

The Implementation Council

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Ministry of Climate and
Business, Unit for Business,
Innovation and Markets;
Ministry of Justice, Unit for
Property and Association Law;
Ministry of Finance, Unit for
Value Added Tax and Excise
Duties.

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**Submission for Sweden's position ahead of EU negotiations
– proposal for Omnibus I (COM/2025/80, COM/2025/81,
COM/2025/87)**

The Implementation Council's contribution to the Swedish position are set out in full in section 8. In summary, the Implementation Council's proposals are that:

- Articles 29ca, 19a(3) and 34(2a) of Directive 2013/34/EU shall not prevent the contractual exchange of information beyond the VSME standard, provided that no other obstacles exist;
- sector-specific requirements under Article 29b of Directive 2013/34/EU are addressed through non-binding guidance instead of binding standards;
- the risk-based core of the CSDDD (2024/1760/EU) is ensured by allowing companies to prioritise due diligence based on their own risk assessments, and further guidance is developed to clarify when an indirect business partner should be subject to an in-depth assessment;
- the due diligence requirements under the CSDD (2024/1760/EU) are harmonised at EU level via the Directive's internal market clause to avoid fragmentation and ensure a uniform risk-based methodology.

1. Role of the Implementation Council

The task of the Implementation Council is to assist the Government in its efforts to strengthen the competitiveness of Swedish businesses by avoiding implementation above the minimum level, counteracting unjustified regulatory burdens and reducing administrative and other compliance costs when implementing EU regulations in Swedish law. The work of the Implementation Council shall be based on a business perspective.

The Implementation Council is to provide the Government with information and recommendations, partly as a contribution to Swedish positions in negotiations, and partly on how EU legal acts can be implemented in Swedish law in a way that is not more far-reaching from a business perspective than the legal acts require.

The work of the Implementation Council is based on descriptions of problems communicated to the Council, primarily from industry organisations and their member companies. During the work on the documents, contacts are also made with others who are familiar with the respective subject area, such as authorities. In the light of the information and knowledge obtained, the Council makes a balanced and independent assessment of how the business perspective can be appropriately addressed in each individual case.

In preparing this opinion, the Council has primarily used information received in contacts with, among others, the Confederation of Swedish Enterprise, the Board of Swedish Industry and Commerce for Better Regulation (NNR), the Swedish Federation of Business Owners and the Federation of Swedish Farmers.

2. EU legislative proposal concerned

Proposal for a Directive (COM/2025/80), (COM/2025/81) and Regulation (COM/2025/87) of the European Parliament and of the Council amending the Corporate Sustainability Reporting Directive (CSRD, Directive (EU) 2022/2464), the Corporate Sustainability Due Diligence Directive (CSDDD, Directive (EU) 2024/1760, as amended by Directive (EU) 2025/794), the Carbon Border Adjustment Mechanism (CBAM, Regulation (EU) 2023/956) and the InvestEU Regulation (Regulation (EU) 2021/523).

3. Aims and objectives of the proposal

Omnibus I aims to reduce administrative burdens and simplify the application of central sustainability regulations for companies within the EU. The proposal entails, among other things:

- Postponement of CSRD reporting requirements for waves 2 and 3 (large companies and listed SMEs) by two years.
- Increased reporting thresholds in the CSRD (more than 1 000 employees and turnover over €50 million or balance sheet total over €25 million).
- Limitation of information requirements from suppliers outside the scope of the CSRD ("value chain cap").
- Abolition of binding sector-specific European Sustainability Reporting Standards (ESRS) and introduction of Voluntary Sustainability Reporting Standard for non-listed SMEs (VSME) for small companies.
- Simplification of the CBAM Regulation and the InvestEU Regulation to reduce administrative costs and strengthen business competitiveness.

4. Where in the process is the proposal?

The Commission presented Omnibus I on 26 February 2025. The so-called 'stop the clock' mechanism, which postpones the CSRD reporting requirements for Wave 2 and 3 companies by two years, has been adopted by the European Parliament and the Council. The other parts of Omnibus I are now being considered in parallel by the Parliament and the Council, with trilogue negotiations expected in autumn 2025 before final adoption and implementation.

5. Responsible ministry

The Ministry of Climate and Enterprise (KN), the Ministry of Finance (Fi) and the Ministry of Justice (Ju).

6. Problem description from a Swedish business perspective

Adjusted thresholds for reporting obligations

The Implementation Council considers that the increase in the reporting thresholds and the reduction in the number of reported data points are welcome from a simplification perspective. However, the Omnibus I proposal is characterised in some parts by the fact that it has been prepared at a very fast pace and without full consultation, impact assessment or evidence base. This risks creating uncertainty for some companies, potentially leading to some administrative costs remaining or even increasing. Not least, it is problematic that there is still uncertainty about how the new reporting thresholds will be calculated and applied. It is unclear whether the proposed threshold of 1 000 employees for sustainability reporting under the CSRD and the Omnibus proposal (proposed Articles 19a(3) and 34(2a) of Directive 2013/34/EU) refers to the company or group level, which requires clarification. It also needs to be clarified when and how often the number of employees should be determined and how companies should be able to verify that business partners do not exceed the threshold for audit purposes. The situation is particularly problematic for companies with 500-999 employees, which under the current rules must report for the financial year 2024 in 2025 but which may be exempt from reporting obligations if the increased thresholds are adopted. This means that these companies risk being subject to reporting requirements and investing in compliance during a transitional period before possibly being exempted at a later stage.

Limitation of Information Requirements in the Value Chain

The introduction of a so-called 'value chain cap' means that companies required to report under the CSRD will have limited possibilities to obtain information from suppliers outside the scope of the CSRD for reporting purposes under the CSRD, in line with the proposal for Article 29b(4) and 29ca of the Accounting Directive (Directive 2013/34/EU). The Listed SME (LSME) standard, which under Article 29c of the Accounting Directive was intended for listed

small and medium-sized companies, is being phased out by the Omnibus I proposal. The Commission now proposes instead that it be given a mandate to, by delegated act, decide on a voluntary standard for companies outside the CSRD's new scope (proposed Article 29ca). This new voluntary standard is intended to cover both SMEs and midcaps (250–1,000 employees) and, according to the proposal, should be based on EFRAG's existing VSME standard. The proposed VSME standard under Article 29ca is to constitute a simplified framework for sustainability reporting focusing on binary yes/no answers and basic ESG disclosures. This is intended to reduce the administrative burden for SMEs and midcaps and enable a more structured and efficient exchange of ESG data (Environmental, Social and Governance) even for companies outside the CSRD's scope. At the same time, the absence of requirements for qualitative analyses and double materiality assessment in the VSME standard means that companies subject to reporting under the CSRD risk receiving less detailed and comparable information from their suppliers. The limitations may also entail increased practical difficulties in collecting information required for other regulations.

Abolished sector-specific ESRS standards

Furthermore, the abolition of binding sector-specific ESRS standards reduces the complexity of reporting requirements, but at the same time risks impairing comparability between companies within the same industry and limiting access to sector-adapted guidance. This is problematic for industries with unique and significant sustainability risks, where special reporting requirements are necessary to capture the industry's specific challenges. Sector-specific standards could have provided companies with clearer guidance on which issues are most material and facilitated the double materiality assessment, while the current focus on general and thematic standards places higher demands on companies' own analyses and increases the risk that important sector-specific aspects are overlooked.

Limitations in the Due Diligence process under CSDDD

Systematic due diligence under the proposed Article 5 CSDDD is mainly limited to direct business partners (Tier 1). An in-depth risk assessment and measures in indirect tiers are only required in the presence of “plausible indications” of risk. This means that companies’ obligation to proactively assess actual or potential negative effects among indirect business partners is limited in the absence of special circumstances. To reduce companies’ administrative burdens, it is in principle positive to limit their obligation to conduct such far-reaching due diligence work. Companies remain free to voluntarily conduct such activities if deemed relevant for investor relations or customer information. The Commission expects that companies already voluntarily conducting due diligence beyond Tier 1, in line with the UN and OECD voluntary frameworks, will continue to do so. Furthermore, it is noted that many companies already have social and environmental information and risk management systems that extend beyond Tier 1 to meet other regulations such as product and occupational safety legislation, which must be operated regardless of whether the general sustainability due diligence requirements cover indirect business partners or not.¹

However, practical problems arise with the Commission’s way of balancing its simplification ambitions with the goal of maintaining an effective due diligence framework. For example, the concept of “plausible indications” lacks a clear legal definition and is not found in established international frameworks such as the UNGP or OECD Guidelines. The proposal defines these indications as “concrete and objectively verifiable signs of potential harm,” but the boundary between “plausible” and other indications is unclear, which creates room for interpretation and legal uncertainty. The proposed model also represents a departure from companies’ own risk-based assessments and priorities, as well as a deviation from

¹ European Commission (2025), Staff Working Document on Omnibus I Proposals, SWD(2025) 80/81. Available at: https://commission.europa.eu/document/download/1da93ca2-7911-4e1f-9ce6-cccd09a85250_en?filename=SWD-Omnibus-80-81_En.pdf

the risk-based and continuous process prescribed by the CSDDD and international frameworks, where due diligence should cover the value chain based on the severity of the risk and not be limited to direct contractual relationships. The risk is that companies are required to devote disproportionate resources to documentation and control of low-risk suppliers, while serious risks further down the value chain are overlooked. Since the most significant sustainability risks are often found beyond direct suppliers, this limitation may in practice affect companies' ability to identify and manage sustainability risks effectively. The requirement to act only upon "plausible indications" also shifts the responsibility for risk identification to external actors such as the media and NGOs, leading to more reactive and fragmented risk management and making it harder for companies to prioritize actions according to the applicable framework.

7. Implementation Council's Analysis

Affected Sectors and Companies

The proposal for Omnibus I (COM/2025/80) will affect a large number of Swedish companies, especially those close to the new proposed thresholds for reporting obligation ($\geq 1,000$ employees, turnover ≥ 50 million euros) or with extensive supply chains. By raising the thresholds, about 80 percent of previously reporting companies are exempted from the CSRD requirements, which can lead to significantly reduced administrative costs, increased predictability, and strengthened competitiveness for the vast majority of companies. At the same time, the changes mean that the reporting requirements become more proportionate and better adapted to companies' size and resources, in line with the EU's goal of reducing

regulatory burden and increasing companies' competitiveness.² The main costs for companies associated with the Omnibus I proposal consist of the recurring administrative and compliance costs for sustainability reporting under the CSRD and taxonomy as well as due diligence under the CSDDD, as follows:

- For companies still covered by the CSRD, the Commission estimates the average annual costs at about 33,640 euros per European company for reporting and 56,350 euros for auditing, with one-off costs of 30,200 euros and 16,900 euros, respectively.
- Taxonomy reporting adds 20,000–50,000 euros per year and 40,000–125,000 euros in one-off costs.
- For companies covered by the CSDDD, the annual compliance costs are estimated at between 52,200 euros for large companies and 643,000 euros for very large companies (>5 billion euros in turnover).^{3 4}

Through the Omnibus I proposal, the total administrative burden for European companies is estimated to decrease by about 4.4 billion euros per year for CSRD/ESRS and taxonomy and 320 million euros per year for CSDDD. In addition, there are one-off savings of 1.6 billion euros (CSRD/ESRS) and 0.9 billion euros (taxonomy) for the companies that are exempted. Regarding CSRD, the Danish *Ministry of Industry, Business and Financial Affairs* has estimated that the

² The CBAM proposal also exempts 90% of companies from reporting requirements, while 99% of emissions remain covered. According to the Commission Staff Working Document, a further increase in the CBAM mass-based threshold from 50 to 500 tonnes per year would exempt 97% of importers from reporting requirements (6,000 remaining of the original 200,000), while 96.43% of total emissions in the four sectors (iron/steel, aluminium, cement, fertilisers) would remain covered. European Commission (2025), Staff Working Document on CBAM Threshold Adjustments, SWD(2025) 12, Table 1. Available at: https://commission.europa.eu/document/download/b615ed29-58e2-4248-b87e-11929119foco_en?filename=SWD-Omnibus-87_En.pdf.

³ European Commission (2025), Proposal for a Regulation amending Regulation (EU) 2023/956 (CBAM), COM(2025) 80 final. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52025PC0080>.

⁴ This is supported by a Dutch study which concludes that the average annual cost for large enterprises is around €463,000, see: Sira Consulting (2024), Cost-Benefit Analysis of CSRD Implementation for Large Enterprises, Amsterdam: Sira Publications. Available at: <https://www.internetconsultatie.nl/wivo/document/13294>.

number of Danish companies required to report will decrease from approximately 2,200 to approximately 150 companies, corresponding to a reduction of approximately 93 per cent. For these remaining companies, the total estimated transition costs are DKK 300 million (a reduction of DKK 4.1 billion) and ongoing administrative burdens are DKK 200 million (a reduction of DKK 2.1 billion).⁵

Currently, just under 2,000 Swedish companies are subject to reporting under the CSRD.⁶ The Omnibus proposal means that just over 200 companies in Sweden will still be covered. An indication of how the proposal affects the Swedish companies still covered can be obtained by recalculating the cost estimate made by the Danish *Ministry of Industry, Business and Financial Affairs*. This gives total transition costs of about 400 million SEK and ongoing administrative burdens of about 600 million SEK.⁷

Insufficient impact analysis of the feasibility of simplification measures

Although the Implementation Council welcomes the ambition to reduce administrative costs through the Omnibus I proposal, there remains a real concern - including among business stakeholders - that the high pace of reform and the lack of a systematic impact assessment risk replacing a complex and administratively burdensome regulatory framework with a new system that in practice does not work effectively. Simplifying the sustainability reporting system by removing or scaling back parts that are perceived as resource-intensive, without sufficiently analysing the consequences of the regulatory simplification from a system perspective, may lead to additional administrative burdens and increased uncertainty for

⁵ Erhvervsministeriet (2025), Impact Assessment of EU Sustainability Reporting Requirements on Danish SMEs, Copenhagen: Erhvervsstyrelsen. Available via: <https://www.ft.dk/samling/20241/almdel/eru/bilag/188/3002733.pdf>.

⁶ SOU 2023:35, New rules on sustainability reporting, Inquiry on sustainability reporting, published 19 June 2023, Government Offices of Sweden. Available via: <https://www.regeringen.se/rattsliga-dokument/statens-offentliga-utredningar/2023/06/sou-202335/>

⁷ In this calculation, currency (+47%) and number of companies (+33%) have been added. This conversion is for indicative purposes, to what extent we can actually generalise from Danish to Swedish companies requires a more careful analysis.

companies. To avoid such unintended effects in the future when pursuing simplification measures under the Omnibus format, it is of great importance that the Commission conducts, as far as possible, a comprehensive and thorough impact assessment of its proposals before presenting them.

Effects for Small and Medium-Sized Enterprises and consequences for information flows

For example, the Implementation Council sees a potential challenge in how the administrative burden for small and medium-sized enterprises covered by the VSME standard is reduced. The VSME standard, which is mainly based on a core module with 11 disclosure requirements, may limit the ability to capture certain key sustainability risks and indicators that are only included in the voluntary supplementary module. The Omnibus I proposal means that companies covered by the CSDDD may only request information from small and medium-sized business partners in accordance with the VSME standard, unless the requested additional information is necessary for mapping the value chain and cannot reasonably be obtained otherwise. This risks limiting larger companies' ability to obtain important information and restricting companies' due diligence to a standardized and potentially insufficient information base without at the same time limiting companies' responsibility for their due diligence. This can lead to information gaps that make it harder to make comprehensive assessments of sustainability risks in complex value chains, while the need for manual information exchange increases as the limitation does not seem to prevent companies from requesting sustainability information for purposes other than sustainability reporting under the CSRD – for example, risk assessment in the financial sector.⁸ As financial actors increasingly demand reliable and comparable sustainability data for credit assessment and investment decisions, the lack of a robust,

⁸ European Central Bank (2025), Opinion of the European Central Bank of 8 May 2025 on proposals for amendments to corporate sustainability reporting and due diligence requirements (CON/2025/10), p. 10. Available at: https://www.ecb.europa.eu/pub/pdf/legal/ecb.leg_con_2025_10.en.pdf?330cb335ad9426cd4a64dbe4021597f1.

harmonized reporting framework for SMEs risks affecting these companies' access to green financing.

Moreover, the staggered timetable for the adoption of delegated acts for the VSME standard and the revised ESRS standard – four and six months, respectively – creates operational risks for small and medium-sized companies through potentially conflicting reporting requirements. To avoid fragmentation, the timetable for the adoption of the delegated acts should be coordinated so that VSME and ESRS can be managed in a coordinated manner from day one.

The need for sector-specific guidance for industries with specific sustainability risks

The abolition of binding sector-specific ESRS standards means that reporting requirements are simplified and become more manageable, which is in line with the purpose of the Omnibus I proposal to reduce the administrative burden for companies. At the same time, the absence of sector-specific requirements means that companies in industries with special sustainability risks must rely more on general standards and their own interpretations, which can make it harder for investors to compare data between different companies – something that the European Central Bank has also emphasized in its opinion.⁹ This increases the need for clear, voluntary guidance and practical support from EFRAG (European Financial Reporting Advisory Group) and other relevant actors to ensure that reporting remains relevant and appropriate for sectors with special reporting needs.

Deviation from risk-based methodology and proactive risk management in CSDDD

By not fully applying the risk-based methodology that has been an established international practice and guiding principle for responsible business, the CSDDD risks weakening companies' ability

⁹ European Central Bank (2025), Opinion of the European Central Bank of 8 May 2025 on proposals for amendments to corporate sustainability reporting and due diligence requirements (CON/2025/10). Available at: https://www.ecb.europa.eu/pub/pdf/legal/ecb_leg_con_2025_10.en.pdf?330cb335ad9426cd4a64dbe4021597f1.

to effectively manage risk. The limitation to Tier 1 and the requirement for “plausible indications” for action in indirect tiers make it harder for larger companies to conduct full materiality assessments and effective risk management, especially as studies from, among others, the *German Federal Office for Economic Affairs and Export Control* show that proactive and broad risk mapping across the value chain is more cost-effective over time and better captures serious sustainability risks.¹⁰ In addition, the limitation creates an internal contradiction: companies must act on external signals from, for example, the media or NGOs without being able to prioritize in accordance with the directive and the company’s ongoing risk assessments. The changes risk shifting the focus from actual risk reduction and turning due diligence into an administrative formality process, which in practice can increase the administrative burden while counteracting the original purpose of the directive. Furthermore, it is inappropriate to introduce a new concept into the regulatory framework that is not found in existing well-established international frameworks.

8. Implementation Council’s input for the Swedish position in the ongoing EU negotiations

The Implementation Council recommends that the government in the ongoing EU negotiations prioritize measures that ensure cost-effectiveness and appropriateness of the Omnibus I proposal for Swedish companies subject to reporting obligations. The government should work to ensure that:

- the proposed Article 29ca and Articles 19a.3 and 34.2a of Directive 2013/34/EU do not prevent two parties in a business relationship from contractually agreeing on information exchange beyond what is specified in the VSME standard, provided that no other obvious obstacles exist;

¹⁰ German Federal Office for Economic Affairs and Export Control (2025), Risk Analysis under the German Supply Chain Due Diligence Act. Available at: https://www.bafa.de/EN/Supply_Chain_Act/Risk_Analysis/risk_analysis_node.html.

- sector-specific requirements under the proposed Article 29b of Directive 2013/34/EU are addressed through non-binding guidance instead of binding standards;
- the risk-based core of the CSDDD is ensured by continuing to allow companies to prioritise their due diligence based on their risk-based assessments (both Articles 8 and 9 should be adjusted to clarify this), and further guidance is developed to clarify when an indirect business partner becomes subject to an in-depth assessment;
- the due diligence requirements under the CSDDD are harmonised at EU level by bringing all due diligence requirements within the scope of the internal market clause of the Directive, avoiding fragmentation of the internal market and ensuring a uniform, risk-based methodology.

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