

7 August 2025

# Developments relating to the Simplification of the Sustainability Reporting Requirements

## 1.0 Background

On 26 February 2025, the European Commission (or the “Commission”) published the [‘Omnibus I’](#) package, aimed at simplifying EU rules and boosting EU competitiveness, including in relation to the sustainability reporting requirements.

On this basis, this Circular refers to select relevant developments pertaining to the requirements prescribed by the [EU Taxonomy](#) and the [Corporate Sustainability Reporting Directive](#) (CSRD).<sup>1</sup>

## 2.0 EU Taxonomy: Adoption of Simplification Measures

On 04 July 2025, the Commission adopted a set of measures to simplify the application of the EU Taxonomy. The main measures include assessment exemptions, reporting simplification of certain key performance indicators, reduction in mandatory data points, and simplification of certain ‘do no significant harm’ criteria.

The respective changes are adopted by way of a [Delegated Act amending the Taxonomy Disclosures, Climate and Environmental Delegated Acts](#).

In terms of **next steps**, the European Commission stated the following,

### QUOTE

*“The Delegated Act will now be transmitted to the European Parliament and the Council for their scrutiny. The changes will apply once the scrutiny period of 4 months, which can be prolonged by another 2-month period, is over. The simplification measures laid out in this Delegated Act will apply as of 1 January 2026 and will cover the 2025 financial year. However, undertakings are given the option to apply the measures starting with the 2026 financial year if they find this more convenient.”*

### UNQUOTE

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<sup>1</sup> Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting

More information on the respective EU Taxonomy simplification measures, including a [Press Release](#) and [Frequently Asked Questions](#), may be accessed from the [Commission's website](#).

### **3.0 CSRD: Recommendation on Voluntary Standard for SMEs**

On 30 July 2025, the Commission adopted a [recommendation on voluntary sustainability reporting for small and medium-sized companies](#) (SMEs). The voluntary standard for SMEs (VSME) was developed by the European Financial Reporting Advisory Group (EFRAG) to ease the burden on SMEs *inter alia* by setting a reporting framework for those SMEs not covered by the CSRD whilst also providing a basis on which companies may request sustainability information from SMEs.

The Commission clarifies that the respective recommendation is “...an intermediary solution to address market demands until the delegated act on a voluntary standard is formally adopted.”. The content and timing of the delegated act depends on the negotiations relating to the Omnibus I proposal.

More information on the VSME recommendation, including a [Press Release](#) and [Questions and Answers](#), may be accessed from the [Commission's website](#).

### **4.0 CSRD: Launch of Public Consultation on the Revision of ESRS**

On 31 July 2025, [EFRAG launched a 60-day public consultation](#) on the revised and simplified Exposure Drafts of the European Sustainability Reporting Standards (ESRS). Following extensive feedback from stakeholders, including companies reporting under the CSRD, the draft simplified ESRS significantly reduce the mandatory data points and length of the standards.

Stakeholders, including preparers, auditors, and investors, are invited to share their views to the public consultation **by 29 September 2025**.

More information on the consultation, including the [Amended ESRS](#), may be accessed from the [EFRAG's Press Release](#).

### **5.0 Contacts**

Should you have any queries relating to the above, kindly contact the Authority on [transparency@mfsa.mt](mailto:transparency@mfsa.mt).