

EU Sustainability Omnibus: Solution framework to ease reporting obligations



Introduction

To make things “simpler and faster” is the motto of the Commission’s 2025 work programme, and European manufacturers could not agree more. Now it’s time to turn words into action. The current reporting landscape is far from simple and fast, with sustainability requirements placing a heavy burden on EU companies.

In this document, APPLiA identifies key challenges for EU home appliance manufacturers with respect to the Corporate Sustainability Due Diligence Directive (CSDDD), the Corporate Sustainability Reporting Directive (CSRD), the EU Taxonomy and the Carbon Border Adjustment Mechanism (CBAM), as part of the first EU simplification package. It also outlines an ad-hoc solution framework to address these challenges, creating a tangible path forward.

The uncoordinated implementation of legal texts is especially concerning, as it leads to a non-negligible cumulative impact on businesses. This results in duplication and overlapping reporting obligations, creating legal uncertainty for European companies and foreign trading partners alike.

In this context, APPLiA calls for a **full harmonisation of sustainability reporting requirements under the CSRD, CSDDD, and EU Taxonomy**. Reporting obligations must be simplified and double regulation avoided. To achieve this, the different existing reporting regimes should be merged and aligned. Moreover, APPLiA proposes a **“one-stop shop” for economic operators to report through**, significantly reducing administrative complexity and improving efficiency. This revision must be fast-tracked to reduce burdens and provide clarity to businesses on the simplified framework.

We support the European Commission’s commitment to the “Omnibus” approach, which should address multiple pieces of legislation and reduce reporting requirements. However, as the Commission has rightly acknowledged the complex regulatory environment created by these initiatives, what is now required is a balanced and evidence-based approach to policymaking. The longstanding method of “regulate first, assess the impact later” must evolve. A more thoughtful process is needed, one that weighs the costs and benefits for businesses, aligns with overarching policy objectives, and considers alternatives to regulation. While the policy objectives and scope of the proposals should remain intact, it is crucial that the compliance requirements for businesses be significantly simplified.



Corporate Sustainability Reporting Directive

Corporate Sustainability Reporting Directive (CSRD) will start applying from 2026 for most APPLiA companies, strengthening the rules on social and environmental disclosures that businesses must provide. The directive aims to ensure that businesses report reliable and comparable sustainability information for investors and other stakeholders to assess the impact of companies on people and the environment and for investors to assess financial risks and opportunities arising from climate change and other sustainability issues.

1. Reduce the number of data points qualitatively & quantitatively

Challenge

A huge amount of data points that are, for most of them, extremely complex to report on.

Solution

APPLiA proposes to reduce the number of data to those that provide transparency on an organisation's sustainability performance and to the functioning of the markets. The removed datapoints could remain as optional datapoints for companies that are frontrunners and make the strategic choice to invest in highlighting non-mandatory parts of their sustainability performance.

As a mid-term plan, we suggest ESRs to be reworked as they are overcomplicated, with multiple cross-references between themselves. This results in duplication of information and leaves some areas open for interpretation.

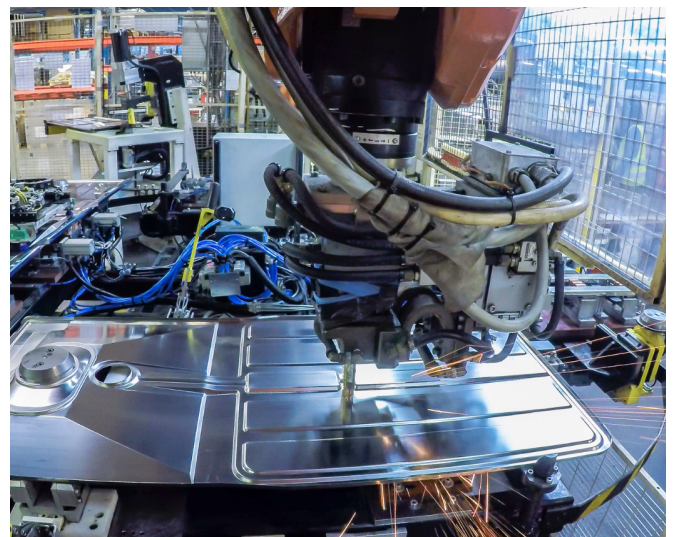
2. Better specify double materiality requirements

Challenge

Divergent interpretations and reading of the double materiality analysis.

Solution

Clearer legal requirements should be set to ensure consistency and comparability in how businesses apply double materiality assessments, reducing variations in interpretation.



3. Limit mandatory inclusion of some data from the supply chain

Solution

The mandatory inclusion of some supply chain data should be limited to reduce reporting companies' burdens.

Challenge

Data requests in the supply chain, such as seeking information from suppliers on hazardous substances and material content, is a very long process that may not always provide a clear or any answer.

4. Set CSRD as baseline for sustainability reporting

Challenge

CSRD reporting is not yet fully aligned with other EU sustainability laws, making compliance unnecessarily complex.

Solution

APPLiA proposes making CSRD interoperable with other reporting requirements under EU law, such as ESPR, CBAM, Green Claims, and Taxonomy disclosures, to streamline sustainability reporting.

5. Align reporting timeframes for non-EU companies with substantial EU activity

Solution

Timeframes for sustainability reporting should be aligned to ensure consistency and avoid unnecessary administrative burdens for non-EU companies operating in the EU.

Challenge

There is a misalignment in reporting deadlines, with CSRD applying in 2028 while CSDDD starts in 2027.

6. Postpone assurance requirements to build up a capacity of both assurance providers and preparers

Challenge

There is a lot of room for interpretation on ESRS, which makes assurance providers take a very conservative stance and leads companies to disclose 'best-efforts'.

Solution

A phased-in approach for assurance is necessary. Postponing assurance requirements would allow time for both assurance providers and companies to build the required capacity.

7. Require certification and audit every three years

Solution

Certification and audit requirements should be adjusted to a three-year cycle to reporting efficiency.

Challenge

Current certification and audit requirements do not account for stable KPI reporting over time.

8. Replicate the Dutch reporting exemption regime at the EU level

Challenge

Sustainability reporting obligations for subsidiaries increase administrative burdens without adding substantial value.

Solution

The Dutch 408-exemption under Article 37 of the EU Accounting Directive should be replicated at the EU level, allowing intermediate holding entities to be exempt from preparing separate consolidated sustainability reports when their financial information is already included in a larger entity's report. Disclosures about non-EU subsidiaries (with no activity in the Union) of EU-based entities should also be delayed, moving from EU-based entities' 2026 CSRD reports to the 2029 CSRD consolidated report at the group level.

9. Delete OpEx and CapEx reporting requirements

Challenge

Reporting on OpEx and CapEx involves confidential information that is complex to extract, particularly for social dimension, and is difficult to reconcile with financial statements.

Solution

OpEx and Capex should be removed, as they impose excessive reporting burdens and do not align well with the reporting structures. - to be revised if more details are needed.



Carbon Border Adjustment Mechanism Regulation

The EU's Carbon Border Adjustment Mechanism (CBAM) is an instrument implemented by the European Union to reduce greenhouse gas emissions and address carbon leakage. The mechanism put a price on the carbon emitted during the production of carbon intensive goods imported into the EU. By confirming that a price has been paid for those embedded carbon emissions, the CBAM will ensure the carbon price of imports is equivalent to the carbon price of domestic production.

CBAM will apply in its definitive regime from 2026, while the current transitional phase lasts between 2023 and 2025. This gradual introduction of the CBAM is aligned with the phase-out of the allocation of free allowances under the EU Emissions Trading System (ETS) to support the decarbonisation of EU industry.

1. Allow for the Use of Default Values for Reporting

Challenge

The complexity of CBAM reporting can create a significant and costly administrative burden for companies, especially during the transition phase.

Solution

A more pragmatic, flexible approach should be adopted, allowing for the use of default values for components, materials, and complex downstream, finished goods. Without this flexibility, compliance will become impractical, leaving EU industries vulnerable to global competition and carbon leakage risks.

2. Set New De Minimis Threshold in Weight in the Legislation

Solution

To make it a real administrative simplification measure, APPLiA proposes that the CBAM legislation specify a concrete weight threshold for each raw material, corresponding to 100t of CO₂ according to the default value of that raw material.

Challenge

The current de minimis threshold set at €150 for imports under EU customs rules is too low, placing unnecessary reporting burdens on European companies.

3. Consider the Combined Economic Impact of CBAM and ETS

Solution

To mitigate the risk of carbon leakage, CBAM must continue to complement the ETS by applying equivalent carbon pricing to imports.

This will help level the playing field for European companies and ensure that the EU can meet its climate goals without harming its manufacturing and raw materials industries.

Challenge

The introduction of carbon pricing through the ETS could lead to carbon leakage. Without the complementary nature of CBAM, the ETS could put European industries at a competitive disadvantage due to rising carbon costs.



EU Taxonomy Regulation

The taxonomy Regulation establishes a classification that enables measuring how much a company's economic activity is sustainable.

To be considered sustainable and taxonomy-aligned, economic activities shall make a substantial contribution to one of the six established environmental objectives by meeting "technical screening criteria" (i.e. performance thresholds), "do not significantly harm" the other five objectives and meet minimum social safeguards. Large, listed EU companies started in 2023 to report against the Taxonomy's two climate objectives – climate change mitigation and climate change adaptation.

1. Valid exemptions on the Use of Substances Under REACH and RoHS to confirm Taxonomy alignment

Challenge

Uncertainty remains regarding whether substances covered by valid exemptions under REACH and RoHS can be used to demonstrate compliance with Appendix C in the Climate Delegated Act. Do No Significant Harm" (DNSH) criteria in the Appendix should reflect regulatory obligations and have precise wording. In this sense, the latest report of the Platform on Sustainable Finance provides some good recommendations.

This uncertainty extends to the Environmental Delegated Act, particularly regarding the technical screening criteria in sections 2.6.2 and 2.6.3 of the 'manufacture of electrical and electronic equipment' activity.

Solution

The Taxonomy should explicitly clarify that substances covered by valid exemptions under REACH and RoHS are accepted for compliance with criteria in both the Climate and Environmental Delegated Acts.

2. Clarify the Recyclability Criteria in the Environmental Delegated Act

Solution

APPLiA recommends defining superior recyclability as a first step and then allow for standardisation work as a second step to help manufacturers demonstrate compliance in a more straightforward manner.

Challenge

The absence of product-specific standards and a clear definition of "superior recyclability" creates difficulties in meeting the recyclability criterion under section 2.5.

3. Re-evaluate the overall Usability of the Technical Screening Criteria

Solution

A streamlined approach is needed to improve the usability of the criteria, reducing complexity and administrative efforts while maintaining transparency on sustainability performance.

Challenge

The current technical screening criteria require extensive documentation on a product-by-product basis, significantly reducing the usability of the activity "Circular Economy: 1.2 Manufacture of electrical and electronic equipment."

4. Reconsider the Extraterritorial Approach of the Taxonomy

Challenge

The Taxonomy Regulation currently extends beyond EU borders, assessing company operations globally rather than focusing on their performance within the EU market.

Solution

APPLiA proposes that the Taxonomy only applies to a company's operations within EU Member States. Evaluating companies based on their EU market performance ensures fair and relevant assessments without imposing unnecessary extraterritorial obligations.

5. Define Minimum Social Safeguards Based on Existing Frameworks

Challenge

The definition of minimum social safeguards remains unclear, leading to inconsistencies in interpretation

Solution

Minimum social safeguards should be based on established EU laws (e.g., the Corporate Sustainability Due Diligence Directive - CSDDD) or international frameworks (e.g., the UN Guiding Principles on Business and Human Rights - UNGPs). This would provide a clear and consistent approach for businesses to follow.



Corporate Sustainability Due Diligence Directive

On 25 July 2024, the Directive on corporate sustainability due diligence ([Directive 2024/1760](#)) entered into force. The aim of this Directive is to foster sustainable and responsible corporate behaviour in companies' operations and across their global value chains. The new rules aim to ensure that companies in scope identify and address adverse human rights and environmental impacts of their actions inside and outside Europe.

1. Provide Timely and Tailored Guidance on Key Concepts

Challenge

The differentiation between 'notification mechanism,' 'complaints procedure,' 'grievance mechanism,' and 'channels to raise concerns' creates unnecessary complexity in implementation. Companies already have whistleblower mechanisms and engage in social dialogue with employee representatives, which should suffice for compliance.

Solution

Clear, immediate and practical guidance should be provided to prevent burdensome implementation driven by varying interpretations from consultancies, supervisory authorities, and civil society organisations.

2. Align CSDDD and CSRD on Deadlines and Key Concepts

Solution

Align deadlines, definitions, and reporting frameworks to ensure consistency, avoid unnecessary duplication, and create a more coherent reporting environment.

Challenge

There are inconsistencies between the Corporate Sustainability Due Diligence Directive (CSDDD) and the Corporate Sustainability Reporting Directive (CSRD), including:

- Divergence in definitions of 'value chains' and 'chain of activities.'
- Overlap in transition plan requirements for climate change.
- Lack of a clear definition for 'best efforts.'
- Different reporting timeframes for non-EU companies (CSRD 2028 vs. CSDDD 2027).

3. Create Standardised Templates for Supply Chain Risk Management

Solution

Develop standardised templates and formats for data exchange, allowing also companies to work with estimates where reasonable efforts have not produced the required information.

Challenge

Companies face high costs due to multiple questionnaires and reliance on software providers for exchanging supply chain information related to risk management.

4. Streamline Due Diligence Requirements Across Legislation

Challenge

In addition to CSDDD, companies must comply with due diligence obligations under the Battery Regulation and the Deforestation-Free Regulation. These overlapping requirements increase complexity and compliance costs.

Solution

Harmonise due diligence requirements across EU legislation to ensure coherence and avoid duplication.

This would facilitate compliance while maintaining robust ESG compliance.

5. Create a European Whitelist and Blacklist

Solution

A whitelist should be established to identify low-risk countries where simplified risk management would be allowed. Likewise, a certified supplier pool should be publicly disclosed, listing suppliers that meet recognised global standards, such as the Responsible Business Alliance (RBA).

Using suppliers from this pool should be considered credible evidence of compliance, providing companies with a clear and reliable framework for sourcing. While the blacklist should be created to identify companies that have committed serious violations of human rights or environmental standards. Following a consultation process, contractual relationships with these entities would need to be terminated according to a defined procedure.

Challenge

Companies could benefit from lists as to where to direct their due diligence efforts, leading to a much more efficient allocation of resources.

6. Set boundaries to the civil liability clause

Solution

Liability should be limited to activities within a company's reasonable leverage and direct control, excluding responsibility for third-party operations that are entirely separate from the EU market.

Challenge

The current civil liability clause introduces legal uncertainty, especially regarding non-EU companies and their business partners whose operations fall outside the EU market and beyond the company's control.

7. Introduce roadblocks to mitigate the risk of national fragmentation and diverging application and interpretation of the rules



APPLiA - Home Appliance Europe is a Brussels-based trade association that provides a single, consensual voice for the home appliance industry in Europe, promoting industry's mission to advance Europeans' lifestyles.



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