

Omnibus Regulation

ecoDa's Reaction to the Proposed Amendments

11 July 2025

About us: The European Confederation of Directors Associations (ecoDa) is an independent and unique umbrella organization representing the main national institutes of directors across Europe. Our member institutes collectively encompass around 50,000 individual directors from 21 countries, who serve on the boards of companies spanning various sizes and sectors. Our mission is to promote the highest standards of boardroom governance and to ensure that directors across Europe are well-equipped to meet the challenges and opportunities of their roles.

Our key recommendations:

ecoDa welcomes the omnibus regulation and fully supports its objective of simplifying sustainability reporting requirements.

ecoDa also endorses the double materiality assessment, considering it an effective tool for prioritizing key issues and identifying areas of vulnerability. Despite its value, this concept remains insufficiently understood by many companies. A more top-down approach could have helped guide companies in applying it effectively, particularly as many still struggle to determine what is truly material.

More broadly, ecoDa sees sustainability reporting as a powerful mechanism for evaluating companies' future resilience and long-term sustainability. When properly implemented, it can offer strategic insights that go beyond compliance, supporting more informed decision-making and risk management.

Scope

- ecoDa supports the narrower scope of the CSRD and CS3D, which limits sustainable reporting requirements to large companies with over 1,000 employees.
- However, to avoid excluding important players, ecoDa suggests including all Public Interest Entities (PIEs) in the reporting requirements, no matter their size. PIEs have a major role in the economy and should meet the same transparency standards.

Tiered Approach

- ecoDa agrees with the suggestion of having three categories of companies under the sustainability reporting rules.

- Ecodat nonetheless recommends giving companies a transition period when they move from one category to another, especially after events like mergers, acquisitions, or fast growth. This is important for sectors like Tech, where companies can grow quickly and unpredictably. A transition period would give them time to adjust to new reporting and due diligence requirements.

Data Point

- ecoDat supports a clear and substantial reduction in the number of data points required.

Double Materiality

- ecoDat strongly supports keeping the double materiality principle but would request having clearer guidance on how to apply it.
- To make reporting more consistent and manageable, ecoDat suggests the EU to define a minimum set of material sustainability topics (ESRS standards), as well as topics generally considered as not material. This should be done using a structured, sector-based approach.

Audit

- ecoDat supports delaying mandatory auditor assurance on sustainability disclosures (ESRS). Companies need time to adjust, benchmark, and build solid data systems.
- ecoDat also recommends a quality-based audit approach, focusing on processes rather than just verifying data in detail. Auditors sometimes go beyond their role, and focusing only on data points could make audits too complex and inefficient.
- ecoDat believes auditors should mainly check whether internal controls are in place and reliable. This helps ensure the sustainability information is trustworthy without overburdening the audit process.

Stakeholder Engagement and Business Partner Materiality

- ecoDat supports focusing stakeholder engagement on those who are meaningfully impacted by a company's actions or who present significant risks or opportunities. This avoids unnecessary engagement with low-risk or less relevant actors, like indirect service providers (e.g., office suppliers), who have little impact on sustainability outcomes.
- ecoDat also emphasizes that identifying key business partners should be based on clear, objective information to ensure consistency and transparency in due diligence efforts.

Value Chain

- ecoDa highlights the importance of effective data sharing across the value chain, especially downstream, when companies need specific information for compliance, such as carbon footprint data. This transparency is critical to meet regulatory and stakeholder expectations.
- Additionally, ecoDa points out that water-related disclosures are becoming more important, particularly for SMEs. Since water issues are closely tied to business resilience and sustainability-issues, they should be given more attention in reporting.

Transition Plan

- ecoDa supports removing the 1.5°C climate target reference from CS3D, since this is already covered under CSRD. Reintroducing it would create duplication.
- ecoDa also backs the move from a “best efforts” to an “all reasonable efforts” standard in CS3D. This reinforces the underlying objective that companies are responsible for the *quality* of their due diligence processes, not for *outcomes* that may be outside their control.

Transparency Register: TR ID 37854527418-86

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