

Technology Industries of Finland - Position on the Omnibus Simplification Package *January 2025*

The Technology Industries of Finland (TIF) warmly welcome the initiative of the European Commission to review the European sustainability and responsibility reporting obligations in order to achieve greater harmonisation, simplification, and an elimination of duplicate requirements. Current reporting obligations are resource- and time-intensive for companies and require considerable clarification and review to be effective and meet their set objectives. However, we equally believe that it is important that the proposed "Omnibus Simplification Package" does not jeopardise the objectives set in the Green Deal and that the European market remains competitive and efficient. It is vital that first movers are not unduly disadvantaged, but indeed rewarded by the revision. There is a need for workable policies that encourage sustainable business development and create value for those who already apply sustainable business practices.

TIF's Views in anticipation of the Omnibus Simplification Package:

Sustainability reporting needs to be significantly simplified and streamlined in consultation with businesses

The current reporting obligations established by the Sustainable Finance Taxonomy and the Corporate Sustainability Reporting Directive (CSRD) require companies to invest significant financial resources and time. It is pivotal to review the current reporting obligations in light of this experience: specifically, in order to better identify which requirements are working; which need further work to be effective; and to reflect whether the current requirements meet their set objectives. Unclear and unworkable reporting requirements should be eliminated, as they draw resources away from developing sustainable business practices as such.

Similarly, overlaps between the taxonomy and the CSRD should also be reviewed to ensure a better alignment of the reporting requirements. The reporting obligations linked to the subject-matters covered by the Corporate Sustainability Due Diligence Directive (CSDDD) are included in the CSRD reporting standards (ESRS 2 GOV-4). Consequently, there should be no further formal additional reporting requirements in this respect.

Any harmonisation and simplification of reporting obligations should be undertaken in consultation with companies. Businesses that follow the reporting obligations are most familiar with them; they know best where overlaps exist, and which requirements pose the greatest challenges. To create an effective framework, companies should be heard as part of the further preparation of the Omnibus Simplification Package. Finally, maintaining the global competitiveness of European businesses should be an important factor for consideration in the design of the Omnibus Simplification Package.

Predictability is a priority for companies and the market

Uncertainty and rapid changes place an undue burden on companies. Businesses must be able to adequately prepare for the application of obligations and possible changes. This is

particularly important to bear in mind when preparing the content of the Omnibus Simplification Package. Business must not suffer as a result of unpredictable application or significant alterations to the regulatory framework.

Re-examining ESRS requirements and the existing data verification practices is key to simplifying the CSRD

To simplify and clarify CSRD obligations, the European Sustainability Reporting Standards (ESRS) should be included in the review under the Omnibus Simplification Package. Currently, the ESRS requirements, which define the content of reports under the CSRD, contain a very large number of very unclear yet wide-ranging reporting data requirements.

A starting point for simplifying and easing the reporting burden created by the CSRD could be a reduction of the mandatory ESRS disclosures to the most relevant quantitative reporting requirements alone. Companies could choose to report more on a voluntary basis. Likewise, transition periods could be extended further.

The lack of clear guidance on the implementation of ESRS requirements creates a huge burden to companies when implementing the current CSRD reporting rules. Not least in light of these issues, TIF does support delaying the preparation of industry-specific standards. The existing reporting obligations must be made to work before new standards can be added.

TIF further believes that the certified and standardised information under the CSRD should be aligned to a greater extent with other reporting or certified sustainability information obligations: this includes, among others, the Ecodesign Directive (soon to be replaced by the Ecodesign for Sustainable Products Regulation), the Green Claims Directive, the Carbon Border Adjustment Mechanism (CBAM), and the Forced Labour Product Ban regulation.

As part of the effort to ease the burden posed by the CSRD, the approach to data verification should be also reviewed. Currently, verification creates a major financial burden for companies, as the currently limited market for verification solutions significantly drives up costs.

Requests for information from business partners should be harmonised

At present, business partners of companies subject to reporting obligations are significantly burdened by requests for information. This is due to these requests being issued in vastly diverging forms and formats. To avoid these issues, information requests should be standardised and harmonised to facilitate information sharing and relieve bureaucratic pressures on companies.

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Technology Industries of Finland (TIF) represents Finnish technology industries and counts over 1,800 member companies, ranging from SMEs and start-ups to world leading MNEs. The technology industry is comprised of five subsectors: electronics and the electrotechnical industry, mechanical engineering, the metals industry, consulting engineering, and information technology. Technology industry is the most important export industry of Finland, with operations constituting over 50 % of all Finnish exports and accounting for 70 % of all private investments.