

28 January 2025

President of the European Commission Ms Ursula von der Leyen
Executive Vice-President for Prosperity and Industrial Strategy Mr Stéphane Séjourné
Executive Vice-President for a Clean, Just and Competitive Transition Ms Teresa Ribera
Commissioner for Implementation and Simplification Mr Valdis Dombrovskis
Commissioner for Financial Services and the Savings and Investments Union Ms Maria Luís Albuquerque
Commissioner for Democracy, Justice, the Rule of Law and Consumer Protection Mr Michael McGrath
Commissioner for Climate, Net Zero and Clean Growth Mr Wopke Hoekstra

STATEMENT TO THE EUROPEAN COMMISSION

RE: THE PLANNED OMNIBUS REFORM OF SUSTAINABILITY LEGISLATION

The Finnish Corporate Sustainability Law Association wishes to express its concerns regarding the planned Omnibus reform of sustainability legislation, including the Taxonomy, CSRD, and CSDDD. Although detailed information about the reform is currently limited, we believe it poses inherent risks that should be carefully considered and avoided.

The CSDDD, which was finally accepted last year after a lengthy and challenging decision-making process, includes groundbreaking binding obligations for large companies. These obligations require companies to engage in human rights and environmental due diligence throughout their chains of activities and to develop and implement transition plans for climate change mitigation in line with the 1.5-degree target.

We are particularly concerned that reopening the CSDDD could lead to deregulation rather than simplification, given the current political climate. Our specific concerns relating to potential deregulation include the following:

- **Lack of investment:** Companies require legal certainty to make necessary investments. Without clarity on which legislation will be binding, these investments are unlikely to be made.
- **Delay:** Reopening the CSDDD would allow companies to further delay the adoption and implementation of transition plans for climate change mitigation, as well as the development of human rights and environmental due diligence.
- **Jeopardizing Level Playing Field:** The aim of the CSDDD to ensure a level playing field would be jeopardized. Deregulation would, in fact, penalize early adopters and sustainability leaders.

While the reporting obligations under the CSRD are extensive, a potential solution could be the simplification of the ESRS and its implementation guidance and the further development of the Taxonomy Regulation through its delegated acts. The Commission should also give guidance concerning interpretation of the

CSDDD. Such reforms would address companies' need for simplified sustainability reporting without compromising the level playing field or endangering or delaying investments.

It is crucial for the EU to maintain its leadership role in sustainability, especially during this time of climate crisis.

The Finnish Corporate Sustainability Law Association

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