.	4. Where information necessary for the in-depth assessment provided for in paragraph 2, point (b) can be obtained from business partners at different levels of the chain of activities, the company shall prioritise requesting such information, where reasonable, directly from business **partner or** partners where the adverse impacts are most likely to occur.
	5. Member States shall ensure that, for the mapping provided for in paragraph 2, point (a), companies do not seek to obtain information from direct business partners with fewer than 500 employees that exceeds the information specified in the standards for voluntary use referred to in Article 29a of Directive 2013/34/EU. By way of derogation to the first sub-paragraph, where additional information is necessary for the mapping provided for in paragraph 2, point (a), in light of indications of likely adverse impacts or because the standards do not cover relevant impacts, and where such additional information cannot reasonably be obtained by other means, the company may seek such	**5. Member States shall ensure that, for the mapping provided for in paragraph 2, point (a), companies do not seek to obtain information from direct business partners with fewer than 500 employees that exceeds the information specified in the standards for voluntary use referred to in Article 29a of Directive 2013/34/EU. By way of derogation to the first sub-paragraph, where additional information is necessary for the high-level scoping, mapping and/or risk/impact assessment provided for in paragraph 2, points (a) and (b), in light of indications of likely and/or severe adverse impacts or because the standards do not cover relevant impacts, ~~and where such additional information cannot~~**

	information from that business partner.	~~**reasonably be obtained by other means,**~~ **the company may seek such information through mutualization schemes or, if necessary, directly from that business partner.**
Article 15 of CSDDD, amended by Article 4(8) of the omnibus		
Such assessments shall be based, where appropriate, on qualitative and quantitative indicators and be carried out without undue delay after a significant change occurs, but at least every 12 months and whenever there are reasonable grounds to believe that new risks of the occurrence of those adverse impacts may arise.	Such assessments shall be based, where appropriate, on qualitative and quantitative indicators and be carried out without undue delay after a significant change occurs, but at least every **5 years** ~~**12 months**~~ and whenever there are reasonable grounds to believe **that the measures are no longer adequate or effective or** that new risks of the occurrence of those adverse impacts may arise.	Such assessments shall be based, where appropriate, on qualitative and quantitative indicators and be carried out without undue delay after a significant change occurs, but at least every **3 years** ~~**12 months**~~ and whenever there are reasonable grounds to believe **that the measures are no longer adequate or effective or** that new risks of the occurrence of those adverse impacts may arise.
Article 19 of CSDDD, amended by Article 9 of the omnibus		
2. The guidelines to be issued pursuant to paragraph 1 shall include: (a) guidance and best practices on how to conduct due diligence in accordance with the obligations laid down in Articles 5 to 16, particularly, the identification process pursuant to Article 8, the prioritisation of impacts pursuant to Article 9, appropriate measures to adapt purchasing practices pursuant to Article 10(2) and Article 11(3), responsible disengagement pursuant to Article 10(6) and Article 11(7), appropriate measures for remediation pursuant to Article 12, and on how to identify and engage with stakeholders pursuant to Article 13, including through the notification mechanism and complaints procedure established in Article 14;	*No change*	2. The guidelines to be issued pursuant to paragraph 1 shall include: (a) guidance and best practices on how to conduct due diligence in accordance with the obligations laid down in Articles 5 to 16, particularly, the identification process pursuant to Article 8, the prioritisation of impacts pursuant to Article 9, appropriate measures to adapt purchasing practices pursuant to Article 10(2) and Article 11(3), responsible disengagement pursuant to Article 10(6) and Article 11(7), appropriate measures for remediation pursuant to Article 12, and on how to identify and engage with **relevant** stakeholders in line **UN Guiding Principles and the OECD MNE Guidelines** pursuant to Article 13, including through the notification mechanism and complaints procedure established in Article 14;

EU TAXONOMY

Current legal text	Omnibus proposal text from EC	PRI proposed text
Article 19a of CSRD, amended by Article 2(2) of the omnibus		
PRI recommends aligning the scope of EU Taxonomy reporting with that the recommended CSRD scope threshold (500 employees). See CSRD table for specific amendments.		