

28 February 2025

Omnibus Packages

Commission has adopted a new package of proposals to simplify EU rules, boost competitiveness, and unlock additional investment capacity. This is a major step forward in creating a more favorable business environment to help EU companies grow, innovate, and create quality jobs.

Introduction

This MFSA circular intends to inform Financial Market Participants and Financial Advisors that on 26 February 2025, the European Commission adopted a number of related [legislative fields](#), covering simplification in the fields of sustainable finance reporting, sustainability due diligence, EU Taxonomy, carbon border adjustment mechanism, and European investment programmes. These proposals will reduce complexity of EU requirements for all businesses, notably SMEs and small mid-caps, focus our regulatory framework on the largest companies which are likely to have a bigger impact on the climate and the environment, while still enabling companies to access sustainable finance for their clean transition.

Background

1) Corporate Sustainability Reporting Directive (CSRD)

The proposal suggests **raising the threshold for mandatory sustainability reporting** to companies with **over 1,000 employees** and a **net turnover exceeding €50mln**. This is a substantial increase from the previous criteria of 250 employees potentially exempting a lot of companies from these obligations. The Commission is proposing entirely deleting **sector-specific standards**. Firms would no longer be allowed to **request data from firms in their value chain** that are not in scope of the CSRD. The Commission intends to amend the European Sustainability Report Standards to reduce the number of **data points** (specifically those requiring value chain information), within 6 months of the regulations entry into force – after negotiations. Reporting of KPIs under the **EU Taxonomy** regulation becomes voluntary for firms below €450mln annual revenue. The application of the reporting requirements for the second and third waves (large undertakings with more than 500

employees; and listed SMEs) would be **delayed** by 2 years. **Audit:** The increase to reasonable level of assurance foreseen for 2028 has been removed. The limited assurance requirement is maintained. The requirements for **third-country groups** with subsidiaries and branches in the EU to publish a global report is maintained, but the threshold is increased from €150mln to €450mln of annual revenue in the EU.

2) Corporate Sustainability Due Diligence Directive (CSDDD)

Companies would be required to conduct due diligence primarily on their **direct business partners**, rather than their entire value chain. **Monitoring frequency:** Firms would have to conduct monitoring exercises on their direct business partners once every 5 years, rather than yearly. **Compliance Timeline Extension:** The initial compliance deadline for the CSDDD would be delayed by **one year**, moving it to **July 26, 2028**. **Harmonisation:** The proposal would impose stricter obligations and limit national flexibility to ensure further harmonisation among Member States. Member States would no longer be able to gold-plate the legislation around risk assessments, the value chain, and penalties. **Civil liability:** Firms would no longer be civilly liable for non-compliance. **Termination of business relationship:** The proposal would remove the requirement for firms to terminate business relationships in cases of adverse impact. **Transition plans:** The Commission amends the requirement for firms to adopt transition plans, but such plans should nonetheless include implementation actions planned and taken. **Minimum penalties:** The 5% minimum penalty is removed. However, the Commission would be tasked with developing guidelines for fining.

3) EU Taxonomy Regulation

Voluntary for smaller firms: Reporting on Taxonomy KPIs would become voluntary for firms below the threshold of 450mln annual revenue. Public consultation on delegated act: The Commission has also launched a public consultation on possible changes to the technical screening criteria, as well as on the reporting rules. These changes would include:

- Introduction of a **materiality threshold of 10% eligible revenue**. Below this firms would not need to report
- **Change to the Green Asset Ratio** to remove smaller companies from the calculation made by banks
- Simplification of **reporting templates**
- Repeal of the **Do-No-Significant-Harm criteria on chemicals**

4) Carbon Border Adjustment Mechanism (CBAM)

Exemptions for Small Importers: These are importers who import small quantities of CBAM goods, representing very small quantities of embedded emissions entering the Union from third countries. This works by introducing a new CBAM cumulative annual threshold of 50 tonnes per importer, thus eliminating CBAM obligations for approximately 182,000 or 90% of importers, mostly SMEs, while still covering over 99% emissions in scope. **Simplify the rules for companies that remain in CBAM scope** : on authorisation of CBAM declarants, as well as the rules related to CBAM obligations, including the calculation of embedded emissions and reporting requirements.

Conclusion

The MFSA will be assessing all documents and proposals published. It will also be actively participating in discussions at EU level which commence in the coming days and will be issuing other informative circulars or request information as necessary and warranted to keep all stakeholders up to date. Notwithstanding, market participants should not hesitate to send any comments or questions they may have.