

Vattenfall's views on the proposed Omnibus I regarding certain corporate sustainability reporting and due diligence requirements

Policy Paper

April 2025

As business leaders and investors committed to Europe's fossil-free future, we support reducing administrative complexity while emphasising the importance of a coherent, predictable regulatory framework designed on the basis of impact assessments and full adherence to the Better Regulation principles is critical for achieving climate neutrality by 2050, ensuring EU competitiveness and enhancing energy security.

- We welcome the CSRD proposal to streamline data points, maintain double materiality, and facilitate sustainability reporting, which will help implement decarbonisation strategies and attract investment.
- As first movers, we rely on a robust legal framework to maintain a competitive edge, uphold human rights and environmental standards across our value chains, and ensure long-term business resilience. However, we urge co-legislators to limit the simplification of the CS3D by narrowing definitions and enhancing harmonisation, aligned with international guidelines, without compromising the risk-based approach essential for meaningful due diligence and long-term business resilience.

Background:

In its recent Competitiveness Compass, the European Commission outlined a vision to boost the EU's economy, drawing on the Draghi report's recommendations. On 26 February 2025, the European Commission unveiled proposals to reduce bureaucracy and streamline EU rules for businesses. Its first Omnibus Package aims to address this by amending several legislative files among which, the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CS3D).

General remarks:

We encourage co-legislators to ensure swift negotiations that provide companies with clarity and predictability, as extended ambiguity causes uncertainty among value chain partners and undermines the level playing field for first movers.

With regard to the CSRD, we welcome the proposal to reduce administrative burdens by streamlining data points, while preserving the principle of double materiality. This balanced approach will not only facilitate the implementation of our sustainability strategy, but also attract the investment necessary to meet the decarbonisation targets. Sustainability reports contain crucial data, not only for businesses, but for financial markets, civil society, and research institutions. All of which are essential for driving the transformation and managing risks.

At the same time, we urge co-legislators to focus on simplifying the CS3D by narrowing definitions and implementing harmonisation measures aligned with international guidelines. However, this should not come at the expense of the risk-based approach, which enables companies to undertake meaningful due diligence. Such due diligence is vital for upholding the EU's climate ambitions and human rights, both of which are foundational to long-term business resilience and the maintenance of a level playing field. As a first mover, we rely on robust legal framework to build a strong business case to sustain our competitive edge, while upholding human rights and environmental standards across our value chains.

Lastly, we urge co-legislators to align the definitions of CSRD and CS3D to enhance transparency and establish common standards for suppliers, thereby reducing the administrative burden.

Key messages on CSRD :

1. The heart and purpose of the legislation needs to be kept, so that it supports the green transition and enables better decision making, through increased transparency and comparability.
2. Double materiality needs to be preserved, as we are using it as a tool to shape our business strategy. However, we welcome the proposed reduction in administrative burden for the double materiality assessment, as part of the European Commission's intention to revise the first set of European Sustainability Reporting Standards (ESRS).
3. We would like the co-legislators to be aware that by reducing the scope of the CSRD, it will hinder our ability to collect necessary data from companies outside of scope, impacting the granularity of our data for sustainability reporting and our capacity to conduct thorough due diligence (Article 3).
4. We welcome the forthcoming initiative of the European Commission to adopt a delegated act to revise the first set of ESRS by reducing datapoint and clarifying the text
 - The focus on quantitative data points should not come at the expense of context. It should continue to ensure that the transition is tracked properly and that material topics retain their context.
 - We caution against prohibiting disclosure of non-material topics that can result in the proliferation of alternative reports in which the data is presented.
 - We welcome clarity between mandatory and voluntary disclosures.
 - We welcome the proposal not to adopt sector-specific reporting standards (Article 29b(6)).
5. We welcome the European Commission's proposal to not adopt standards for reasonable assurance. The reasonable assurance provides little additional value in reducing the administrative burden (Article 26a (3)).

Key messages on CS3D:

1. It is crucial that the risk-based approach remains at the core of CS3D, enabling companies to focus on the most significant risks and implement impactful preventive measures.
2. We welcome proposed measures enhancing harmonisation of the implementation of the CS3D across Member States: Operating cross-borders, Vattenfall welcomes the proposal to extend the scope of maximum harmonisation to include due diligence support at the group level and the duty to establish a complaint and notification mechanism (Article 4).
3. We welcome the spirit of the omnibus in simplifying and alleviating the administrative burden to enable companies to conduct meaningful due diligence. In that regard, we welcome the proposed definition of stakeholders (Article 13), as it provides clarity on who to engage with during the due diligence process across our value chains, as long as it includes stakeholders that are most relevant to our human rights and environmental issues.
4. We support the right to request information from indirect partners when there are plausible indications of adverse impacts. This is crucial, as most salient risks lie beyond tier 1. The legislation should not restrict our ability to collaborate with suppliers to obtain the necessary information.
5. We regret that the European Commission removed the requirement for companies to put into effect climate transition plans, as it may undermine the effectiveness of the obligations of Article 22 and as a result thereof- the level playing field.
6. We believe that the review of business relationships should be based on the OECD and UNGP guidelines, which are considered the gold standards for conducting due diligence
7. We are pleased that industry and sector initiatives, such as the International Responsible Business Conduct for the Renewable Energy Sector agreement, remain recognised as valuable tools for increasing transparency and leveraging impact.
8. Finally, we welcome the proposal of the Commission to adopt its guideline already in 2026, allowing us to properly implement the needed processes before the legally binding application date. These guidelines should be based on the OECD and UNGP guidelines and the widely recognised standards such as the ISO. These are the foundations of conducting due diligence.

Vattenfall is a European energy company with approximately 19,000 employees. For more than 100 years we have electrified industries, supplied energy to people's homes and modernized our way of living through innovation and cooperation. Our goal is to make fossil-free living possible within one generation. Everything we do and the decisions we take shall lead to this goal. This is the basis of Vattenfall's strategy, and we advocate for a regulatory environment that makes this transition possible – in the energy sector and beyond in transport, industry etc