



Omnibus sustainability package Effects on the EU sustainability reporting frameworks

April 2025

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Sustainability Omnibus

The European Commission published the Omnibus sustainability package on 26 February 2025 aiming to significantly reduce sustainability and due diligence reporting requirements and burdens. This publication is dedicated to the proposed changes in this package along with related updates and insights.

What are the proposed changes?

The Omnibus sustainability package comprise the following:

1. A draft directive deferring the application of the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD).
 - o *This is referred to as the 'stop-the-clock' directive, as it purely pertains to proposed effective dates for the CSRD and CSDDD.*
2. A draft directive amending specific provisions of the CSRD and the CSDDD.
 - o *This is referred to as the 'substantive' directive, as it contains proposed amendments to the content of the CSRD, CSDDD and related legislation.*
3. A draft delegated act, subject to public consultation, amending the EU Taxonomy Disclosures, Climate, and Environmental Delegated Acts.
4. A draft regulation amending the Carbon Border Adjustment Mechanism Regulation (CBAM).



Disclaimer

As none of the elements of the Omnibus sustainability package have been finalised, they remain subject to change, including subject to changes made through the political negotiations in the institutions of the European Union. Further, certain of the amendments are also dependent on the transposition in Denmark, including e.g. whether commercial foundations and limited liability cooperatives, etc. still should be in scope for CSRD-reporting in Denmark.

As such, it is too early to conclude on what the changes will be, when they will be approved and when they will come into effect. Undertakings that are subject to the current sustainability reporting requirements should therefore stay informed of the proposed amendments and be prepared for any changes to those.

Background

The EU has set out an ambitious framework to become a decarbonised economy by 2050. The Draghi report, commissioned by the European Commission (EC) and published in September 2024, states that decarbonisation policies are a powerful driver of growth when they are well integrated with industrial, competition, economic and trade policies.

Building on the analysis of the Draghi report, the EC published "A Competitiveness Compass for the EU" (Competitive Compass) in January 2025 that is intended to guide the EC's work in the coming five years and listed priority actions that aim at reigniting economic dynamism in Europe. As such, one of the main priorities of the new EC is competitiveness, and several changes and simplification Omnibuses across various rules and legislations should be expected in the near future.

The Competitiveness Compass sets out three core areas for action, which are complemented by five horizontal enablers:

Core areas



innovation,



decarbonization, and



security

Horizontal enablers

- Simplification,
- Lowering barriers to the Single Market,
- Financing competitiveness,
- Promoting skills and quality jobs, and
- Better coordination of policies at EU and national level

The main focus for this publication is the simplification enabler and its effects on the EU sustainability reporting frameworks. The enabler is wider than sustainability reporting, and the EC has an overarching target to cut the administrative burdens by at least 25% for all entities and by at least 35% for small- and medium-sized entities (SMEs). These priorities are further exemplified in the EC's work programme for 2025 as shown below, with a focus on the sustainability-related policy objectives:



European Commission 2025 Work Programme
Focus on Sustainability-related policy objectives (*incomplete extract*)

	Policy objective	Initiative	Type	Timeline
	Simplification	First Omnibus package on sustainability	Legislative	Published
	Simplification	Second Omnibus package on investment simplification	Legislative	Published
	Competitiveness and decarbonisation	Clean Industrial Deal	Non-legislative	Published
	Competitiveness and decarbonisation	Action plan on affordable energy	Non-legislative	Published
	Security	Roadmap towards ending Russian energy imports	Non-legislative	Published
	Simplification	Third Omnibus package on small mid-caps and removal of paper requirements	Legislative	Q2 2025
	Competitiveness and decarbonisation	Sustainable Transport Investment Plan	Non-legislative	Q3 2025
	Simplification	Revision of the Sustainable Finance Disclosure Regulation (SFDR)	Legislative	Q4 2025
	Competitiveness and decarbonisation	Industrial Decarbonisation Accelerator Act	Legislative	Q4 2025
	Competitiveness and decarbonisation	Bioeconomy strategy	Legislative (TBC)	Q4 2025
	Simplification	Targeted revision of the REACH Regulation	Legislative	Q4 2025



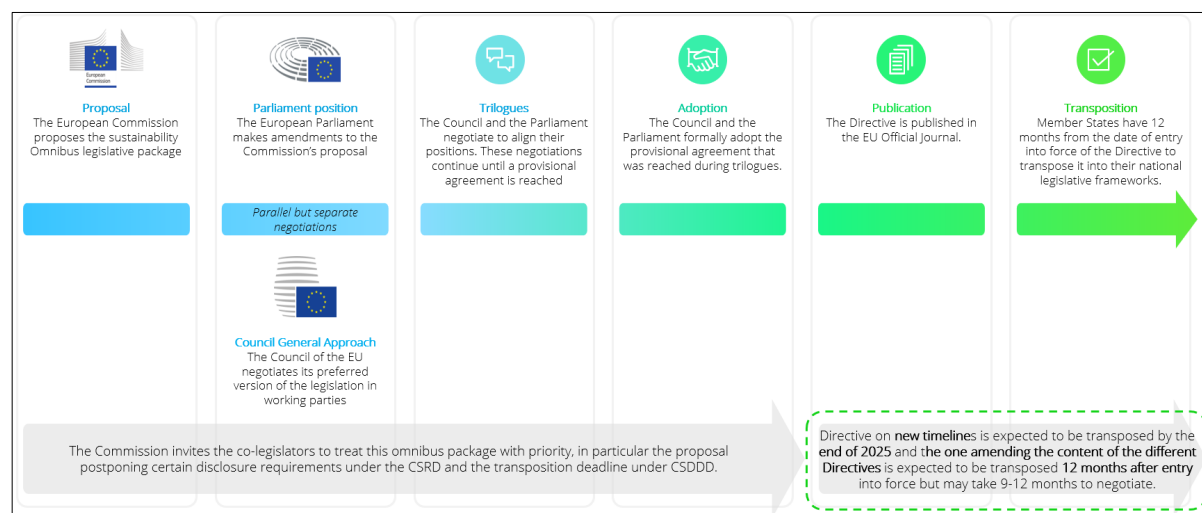
Simplification initiatives or initiatives with a strong simplification dimension

The first in the series of Omnibuses pertain to sustainability reporting, including the Corporate Sustainability Reporting Directive (CSRD) and the supportive European Sustainability Reporting Standards (ESRSs), Corporate Sustainability Due Diligence Directive (CSDDD), EU Taxonomy, etc. This Omnibus was released on 26 February 2025¹. However, several of the other policy objectives listed above are expected to (indirectly) affect the sustainability reporting frameworks. This includes the third Omnibus package on small mid-caps (which is expected to introduce a new category of undertakings) and the revision of the SFDR, as this is the source of many of the 'EU Datapoints' in the ESRSs.

¹ [European Commission | Commission simplifies rules on sustainability and EU investments](#)

What is an Omnibus and what is the legislative process?

An omnibus is an initiative where the EU institutions make proposed amendments to several existing directives and/or regulations which are both referred to as 'level one' texts. Level one texts require consensus at the trilogue level, which means agreement between the European Commission, the Parliament and the Council. These include the amendments to the CSRD and CSDDD. Directives are to be transposed into Danish law to come into force in Denmark. The illustration below shows the ordinary legislative procedure, which is expected for the substantive directive:



The 'stop-the-clock' directive is following an urgent procedure in the EU institutions, which fast-tracks the legislative process (see further in [1. 'Stop-the-clock' directive amending the effective dates of the CSRD and CSDDD](#) below.)

However, the Omnibus proposal also contains proposed amendments to delegated acts, which are referred to as 'level two' texts. These are published by the EC and are in general subject to a four-week public consultation period in accordance with the EC's Better Regulation agenda, before being adopted by the EC. After that, the Parliament and Council then have a two-month period where they can object to the published proposal. If they do not object, the proposals become effective when published in the Official Journal. These include the published proposed amendments to the EU Taxonomy (the Disclosures Delegated Act (DDA), Climate Delegated Act (CDA), and the Environmental Delegated Act (EDA)). Once published in the Official Journal, the delegated acts have immediate effect in Denmark are not subject to implementation in Danish law.

1. 'Stop-the-clock' directive amending the effective dates of the CSRD and CSDDD

The Commission has issued a "fast-track" legislative proposal covering the **CSRD** (for the CSDDD see further below) which defer by two years the application of the CSRD for wave 2 undertakings (large PIEs with less than 500 employees and all other large undertakings, which would otherwise have to report data for fiscal year 2025 in 2026) and wave 3 undertakings (SMEs with securities admitted to trading on EU regulated markets, small and non-complex credit institutions and captive insurance undertakings) which would otherwise have to report in accordance with the CSRD for fiscal year 2026 in 2027.²

This deferral, if quickly adopted as expected, means that undertakings which potentially will be removed entirely from the scope of CSRD under a second legislative proposal (see below), will not in the meantime be required to report in accordance with the current CSRD requirements (i.e. ESRS and

² Under the current CSRD, listed SMEs already have the option to opt out of sustainability reporting for 2026 and 2027.

EU Taxonomy). The proposal provides that Member States will have until 31 December 2025 to transpose the amendments into national law.

Assuming, that the Danish Parliament will transpose the 'stock-the-clock' directive into the existing requirements in the Danish Financial Statements Act (and the executive orders for financial institutions (FBEK and KBEK)), these proposed amendments will change the CSRD reporting waves in Denmark to the following:

Fiscal year	Public Interest Entities		Others within the scope of the Danish Financial Statements Act					FBEK/KBEK	Size criteria [⚠]		
	Listed (regulated)*	Financial PIEs**	State-owned A/S	Commercial Foundations	Certain other companies***	Others	Non-PIE FBEK & KBEK ****		Employees	Revenue	Balance sheet
2024									> 500		
Originally 2025											
2027									> 250	> 391 DKKm	> 195 DKKm
Originally 2026											
2028									> 250	> 391 DKKm	> 195 DKKm
2028									> 10	> 7 DKKm	> 3,5 DKKm

Danish additions/changes to the scope/implementation

Also required to include article 8 taxonomy reporting

Small and non-complex institutions & captive- and captive reinsurance (as defined in separate legislation) which are large undertakings are not in scope in 2025, but 2026 – including listed

Shall exceed two of the three criteria for two consecutive years, except for employees for 2024, which is based on the average for the year.

The size criteria for 2026 SMEs are based on the parent and not group

* Also includes listed financial PIEs and non-EU/EEA undertakings which are listed on regulated markets within the EU/EEA

** Credit institutions and insurance undertakings which are not listed on regulated markets

*** Certain Danish-specific limited liability undertakings, including limited liability cooperatives, F.M.B.A etc.

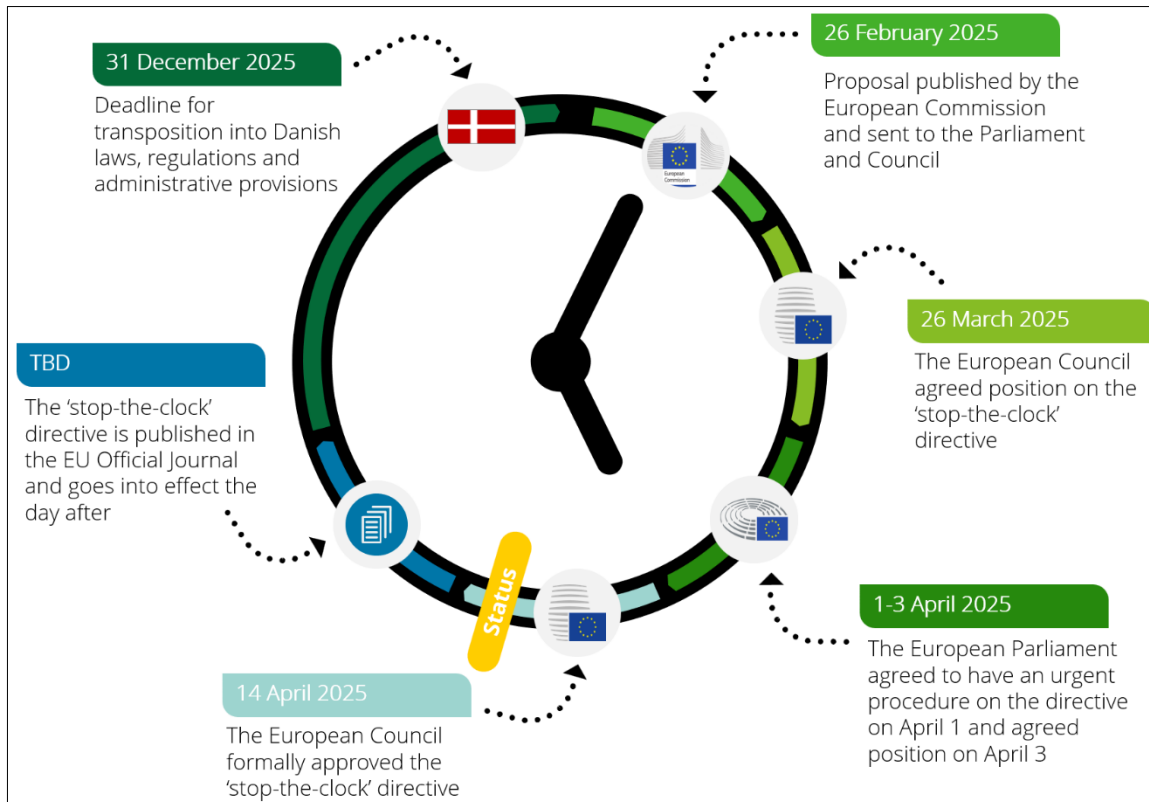
**** FBEK: Insurance, KBEK: Credit institutions, Asset Management etc.

Exempted from sustainability reporting: Alternative investment funds (AIF) and UCITS regardless of type of undertaking

For the **CSDDD**, the 'stop-the-clock' directive contains a postponement by one year of the transposition deadline (to 26 July 2027 instead of 26 July 2026) into national legislation and of the first phase of the application of the sustainability due diligence requirements, covering the largest undertakings (to 26 July 2028 instead of 26 July 2027). This means that the largest EU undertakings with over 5,000 employees and turnover above EUR 1.5b will need to start applying the new due diligence rules from 2028.

Further, the date for the Commission to adopt due diligence guidelines is advanced to 26 July 2026 (instead of 26 January 2027) in order to provide for guidance in due time before the CSDDD requirements go into effect.

The current status and expected timeline of the 'stop-the-clock' directive is as follows:



Observation

The European Parliament's vote on the request for an urgent procedure on 1 April 2025 passed with a comfortable margin (427 votes out of 662), while the vote to agree to the 'stop-the-clock' directive on 3 April 2025 passed with 531 votes for and 69 against.

However, during the political discussions in the Parliament and the wide range of proposed amendments to the 'stop-the-clock' directive by MEPs, showed some political disagreement in the Parliament with the Omnibus proposal as approved by the European Commission. This indicates potential for tough political negotiations on the substantive directive in the Parliament when that is expected to move forward later in 2025.

2. Substantive directive amending the CSRD (including some amendments to the EU Taxonomy)

The amendments to the CSRD requirements primarily pertain to requirements that are included in the Accounting Directive, and the key changes relates to:

- [2.1 Scope](#)
- [2.2 Reporting under the European Sustainability Reporting Standards \(ESRS\)](#)
- [2.3 EU Taxonomy reporting](#)
- [2.4 Assurance on sustainability reporting](#)

and can be summarized as follows:

2.1 Scope

- Significantly reducing the scope of application of sustainability reporting requirements in accordance with ESRS to large undertakings with more than 1,000 employees on average (i.e. undertakings that have more than 1,000 employees **and either** revenue above EUR 50 million (DKK 391million) or a balance sheet total above EUR 25 million (DKK 195 million)).
 - The change to 1,000 employees is expected to reduce the number of undertakings in scope of the ESRS reporting requirements with 80 %.



Connecting the dots

The phrasing in the draft directive states that the criteria for the 1,000 employees is for the fiscal year – and not two consecutive years. This means, that the first fiscal year a large (c-large) undertaking exceeds 1,000 employees the undertaking is required to prepare sustainability statements in accordance with ESRS for that fiscal year.

While this approach is different to the regular size criteria for reporting classes in e.g. the Accounting Directive and the Danish Financial Statements Act (which is based on two consecutive years), it is similar to other size criteria previously used in other EU legislation, including for the scope of the NFRD.

- Reducing the scope of application of sustainability reporting requirements for third-country undertakings (to start applying for fiscal year 2028) to those with a EUR 450 million net turnover generated in the EU (instead of EUR 150 million) and either a branch with at least a EUR 50 million turnover (instead of EUR 40 million) or a large subsidiary (threshold unchanged) in the EU.

Assuming that proposed amendments to the scope of the CSRD will be approved by the EU institutions and that the Danish Parliament will transpose the amendments to the scope into the existing requirements in the Danish Financial Statements Act (and the executive orders for financial institutions (FBEK and KBEK)), these proposed amendments will change the scope of the CSRD reporting in Denmark from 2024 to 2027 to the following:

Fiscal year	Public Interest Entities		Others within the scope of the Danish Financial Statements Act					FBEK/KBEK	Size criteria		
	Listed (regulated)*	Financial PIEs**	State-owned A/S	Commercial Foundations	Certain other companies***	Others		Non-PIE FBEK & KBEK ****	Employees	Revenue	Balance sheet
2024									> 500		
2027									> 1,000	+ > 3,300 DKKm	
2027									> 1,000	+ > 391 DKKm OR > 195 DKKm	

* Undertakings which are listed on regulated markets within the EU/EEA
 ** Credit institutions and insurance undertakings which are not listed on regulated markets
 *** Certain Danish-specific limited liability undertakings, including limited liability cooperatives, F.M.B.A etc.
 **** FBEK: Insurance, KBEK: Credit institutions, Asset Management etc.

Exempted from sustainability reporting: Alternative investment funds (AIF) and UCITS regardless of type of undertaking

Danish additions/changes to the scope/implementation. These are dependent on the Danish transposition of the amendments to the CSRD and are as such subject to a level of uncertainty.

Also required to include article 8 taxonomy reporting

Shall exceed 1,000 employees and either revenue or balance sheet total above the criteria. The revenue and balance sheet criteria is two consecutive years, whereas the employees is only for the financial year.



Observation

With the wording included in the draft substantive directive, wave 1 undertakings (i.e. those in scope from 2024), are no longer in scope when the substantive directive has been approved and transposed into national legislation, as there will only be one wave.

Technically speaking, this means that if the proposals are adopted and transposed in Denmark as currently worded in the directive, all undertakings that were in scope from 2024 (including those with more than 1,000 employees), will not be required to prepare sustainability reporting in accordance with the CSRD requirements until fiscal year 2027.

2.2 Reporting under the European Sustainability Reporting Standards (ESRS)

- Ensuring that undertakings in scope do not seek to obtain from undertakings in their value chain with less than 1,000 employees any information that goes beyond the information specified in the voluntary sustainability reporting standards to be adopted by the Commission (except for additional sustainability information that is commonly shared between undertakings in the sector), and that assurance providers respect this obligation.
- Removing the requirement for sector-specific reporting standards.
- Removing the powers granted to the Commission to adopt sustainability reporting standards for listed SMEs (as such undertakings are no longer in the scope of the CSRD), and granting the Commission powers to adopt delegated acts to provide for sustainability reporting standards for voluntary use by out-of-scope undertakings (based on the standard developed by EFRAG for voluntary reporting by SMEs – the VSME standard³).



Connecting the dots

The specific content and structure of this voluntary standard remains unclear. In the draft proposal it is stated that it shall be **based on** the VSME standard developed by EFRAG, but this standard was specifically developed for SMEs (reporting class C-medium or smaller in Denmark), and as such might not be suitable for larger undertakings.

For instance, the VSME standard does not contain a double materiality assessment (DMA) as it was considered too complex for SMEs, so many disclosures are to be reported “if applicable”. This potentially results in reporting non-material information which might not be considered necessary by large undertakings with the ability and desire to conduct a materiality assessment.

- The Commission intends to adopt a delegated act substantially revising the ESRs, reducing the number of mandatory ESRs datapoints by:
 - removing those deemed least important for general purpose sustainability reporting,
 - prioritising quantitative datapoints over narrative text, and
 - further distinguishing between mandatory and voluntary datapoints, without undermining interoperability with global reporting standards and without prejudice to the materiality assessment of each undertaking.

A four-week consultation period will be provided for the proposed changes to the ESRs, but as the ESRs are delegated acts they will be effective upon adoption by the European Commission and a two-month scrutiny period by the Parliament and Council.

³ [EFRAG | Voluntary Sustainability Reporting Standard for non-listed SMEs \(VSME\)](#)



Connecting the dots

On 27 March 2025, the European Commission outlined the specific mandate to EFRAG on the simplification of the European Sustainability Reporting Standards (ESRS) ⁴. The EC requested the technical advice from EFRAG by 31 October 2025 and stated that it would allow the EC to adopt the corresponding delegated act in time for undertakings to apply the revised standards for reporting covering fiscal year 2027, potentially with an option to apply the revised standards for reporting covering fiscal year 2026 if undertakings wish to do so.

Subsequently, on 8 April 2025, EFRAG launched a public call for input on revisions to the ESRs with a deadline for submitting feedback on 6 May 2025 ⁵.



Observation

A practical issue with proposing substantial revisions to the ESRs at this stage, is that it could result in wave 1 undertakings that had the option to omit a number of datapoints through transitional provisions (phase-ins) in their first reporting year, being required to disclose those datapoints in their second reporting year before the datapoints are removed for their third reporting year, as part of the revision of the ESRs.

As such, it is our understanding that the European Commission is considering proposing a separate quick-fix amendment to the ESRs to extend the time limit for the transitional provisions in ESRS 1, Chapter 10 (and Appendix C).

If adopted by the EC, and after the two-month scrutiny period by the Parliament and Council, this would mean that wave 1 undertakings would be able to apply the same transitional provisions as they could for fiscal year 2024.

2.3 EU Taxonomy reporting

As the scope of the EU Taxonomy requirements are determined by the Accounting Directive, the amendments to the Accounting Directive also contains the following proposed amendments relating to the EU Taxonomy:

- Allowing undertakings in the revised scope of the CSRD (i.e. large undertakings with more than 1,000 employees), and with a turnover below EUR 450 million, to not publish an EU Taxonomy reporting.
 - However, if such undertakings claim to have activities that are (partially) associated with economic activities that qualify as environmentally sustainable under Articles 3 and 9 of the EU Taxonomy Regulation, there is still taxonomy information required (turnover and capex) on how and to what extent their activities are associated with those environmentally sustainable economic activities. The Commission is to adopt a delegated act that specifies the information to be disclosed in such circumstances.

2.4 Assurance on sustainability reporting

- Removing the due date 1 October 2026 by when the Commission is to adopt standards for sustainability limited assurance and instead specifying that the Commission will issue targeted assurance guidelines by 2026.
- Removing the possibility for the Commission to adopt reasonable assurance standards.

⁴ [EFRAG | EU Commissioner Albuquerque addresses EFRAG SRB on ESRS Simplification Mandate](#)

⁵ [EFRAG | EFRAG Launches a public call for input on ESRS Set 1 Revision](#)



Connecting the dots

On 13 March 2025, the European Commission sent a letter to the Committee of European Auditing Oversight Bodies (CEAOB)⁶ outlining the proposed changes above and inviting the CEOB to reorientate its focus from providing technical advice for the development of EU specific add-ons and carve-outs (if applicable) to be included in a Delegated Act on limited assurance standards based on ISSA 5000 as approved by the IAASB.

Instead, the EC requests the CEOB to provide technical advice for the development of targeted guidelines as well as technical advice for EU specific add-ons (and possible carve-outs) to ISSA 5000. But the deadline for the requested advice for the latter no longer applies (previously May 2025).

3. Substantive directive amending the CSDDD

As the CSDDD has not gone into effect yet (nor been transposed in Denmark), the European Commission aim with the amendments in the substantive directive is to give undertakings more time to prepare and relief from a series of obligations. Some of the key reliefs can be summarized as follows:

Reduced scope of risk assessment obligations

- The CSDDD requires a risk-based system to assess actual and potential adverse human rights and environmental impacts, in both the upstream and portions of the downstream. The proposal limits this requirement to direct business partners (i.e., the tier-1, excluding indirect business partners in the value chain). **However**, an in-depth assessment will be required with respect to an indirect partner, if the company has plausible information suggesting that there are actual or potential adverse impacts in the chain beyond tier-1.
- The proposal requires undertakings to not seek to obtain from direct business partners with less than 500 employees information that exceeds what is required by the ESRS for SMEs adopted pursuant to the CSRD (see above).

Modification of the risk mitigation duty: the proposal removes the duty to terminate relationships as a last resort. Undertakings can suspend partnerships under certain circumstances.

Monitoring obligation every five years, instead of annually (assessment of adequacy and effectiveness of due diligence measures).

Financial services firms removed from future scrutiny (downstream financial services activities): the proposal deletes the current requirement for the Commission to submit a report to the European Parliament and the European Council on the necessity of adopting additional due diligence requirements tailored to the provision of financial services and investment activities.

Better alignment with the CSRD re. the Climate Transition Plan: proposal replacing the requirement to put into effect a climate transition plan with a clarification that the obligation to adopt a transition plan includes outlining implementing actions planned and taken.

Expanding the scope of harmonisation to more CSDDD provisions allowing less flexibility for Member States to introduce stricter national due diligence requirements.

Deleting the 5% of turnover as a minimum fine cap.

⁶ [European Commission | Letter to the CEOB | Update on the request for a technical advice for the development of EU specific add-ons and carve-outs \(if applicable\) to be included in the Delegated Act adopting limited assurance sustainability standards based on the final version of ISSA 5000](#)

Removing EU-level civil liability and the requirement for Member States to allow for victims to be represented by civil society associations before courts.

Stakeholder engagement requirements cut back

- The proposal simplifies the definition of stakeholders, which now covers workers, their representatives and individuals and communities whose rights or interests are or could be directly affected by the products, services and operations of the company, its subsidiaries and its business partners, and that have a link to the specific stage of the due diligence process being carried out.
- The proposal foresees that stakeholder engagement only will be required for selected aspects of the due diligence process.

4. Draft delegated regulation amending the EU Taxonomy regulation

The Commission's proposal⁷ on the EU Taxonomy regulation aims to reduce reporting complexity, lower compliance costs, and provide undertakings with more flexibility while ensuring transparency on sustainability efforts.

The Commission has published for consultation draft amendments to the Taxonomy Disclosure Delegated Act (DDA), Climate Delegated Act (CDA), and Environmental Delegated Act (EDA), which:

- **Simplification of the reporting templates**, leading to a reduction of reported data points by almost 70 % for non-financial undertakings and e.g. 89 % for credit institutions.
- **Introduction of a materiality threshold**, exempting undertakings from assessing compliance of economic activities with the technical screening criteria where the economic activities are not financially material for their business. This threshold is generally set at 10 % and for non-financial undertakings means those activities not exceeding 10% of their total turnover, capital expenditure (CapEx), or operating expenditure (OpEx).
- **Two alternative approaches to simplify the “Do No Significant Harm” (DNSH) criteria for pollution prevention and control**. The European Commission is seeking public feedback on the two alternatives with a focus on streamlining requirements related to the use and presence of chemicals across all economic sectors.

These amendments were subject to a four-week public consultation which ended on 26 March 2025.



Connecting the dots

As this element of the sustainability reporting Omnibus is a delegated act, the European Commission can now adopt the amendments, which is expected to occur in the second quarter of 2025. Once the Commission has adopted the act, the Parliament and Council generally have two months to formulate any objections. If they do not, the delegated act enters into force.

As the draft delegated regulation states that it shall apply from 1 January 2026, the amendments mentioned above could potentially apply for reports published in 2026 for the fiscal year 2025, similar to previous application dates for the EU Taxonomy.

⁷ [European Commission | Simplification Omnibus - Taxonomy Delegated Acts – amendments to make reporting simpler and more cost-effective for companies](#)

5 Other highlights in the sustainability Omnibus package, including tagging and CBAM

The sustainability Omnibus package also contained a number of other noteworthy highlights, including for the upcoming ESEF tagging requirements and amendments to the CBAM regulation.

5.1 Tagging requirements

A topic which can often be overlooked, is the upcoming requirement to digitally tag the sustainability statements (both ESRS and EU Taxonomy reporting) in XBRL format. This requirement remains after the sustainability Omnibus, as the only change made to Article 29d in the Accounting Directive, is to insert a sentence stating that the information is not required to be tagged until the rules on that tagging are adopted by the European Commission through a delegated regulation.



Connecting the dots

Following their own due process, EFRAG published the draft XBRL Taxonomies in August 2024. These have been the basis for the European Securities and Markets Authority's (ESMA's) public consultation on the Regulatory Technical Standards (RTS) that contain the requirements for tagging the sustainability statements, which ended on 31 March 2025.

Since ESMA's consultation period started before the sustainability reporting Omnibus was published and ended after, significant changes should be expected before the tagging requirements enter into force. However, these changes and the process on how those will be made are currently subject to uncertainty.

5.2 Draft delegated regulation amending the CBAM regulation

Key updates to ease compliance while maintaining its effectiveness in reducing emissions include:

Exemption for small importers – SMEs and individual importers handling small volumes of CBAM-covered goods will be exempt from obligations. A new annual threshold of 50 tons per importer will remove compliance requirements for around 182,000 importers (90% of the total) while still covering over 99% of emissions.

Simplified rules for businesses – CBAM reporting and authorization procedures will be streamlined, easing emissions calculation and compliance obligations to reduce administrative burdens.

Enhanced enforcement to prevent abuses – Stronger rules will be introduced to prevent evasion and manipulation, ensuring CBAM remains an effective tool for fair and sustainable trade.

Steps towards future extension – These reforms lay the groundwork for extending CBAM to additional ETS sectors and processed goods, with a legislative proposal expected in early 2026.

The legislative proposals will now be submitted to the European Parliament and the Council, which will begin preparing their respective positions ahead of interinstitutional discussions.



Connecting the dots

A majority in the European Parliament consisting of the EPP, S&D and Renew Europe (401 MEPs out of 720), has jointly declared that they will only review and, if necessary, amend the modifications of the CBAM as proposed by the European Commission. Further, they have committed to not propose any other changes to the CBAM regulation nor to support any amendments from other political groups in the Parliament that would touch parts of the CBAM regulation that the Commission has not proposed to amend.

As such, the potential scope of the amendments to the CBAM regulation appears to be limited to the sections of the CBAM where the Commission has proposed amendments.

5.3 Appointment of sustainability auditor

The Danish Business Authorities have issued [guidance](#) which states that undertakings are required to comply with the rules that are currently in force. This means that undertakings which are in scope of the CSRD requirements for 2025 (i.e. before the 'stop-the-clock' directive) should appoint a sustainability auditor at a general meeting.

However, the Danish Business Authorities have also stated that it is an option to both appoint a sustainability auditor and at the same time make a subsequent dismissal of the sustainability auditor conditional on the sustainability reporting requirements being postponed and/or repealed.

Further, it is not a requirement to appoint a sustainability auditor at the annual general meeting. As such, undertakings are allowed to postpone the appointment to an extraordinary general meeting later in the year. But in case the sustainability reporting requirements are not postponed and/or repealed, the appointment shall be made in due course to ensure that a limited assurance engagement can be performed on the sustainability statements.



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