Consiglio dell'UE

PRESS IT

COMUNICATO STAMPA
523/25
23.6.2025

Simplification: Council agrees position on sustainability reporting and due diligence requirements to boost EU competitiveness

Member states’ representatives agreed today the Council’s negotiating mandate on simplifying **sustainability reporting and due diligence requirements** to boost EU competitiveness. This proposal aims at simplifying the directives on corporate sustainability reporting (**CSRD**) and due diligence (**CS3D**) by reducing the reporting burden and limiting the trickle-down effect of obligations on smaller companies.

> Today we delivered on our promise to simplify EU laws. We are taking a decisive step towards our common goal to create a more favorable business environment to help our companies grow, innovate, and create quality jobs.
>
> *Adam Szłapka, Minister for the European Union of Poland*

The proposal forms part of the '**Omnibus I**' package adopted by the Commission on 26 February 2025 to simplify EU legislation in the field of **sustainability**. In view of significant implications for the business community, the Council has treated this proposal with **utmost priority** aiming to provide EU companies with the necessary **legal certainty** as regards their sustainability reporting and due diligence obligations.

On the **CSRD**, the Commission proposed to increase the employee threshold to **1000 employees** and to **remove listed SMEs** from the **scope** of the directive. In its mandate, the Council added a net turnover threshold of **over €450 million** to further alleviate the reporting burden on undertakings. The Council’s mandate also introduces a **review clause** concerning a possible extension of the scope to ensure adequate availability of corporate sustainability information.

On the **CS3D**, the Council’s position contains the following main elements:

Scope

While the CS3D’s scope was not covered by the Commission’s proposal, the Council increases the thresholds to **5000 employees** and **€1.5 billion net turnover**. In the Council’s view, such largest companies can have the biggest influence on their value chain and are best equipped to absorb the costs and burdens of due diligence processes.

Identification and assessment of actual and potential adverse impacts

As a rule, the Commission’s proposal limits due diligence requirements to company’s own operations, those of its subsidiaries, and those of its direct business partners (**‘tier 1’**). The Council’s mandate changes the focus from an entity-based approach to a **risk-based approach**, focusing on areas where actual and potential adverse impacts are most likely to occur. Companies should no longer be required to carry out a comprehensive mapping exercise, but instead, conduct a more general scoping exercise. To provide for a significant **burden relief**, the Council maintains the limitation of the relevant obligations to the ‘tier 1’. In-scope companies are supposed to base their efforts on reasonably available information.

To ensure an adequate protection of the policy objectives, the Council's mandate ensures that the identification and assessment obligations are extended in case of objective and verifiable information suggesting **adverse impacts** beyond direct business partners. Furthermore, the Council mandate adds a review clause related to a possible extension of these obligations beyond the 'tier 1'.

Combating climate change

The Commission's proposal simplifies the provisions on **transition plans** for climate change mitigation by aligning them with the CSRD. The obligation to put into effect these plans is replaced by a clarification that this transition plan includes outlining **implementing actions** (planned and taken). In addition, the Council in addition limits the obligation for companies to the adoption of a transition plan for climate change mitigation and empowers supervisory authorities to advise companies on design and implementation of those plans. To further reduce burdens and provide companies with sufficient time for adequate preparations, the Council also **postpones** the obligation to adopt transition plans by two years.

Civil liability

The Commission proposes to **remove the EU harmonised liability regime** and the requirement for member states to ensure that the liability rules are of overriding mandatory application in cases where the applicable law is not the national law of the member state. The Council's mandate maintains the Commission's proposal in this regard.

Transposition

The Council mandate also **postpones** the CS3D's transposition deadline by one year, to **26 July 2028**.

Next steps

The Presidency can enter negotiations with the European Parliament, once the latter reaches its own negotiating position, with a view to reaching an agreement on this file.

Background

In October 2024, the European Council called on all EU institutions, member states and stakeholders, as a matter of priority, to take work forward, notably in response to the challenges identified in the reports by Enrico Letta ('Much more than a market') and Mario Draghi ('The future of European competitiveness'). The Budapest declaration of 8 November 2024 subsequently called for 'launching a simplification revolution', by ensuring a clear, simple and smart regulatory framework for businesses and drastically reducing administrative, regulatory and reporting burdens, in particular for SMEs.

On 26 February 2025, as a follow-up to EU leaders' call, the Commission put forward two 'Omnibus' packages, aiming to simplify existing legislation in the fields of sustainability and investment, respectively. On 20 March 2025, leaders urged the co-legislators to take work forward on these Omnibus simplification packages as a matter of priority and with a high level of ambition, with a view to finalising them as soon as possible in 2025. On this occasion, the European Council specifically called on co-legislators to adopt the 'Stop-the-clock' mechanism without delay and at the latest by June 2025. On 14 April 2025, the Council adopted the mechanism and postponed by two years the entry into application of the CSRD requirements for large companies that have not yet started reporting, as well as listed SMEs, and by one year the transposition deadline and the first phase of the application (covering the largest companies) of the CS3D.

- Directive on certain corporate sustainability reporting and due diligence requirements, Commission proposal, 26 February 2025

Press office - General Secretariat of the Council of the EU
Rue de la Loi 175 - B-1048 BRUSSELS - Tel.: +32 (0)2 281 6319
press@consilium.europa.eu - www.consilium.europa.eu/press