POLICY FLASH

# OMNIBUS PACKAGE

## CSRD, CS3D, InvestEU, CBAM, EU Taxonomy

AmCham France - March 2025

The long-anticipated **Omnibus Package** was published by the European Commission on 26 February 2025. Designed to simplify and reduce EU regulatory burdens on businesses, it addresses several key directives, including the Corporate Sustainability Reporting Directive (**CSRD**), the Corporate Sustainability Due Diligence Directive (**CS3D**), the Carbon Border Adjustment Mechanism (**CBAM**), the reform of the **EU Taxonomy**, and the **InvestEU** fund.

While 87% of SME executives remain unaware of the CSRD, the directive is expected to impact 7,000 French companies and 50,000 European companies by 2028. Structured around 12 ESRS sustainability standards, it mandates the disclosure of 1,198 data points across governance, environmental, and social areas. As a result, companies find themselves overwhelmed by uncoordinated questionnaires that often ask for the same information with little alignment, creating a significant **competitive disadvantage**.[1]

This **regulatory burden** is part of a larger issue of internal barriers within the EU. According to an IMF report[2] higlighted in the Draghi report, these barriers - especially regulatory ones - are **equivalent to tariffs of 45% for the manufacturing industry and 110% for services**. Addressing this regulatory complexity has become the top priority for the European Commission over the next 5 years.

To address these challenges, the Omnibus Package aims to contribute to the European Commission's broader effort to achieve an unprecedented simplification. The goal is to **reduce administrative burdens on businesses by at least 25%** by the end of its mandate, with the figure rising to 35% for SMEs. This reduction is expected to save private sector companies €6 billion.

This *Policy Flash* will focus on the main changes introduced by the Omnibus Package that are likely to impact AmCham France member companies.

[1] Anne Sophie-Romagny and Marion Canalès, CSRD Directive: From Decoding to Advantage, Information Report No. 327, Senate, February 7, 2024.
[2] Oyun Erdene Adilbish, Diego A. Cerdeiro, Romain A. Duval et al, « Europe's Productivity Weakness: Firm-Level Roots and Remedies », IMF Report, February 2025

# I - Adjustments specific to the CSRD

### Two-year delay of CSRD reporting obligations (Article 1)

- **Large companies** (with **more than 500 employees**, not public interest entities, or parent companies of groups employing more than 500 individuals):
  - **Original reporting schedule**: fiscal years beginning on 1 January 2024, with reporting in 2025.
  - **Revised reporting schedule: fiscal years beginning on 1 January 2026, with reporting in 2027.**
- **SMEs** (over 250 employees, listed on the stock exchange, small and non-complex establishments):
  - **Original reporting schedule**: fiscal years beginning on 1 January 2025, with reporting in 2026.
  - **Revised reporting schedule: fiscal years beginning on 1 January 2027, with reporting in 2028.**
- **Insurance captives** (if they are large companies or listed SMEs):
  - **Original reporting schedule**: fiscal years beginning on 1 January 2026, with reporting in 2027
  - **Revised reporting schedule: fiscal years beginning on 1 January 2028, with reporting in 2029.**

### Increase in employee threshold for reporting obligations (Article 3):

- The Omnibus Package proposes raising the **employee threshold** for CSRD reporting obligations **from 250 to 1,000 employees**. This change effectively excludes approximately 80% of companies from the CSRD's requirements.

### Imposition of a unified electronic reporting format for CSRD obligations (Article 29d):

- A **single electronic reporting format** is mandated for CSRD obligations, aiming **to reduce reporting volume by 70%** compared to the previous model**.** While the specific format is not detailed in the article, the Omnibus Package indicates that a delegated act revising the first set of EU *Sustainability Reporting Standards* (ESRS) will be issued to simplify reporting by eliminating non-essential data.

### Proposed extension of transposition deadlines:

- The European Commission has established a two-year delay for CSRD obligations, but **the French Senate has voted to extend these deadlines further to 2030 and 2032** as part of the Dadue bill revision, effectively adding a four-year extension

[3] Amending Directives 2006/43, 2022/2464, and 2024/1760, namely the Directive concerning the legal audits of annual and consolidated accounts, the CSRD, and the CS3D.

# II - Adjustments specific to the CS3D

### CS3D obligations delayed (Article 2)

- **Large Companies** (more than 3,000 employees and over 900 million euros in global turnover):
  - **Original schedule**: fiscal year beginning on 1 January 2027, with reporting in 2028
  - **Revised schedule: fiscal year beginning on 1 January 2028, with reporting in 2029.**
- **All other Companies**:
  - **Original schedule**: fiscal year beginning on 1 January 2027, with reporting in 2028
  - **Revised schedule: fiscal year beginning on 1 January 2029, with reporting in 2030.**

### CS3D Climate transition (Article 4)

- **Climate Transition Plan adoption**: companies are required to implement climate transition plans aimed at limiting global warming to 1.5°C, in alignment with the *Paris Agreement*.
- **Business relationship termination provision removed**: the obligation for companies to sever ties with partners or suppliers found in serious violation of human rights or environmental standards has been removed.

# III - Measures covering both the CSRD & CS3D

**Delegated authority for Auditors' procedures**: the package empowers the European Commission to adopt delegated acts (Article 1[4]) detailing auditors' procedures for evaluating sustainability reports. These procedures encompass engagement planning, risk assessment, and the formulation of conclusions.

**Exemption for smaller Companies**: companies with fewer than 1,000 employees (Article 2[5]) are exempted from providing detailed reporting on their sustainability impact (ESG criteria) across their value chains. This measure aims to alleviate reporting burdens for smaller businesses.

**Transposition Deadline**: to be transposed into Member States' national laws by **31 December 2025**.

[4] Amendments to Directive 2006/43/EC concerning the legal audits of annual and consolidated accounts.
[5] Ibid


# IV - Updates to the InvestEU Fund

Launched in 2021, InvestEU is designed to foster strategic investment, drive innovation, and support sustainable growth across Europe. By consolidating various financial instruments into a single, streamlined platform, the program simplifies access to funding for businesses and infrastructure projects.

**Unlocking additional investments (Article 1[7]):**

- The legislation aims to unlock €50 billion in both public and private investments.
- It clarifies and defines the terms under which the InvestEU Fund operates.
- It also enables combining InvestEU funding with other existing EU support mechanisms, making it easier to finance projects.

**Enhanced Role of the European Investment Bank (EIB) (Article 3[8]):**

- The European Investment Bank (EIB), which is the EU's main lending arm, can now use EU-backed guarantees to finance more projects.
- These guarantees make it easier for the EIB to raise funds on financial markets under better conditions (including lower interest rates).
- The guarantee amount will be increased by €2.5 billion between 2025 and 2027 to further boost funding capabilities.

[6] Amendments for a Regulation of the European Parliament and of the Council amending Regulations (EU) 2015/1017, (EU) 2021/523, (EU) 2021/695 and (EU) 2021/1153, i.e. on the European Fund for Strategic Investments, on the Invest EU Fund, on the Horizon Europe Framework Programme for Research and Innovation and on the European Interconnection Facility.
[7] Amendments to Regulation 2021/523 on the InvestEU Fund.
[8] Amendments to Regulation (EU) 2021/1153 [CEF] (Connecting Europe Facility).

## V - CBAM simplifications and updates under the Omnibus package

The Omnibus Package introduces several **simplifications and adjustments** to the Carbon Border Adjustment Mechanism (CBAM), aiming to **reduce administrative burdens** while maintaining environmental objectives. The primary purpose is to **exempt around 90% of importers** from CBAM obligations **while still covering more than 99% of emissions** to ensure the mechanism's goal of reducing greenhouse gas emissions by preventing carbon leakage.

### Exemptions from CBAM obligations

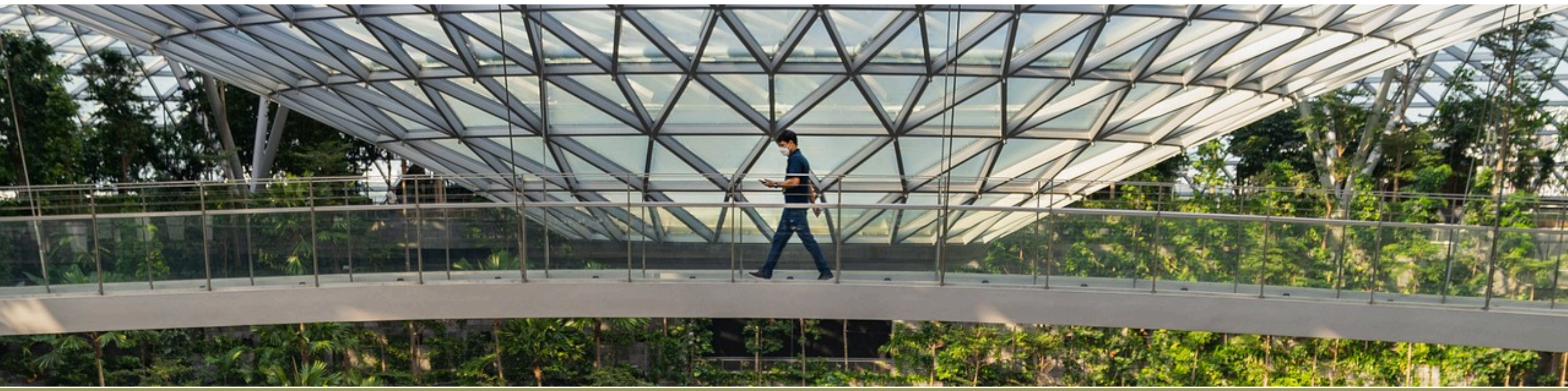
- **Small Quantities Exemption**: importers of **very small quantities of goods** are exempt from CBAM obligations, provided the **imported volume (excluding electricity & hydrogen)** does **not exceed the recording threshold of 2.6 tons**.
- This exemption **covers no more than 1% of integrated emissions**, ensuring that the **environmental impact is negligible** while **reducing compliance costs** for small importers.

### Simplifying reporting and certification

- **Delegating reporting obligations**: CBAM declarants can delegate their reporting tasks to third parties through the CBAM registry, making compliance more manageable.
- To enable delegation, the declarant must become a **"certified CBAM declarant"**, even if benefiting from the small importer exemption.

### Adjustments to reporting deadlines

- The deadline for submitting the **annual CBAM declaration** has been **extended from April 30 to May 31** of the year following importation, giving declarants additional time **for accurate reporting**.



[9] Refers to a $CO_2$ emissions threshold above which importers of more than 50 tonnes of goods must begin paying CBAM certificates.

### Carbon Price Adjustments and Reductions

- **Recognition of foreign carbon prices**: declarants can claim a carbon price paid in a third country different from the country of origin.
- **The CBAM declaration must include**:
  - Installation (factory) and country of origin of imported goods.
  - Type of goods and integrated emissions (amount of $CO_2$ emitted during production).
  - Carbon price paid by the foreign producer, or a default carbon price if precise data is not available.
- The **European Commission's default carbon prices** may be used when specific data is lacking.
- To **avoid double taxation**, the CBAM certificate price can be reduced if a carbon price has already been paid through carbon taxes or emission trading schemes in the exporting country.

### Administrative and Operational Simplifications

- **Streamlined operator registration:** the portal for registering operators and installations in third countries will be simplified.
- **Certificate sales and compliance:**
  - The **start date for CBAM certificate sales** is set for **February 2027**.
  - From that date, declarants must ensure that the number of certificates corresponds to at least 50% of the emissions related to the imported goods.
- **Buyback limit adjustments**: the buyback limit has been modified to ease the financial management of certified declarants. **Buyback requests must be submitted no later than November 30 of each year**.

### Updates to the Product List

- **Removal of con-calcined kaolin clays**: these products are no longer covered by the CBAM.
- **Addition of electricity**: electricity has been added to the list of CBAM-covered products.

ack request no later than November 30 of each year.

This comprehensive package of simplifications and adjustments aims to balance regulatory efficiency with environmental protection, ensuring that the CBAM remains effective and practical for businesses of all sizes.


# VI - Reform of the European Green Taxonomy

Adopted in 2020 by Regulation 2020/852 on taxonomy, the **European Green Taxonomy** is a classification system that identifies, among a number of criteria, **a company's economic activities considered "sustainable" and "green"** from **an environmental point of view.**
This framework aims to direct investments towards projects that positively contribute to the ecological transition and carbon neutrality by 2050.

**Purpose:** establishes a **European framework** to classify environmentally sustainable economic activities and **imposes reporting obligations** on companies regarding these activities.

**Limited scope:** applies to **companies with over 1,000 employees** and **a turnover exceeding €450 million**. Below, companies can choose to voluntarily opt in, with simplified reporting.

**Simplification of reporting** through the introduction of **exemptions** for certain companies regarding the assessment of compliance with the taxonomy (Article 1)[10].

- **Non-financial companies:** exempted if environmental activities account for **less than 10% of the KPIs** (revenue, investments, operating expenses)[2]. Operational expenses can also be omitted if revenue is less than 25% of the KPI. In total, the number of data points to be reported by non-financial companies **is reduced by 66%**.
- **Asset management companies:** exempted if the value of assets under management is less than 10% of the corresponding KPI.
- **Credit institutions:** exempted for assets, financial guarantees, assets under management, fee income, and financial assets held for trading if their value is less than 10% of certain KPIs and must be reported as "non-significant."
- **Investment companies:** exempted if the value of assets under management is less than 10% of the Green Asset Ratio (GAR). In total, for financial companies, the reduction is even more significant: **89% of the data points to be reported will be removed.**

[10] Amendments to Delegated Regulation 2021-2178, specifying the content and presentation of information to be disclosed by companies concerning sustainable economic activities
[11] Amendments to delegated regulations 2021/2139 and 2023/2486 - determining whether an economic activity can be considered to contribute substantially to climate change mitigation.


**Simplification of DNSH rules « Do no significant harm » (Article 2 and 3[4]):**

- For chemicals, these criteria will be simplified for companies to allow for faster implementation of the taxonomy.
- The assessment will be limited to 10,000 substances that do not have a harmonized classification under the regulation on classification, labeling, and packaging.
- The simplification will be temporary, with a reassessment and expansion of the DNSH (Do No Significant Harm) criteria by the end of 2025 to ensure their effectiveness and alignment with a green economy.

**Article 4: entry into force and application**

- The regulation **applies 20 days after its publication** in the *EU Official Journal*.
- Financial companies (asset management, credit institutions, and investment firms) are not required to include exposures to companies **with fewer than 1,000 employees** in the calculation of their KPIs.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