



# Views on the Omnibus Package I on CSRD and CS3D

Position paper

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[www.ceemet.org](http://www.ceemet.org)

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## About Ceemet

Set up in 1962, Ceemet is the European employers' organisation representing the interests of the metal, engineering and technology-based (MET) industries with a particular focus on topics in the areas of employment, social affairs, industrial relations, health & safety and education & training.

Ceemet members are national employers' federations across Europe and beyond based in 20 countries. They represent more than 200,000 member companies, a vast majority of which are SMEs.

Ceemet members provide direct and indirect employment for 35 million people and cover all products within the MET industrial sectors, detailed below.

Together, these companies make up Europe's largest industrial sector, both in terms of employment levels and added value, and are therefore essential to ensuring Europe's economic prosperity.



# Key recommendations

- The overall reporting burden resulting from EU-level legislation is excessive and poses an unacceptably high administrative burden on EU-based companies. Industry needs streamlined and coherent reporting obligations that are proportionate and cover only what is strictly necessary to achieve a given goal.
- Ceemet therefore applauds the European Commission's simplification agenda and the Sustainability Omnibus Package I. We also welcome the ambitious further improvements of the text proposed by the Council's General Approach, the draft report in the Legal Committee of the European Parliament and the opinions from ECON, ENVI, AFET and INTA.
- Ceemet welcomes the proposed simplifications in the scope of the CSRD and CS3D. Prioritising a risk-based approach and simplifying due diligence requirements are also essential to limit the regulatory burden and costs for companies imposed by CSRD and CS3D. These changes are important to improve the workings of the CS3D as well. In addition, Ceemet supports the proposed limitations and simplifications for SMEs.
- However, Ceemet calls for an even better alignment and coherence of target companies throughout the different legislations. Diverging or even contradictory definitions must be avoided. One single definition of 'large companies' having more than 5000 employees must be used in every European instrument relating to sustainability reporting and due diligence obligations, including the Accounting Directive.
- Ceemet also advocates for a further limitation in the scope of reporting entities and data points. Ceemet refers to its position paper on ESRS<sup>[1]</sup> where we call for a thorough overhaul and reduction of the data points in the European Sustainability Reporting Standards (ESRS) S1 "Own Workforce" and ESRS S2 "Workers in the value chain".
- In addition, Ceemet calls to maximise harmonisation and to exclude entirely the possibility for Member States to add additional layers of requirements and accountabilities on companies, to guarantee a level playing field and consistency for companies across the entire EU.
- Ceemet considers the timing of this proposal very appropriate as the large majority of European companies have indeed been hit by and feel the effects of the geopolitical and economic climate. European companies should not be burdened disproportionately with reporting obligations that do not support Europe's competitive position nor sustainability.

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[1] Reference to ESRS-paper

- Both CSRD and CS3D build on international conventions. Indeed, many of the data points refer to international conventions that are directed or supposed to be directed to governments, and not to companies. This includes, e.g., the ILO Declaration on Fundamental Rights and Principles at Work and the core conventions that underpin it, as well as the International Bill of Rights, which consists of the Universal Declaration of Human Rights and the two Covenants that implement it. Therefore, we recommend excluding them from companies' reporting requirements because they are impossible to be reported on at company level.
- On a more general note, we also want to underline that legal security is of the utmost importance for businesses. The implementation of international provisions, where applicable and necessary, must be absolutely clear from the start and cannot be left to courts. The resulting legal void massively complicates operational and investment decisions.
- The Commission's new timetable for CSRD and CS3D is extremely ambitious. Nevertheless, it gives policymakers and companies time to address the absolutely necessary changes mentioned above for our European companies to have a meaningful and robust simplification in their sustainability reporting obligations, while still keeping the goals intact. Therefore, we also encourage the co-legislators to quickly conclude the legislative process so the changes can be finalised soon and companies have legal certainty and time to prepare themselves to fulfil the new obligations.

**There are still many overlaps on sustainability reporting and due diligence obligations with other pieces of legislation, which should be eliminated by another omnibus procedure soon.**



These changes will help European companies to remain competitive and successful.

On top of that, there are still many overlaps on sustainability reporting and due diligence obligations with other pieces of legislation. These overlaps should be eliminated by another omnibus procedure soon.



## Background and position

Ceemet applauds the European Commission's simplification agenda and welcomes the Sustainability Omnibus Package I. There is now a unique window of opportunity to recalibrate and embrace the simplification and alignment of a multitude of European Directives, Regulations, and Acts. Cutting down on the multi-layered sustainability reporting bureaucracy will enhance the economic competitiveness of our European companies. Only competitive companies can create jobs and thereby maintain the AAA of Social Europe on employment and working conditions.

Given the unpredictable current geopolitical and economic climate, the simplification package on sustainability reporting, aiming to review EU rules to enhance competitiveness and attract investment, should reduce the administrative burden for companies. Ceemet, therefore, supports the swift adoption of the "Stop-the-clock" Directive on 14 April 2025, postponing the application of all reporting requirements in the Corporate Sustainability Reporting Directive (CSRD) and postponing the transposition deadline of the Corporate Sustainability Due Diligence Directive (CS3D). This postponement allows the minimum time needed to amend the CSRD, CS3D and Taxonomy Regulation, even if a further postponement of the CS3D directive until 2029 would also be necessary, as proposed by the EU Council.

**Cutting down on the multi-layered sustainability reporting bureaucracy will enhance the economic competitiveness of our European companies.**



The Commission's proposed amendments to these pieces of legislation should simplify and lessen the administrative burden of companies, whilst maintaining commitments to their overall policy objectives. For coherence and compliance reasons, simplification of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector should also be considered.

Whereas the proposed changes are indeed a step in the right direction, Ceemet believes that there remains room for further improvement. In line with the previous position papers<sup>[1]</sup> of Ceemet, it is vital that additional measures are taken to ensure the proportionality and effectiveness of the legislation in question.

[1] Joint Statement on Omnibus Package: Streamlining ESG and Due Diligence Regulation, [https://ceemet.org/position-papers/joint-statement-on-omnibus-package-streamlining-esg-and-due-diligence-regulation/...](https://ceemet.org/position-papers/joint-statement-on-omnibus-package-streamlining-esg-and-due-diligence-regulation/.../)



# 1

## Corporate Sustainability Reporting Directive (CSRD)

Ceemet welcomes the changes to the scope of companies that fall under the reporting obligations under the CSRD. However, for an even better alignment and coherence of target companies throughout the different legislations, Ceemet suggests that one single definition of 'large companies' having more than 5000 employees should be used in every European instrument relating to sustainability reporting and due diligence obligations, including the Accounting Directive.

Ceemet supports the European Commission's proposal to delete its empowerment to adopt sector-specific standards. After all, adopting these additional standards is difficult to reconcile with the European Commission's efforts to reduce regulatory burden.

The sustainability reporting requirements "aim to ensure that investors receive the right information on how the company assesses and manages risks to which the company is exposed to climate change and other sustainability issues. It also aims to ensure that investors and other stakeholders have the information they need about the impacts of companies on people and the environment." Many of the data points on which large companies must mandatorily report, however, refer to international conventions that are directed or supposed to be directed to governments, and not to companies. This includes, e.g., the ILO Declaration on Fundamental Rights and Principles at Work and the core conventions that underpin it, as well as the International Bill of Rights, which consists of the Universal Declaration of Human Rights and the two Covenants that implement it. Therefore, we recommend excluding them from companies' reporting requirements<sup>[1]</sup>. For further recommendations on the review of datapoints, we refer to the ESRS position paper.

**Ceemet suggests one single definition of 'large companies' having more than 5000 employees, should be used in every European instrument.**

On a more general note, Ceemet also wants to underline that legal security is of the utmost importance for businesses. The implementation of international provisions, where applicable and necessary, must be absolutely clear from the start and cannot be left to courts. The resulting legal void massively complicates operational and investment decisions.

[1] For further recommendations on the review of datapoints: refer to ESRS paper.



## 2

## Voluntary reporting standard for SMEs (VSME)

Ceemet welcomes the proposal to introduce limits on the information to be provided by companies outside of the scope of the CSRD – the so-called "value chain cap". Introducing such a cap will be crucial in guaranteeing that smaller companies are not overwhelmed by excessively detailed data information requests from every single contractor and financial actor, while also making sure that they can voluntarily submit any information in a standardised fashion. Ceemet also concurs with the plans to base the value chain cap on the Voluntary Reporting Standards for SMEs (VSME).

At the same time, we caution the EU institutions to maintain balance as the function of the VSME changes as a result of the Omnibus: as fewer companies will have to report under the CSRD, it must be ensured that the VSME serves both the needs of companies that are covered by the CSRD and those that are not.

**Ceemet believes companies with fewer than 25 employees should be entirely exempt from responding to data requests.**

We must be careful that the Omnibus I reforms, which may trigger VSME revisions, do not overburden affected companies, especially SMEs. We hence call on the Commission for information requirements under the VSME to be strictly limited to what is necessary for financial or larger companies to comply with their CSRD obligations. Requests for excessively detailed and prescriptive information will inevitably lead to disproportionate administrative burdens for companies in the supply chain, notably for SMEs. Likewise, to shield SMEs and mid-caps from higher disclosure obligations imposed by the 'CSRD-companies', we suggest the creation of a third disclosure module for companies with over 750 employees and a turnover of €150 million that builds on the Basic and Comprehensive Modules. Lastly, Ceemet believes companies with fewer than 25 employees should be entirely exempt from responding to data requests.

Ceemet also calls on the Commission to ensure that the reporting burden eased by the Omnibus I reforms is not replaced by reporting obligations in future legislation.

The 'only once' principle championed by many stakeholders is fundamental and must become a reality to restrict the administrative burden to a minimum and to ensure a level playing field across the EU. This means that, if properly calibrated, this reporting should ultimately replace the private rating systems used by certain stakeholders.



Due diligence

### 3

## Corporate Sustainability Due Diligence Directive (CS3D)

Ceemet welcomes the emphasis upon the risk-based approach, the concentration for due diligence requirements to tier-1 business partners, and the reduction of the frequency of periodic assessments and monitoring of their partners from annual to 5 years.

We reiterate our suggestion to align the CS3D-scope of large companies of more than 5000 employees, to be the same for the CSRD-scope, as also the members in the European Parliament Committee on Economic and Monetary Affairs ask for in their final opinion<sup>[1]</sup>.

Furthermore, the due diligence requirements should be limited to direct suppliers outside the EU. This would very effectively prevent the “trickle-down effect” of the obligations to smaller companies within the EU. Several members of the Legal Affairs Committee in the European Parliament support this focus on suppliers outside the EU with their amendments<sup>[2]</sup>, which Ceemet endorses.

We call upon the co-legislators to ensure that the CS3D is applied consistently across the EU by strengthening the harmonisation clause in Article 4. Article 4.2, together with recital 20, explicitly invites all Member States to ‘goldplate’ other provisions of the CS3D by adopting more stringent and specific national measures. This creates a mechanism that effectively undermines the harmonisation objective intended by the directive. Harmonisation should be extended to the CS3D entirely. Clauses enabling national governments to go beyond the CS3D should be removed, as they would create a real risk of fragmenting the Single Market.

To further clarify the due diligence sustainability obligations of large companies, it is important to note that international conventions, e.g., the ILO Conventions, are directed to Member States and individual countries. Companies must indeed respect the rules, but they cannot be blamed or held accountable for individual countries that have not ratified or followed international legislation.

The definition of “stakeholder” should also be limited to persons who are [instead of could be] directly affected by the products, services and operations of the company, including its subsidiaries and its direct business partners. Due diligence obligations should only be carried out on direct partners identified as priority or at risk, and therefore not on all direct partners, which limits the burden on companies to what is essential. In addition, it is crucial to quickly clarify the term “plausible information” that suggests adverse impacts. The current definition is vague and lacks legal certainty.

[1] [https://www.europarl.europa.eu/doceo/document/ECON-AD-775624\\_EN.pdf](https://www.europarl.europa.eu/doceo/document/ECON-AD-775624_EN.pdf)

[2] [https://www.europarl.europa.eu/doceo/document/JURI-AM-775459\\_EN.pdf](https://www.europarl.europa.eu/doceo/document/JURI-AM-775459_EN.pdf)



In a risk-based approach, plausible information should be relevant, objective, factual, reliable, and verifiable to justify that adverse impacts at the level of the operations of an indirect business partner have arisen. The plausible information “of an objective character” that is used should be checked by an impartial authority and align with existing OECD guidance. As the European Commission is the best-placed authority to objectively assess whether the information is indeed plausible and objective, we suggest that the Commission take up this role. We also suggest that it be clearly delineated that plausible information only about the actual adverse impact should be assessed. The term “potential adverse impact” is too vague and should absolutely be deleted from the text.

Ceemet therefore strongly advocates for a clear definition of “substantiated knowledge” to mean that the company has verified quantitative and qualitative information on actual adverse human rights and environmental impacts at the level of the operations of an indirect business partner outside the EU. Indeed, the Commission should adopt a delegated act to lay down the rules and procedures on how actual adverse human rights and environmental impacts at the level of the operations of companies outside the EU are identified.

In addition, the Commission should also adopt a delegated act to collect and publish a list of non-EU companies with verified and validated breaches of human rights and environmental regulations. This would also be in line with the final opinion of the EP Committee on International Trade, which demands that information should – among other possibilities – be “made available by any authority relevant for the implementation of this directive, such as Member States’ due diligence, labour or health authorities”<sup>[1]</sup>.

Likewise, Ceemet urges the co-legislators to remove the references to the Climate Transition Plans in the CS3D, as it creates unnecessary double regulation with the CSRD. The CS3D’s language on “putting into effect/implementing” these Climate Transition Plans will be overly complex to monitor and enforce.

Finally, to ensure that companies are well-positioned to implement the CS3D, it is pivotal that the guidelines, both for Member State authorities and for companies, to be issued by the Commission under the law are published well in advance of its coming into force. Ceemet therefore welcomes the proposal to bring forward their adoption by one year. However, experience has shown that such guidance documents are often not finalised by a set due date. As part of the Omnibus, it should thus be ensured that the application of reporting requirements is explicitly tied to the publication date of the guidelines: at the very least, the guidelines must be released twenty-four months in advance.

## Overlaps with other legal acts and further simplification

While the ongoing omnibus on CSRD and CS3D is a very good initiative, the work would not be done after finalising this dossier. There are still many overlaps in the legal framework on sustainability that should be tackled. Our Austrian and German member organisations, WKÖ and Gesamtmetall, both identified these legal overlaps and put them together<sup>[2]</sup>. In addition, Ceemet calls for simplification of the Pay Transparency Directive.

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[1] [https://www.europarl.europa.eu/doceo/document/INTA-AD-775587\\_EN.pdf](https://www.europarl.europa.eu/doceo/document/INTA-AD-775587_EN.pdf)

[2] <https://www.wko.at/oe/news/esg-matrix-en.pdf> & [https://www.gesamtmetall.de/?download\\_file=en\\_250207-overlaps-sustainability-legislation](https://www.gesamtmetall.de/?download_file=en_250207-overlaps-sustainability-legislation)

# Conclusion



## **Ceemet advocates for:**

- Harmonisation of scope to large companies in both CSRD and CS3D legislations.
- Maximising harmonisation by excluding possibilities for Member States to have additional requirements (avoid goldplating).
- Legal security is vital for companies; thus, it is necessary to have clear definitions.

## **Regarding the CSRD:**

- One single definition of 'large companies' with more than 5000 employees.
- Support the deletion of the Commission's power to adopt sector-specific standards.
- Data points referring to international conventions that are directed or supposed to be directed to governments should be excluded from companies' reporting requirements.

## **Regarding the VSME standard disclosure forms:**

- Remain voluntary to use by the company, having to provide information, also for the value chain cap.
- Suggestion for the creation of a third disclosure module for companies with over 750 employees and a turnover of €150 million that builds on the Basic and Comprehensive Modules.
- Exemption for companies with up to 25 employees.

## **Finally, regarding the CS3D:**

- Strengthening the harmonisation clause to include the entire CS3D.
- Limit stakeholders further to persons who are affected.
- Clarify plausible information that suggests adverse effects, limited to actual effects, to be objectively assessed by the European Commission.
- A clear definition of "substantiated knowledge" should mean that the company has verified quantitative and qualitative information on actual adverse impacts on human rights and the environment at the level of the operations of an indirect business partner outside the EU.
- Remove the references to the Climate Transition Plans in the CS3D to avoid double regulations.
- Commission to release guidelines 24 months in advance of the CS3D application date.



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