

15 May 2025

## FORTUM'S POSITION ON THE OMNIBUS SIMPLIFICATION PACKAGE ON SUSTAINABILITY

### General comments

- **Legal certainty must be ensured for companies that have already taken significant actions in the field of sustainability reporting.**
- **The negotiation process must ensure a predictable operating environment for companies.**
- **An efficient negotiation process is needed, and companies must have enough time to have an understanding of and to implement the new requirements.**
- **The simplification measures shouldn't water down the adopted sustainability legislation.**

Fortum's supports the overall objective to reduce the reporting burden for companies. However, the Omnibus simplification package on sustainability raises a lot of questions. We see both benefits and disadvantages with the package. The proposals include beneficial provisions that can help to reduce unnecessary administrative burden, without jeopardising the policy objectives. At the same time, we have concerns related to the legal certainty for companies. An extensive negotiation process is underway, resulting in an unpredictable operating environment for companies for the next two-three years.

Companies need to be able to plan their investments and processes on time. A prolonged negotiation process could have a negative impact on investments (both sustainability and other) and companies' access to finance.

We also find it important that the simplification measures don't water down the adopted sustainability legislation, but rather align unharmonised requirements, provide an opportunity to reduce unnecessary or non-material reporting by adding flexibility, and clarify provisions if needed.

### Corporate Sustainability Reporting Directive (CSRD)

For a larger company like Fortum, that has already published its first CSRD report, the Omnibus proposals could make the reporting more flexible and reduce the reporting burden. The package includes beneficial provisions that can help to reduce unnecessary administrative burden, without jeopardising the policy objectives. Some further simplifications should still be assessed, and some amendments are also needed to the proposals by the Commission.

**Fortum supports the following proposals:**

- **Removing the sector-specific standards**
- **Clarifying and simplifying the assurance process and requirements**
- **The opportunity to reduce unnecessary or non-material reporting by adding flexibility**
- **Keeping the double materiality concept**

Fortum sees that the proposed scope of the CSRD should be carefully assessed. The need to reduce the reporting burden on smaller companies is understandable, but leaving such a huge number of them out of the scope is questionable, both from a sustainability point of view and since this will also

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create an unlevel playing field for European companies. This would also increase the administrative burden on large companies that need information from smaller companies in their value chain.

Fortum also sees that limiting information requests in the legislation is not appropriate. It should be noted that there might also be other reasons for requesting information in the value chain than meeting the legal requirements.

**Fortum proposes the following changes and considerations in the CSRD revision:**

- **Larger companies of those proposed to be out of scope in the commission proposal should still be in the scope, but with clearly limited reporting requirements and with the postponed implementation deadlines.**
- **The proposed value chain cap that would limit the information that can be requested from companies with less than 1000 employees should not be introduced.** It must be ensured that large companies have access to information in the value chain and that the administrative burden for large companies isn't increasing.
- **The data template formats should not be mandatory.** Companies should be able to present tables in a format best suited to their reporting needs.
- **The digital reporting requirement should be removed.** Using AI should be considered to extract required information instead.
- **The review of the ESRS standards should be transparent and companies should be given enough time to assess impacts, provide feedback and adapt to the new standards when adopted.**
- **The EU Taxonomy Opex KPI reporting should be made voluntary for all sized companies.** All taxonomy KPIs don't give added value. We believe that EU Taxonomy indicators to disclose Taxonomy alignment should be analysed on their merits. In particular, for a CapEx intensive industry such as the power sector, we believe that OpEx reporting of Taxonomy alignment shouldn't be mandatory.

### **Corporate Sustainability Due Diligence Directive (CSDDD)**

Fortum sees that some of the amendments proposed to the CSDDD will reduce the administrative burden while adhering to agreed policy options, while other amendments, in our view, would mean lowering the ambition level of the legislation. Some of the proposals could also make the due diligence process more difficult and would not reduce the administrative burden.

**Fortum supports the following proposals:**

- **Accelerating the adoption of Commission guidelines**
- **Extending the scope of maximum harmonisation to more CSDDD provisions**
- **Aligning the climate plan with the reporting regime**
- **Deleting the 5% of turnover as a minimum cap for pecuniary penalties**

We also find it good that the EU-level civil liability is being reassessed. The civil liability provisions of the directive are challenging from a legal certainty perspective for companies, since the requirements of the directive are open to

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much interpretation. It is for example unclear how a risk-based approach and prioritisation would fit in with civil liability.

**Fortum proposes the following changes/considerations in the CSDDD revision:**

- **The proposed limitation of information requests vis-à-vis SME and SMC business partners for mapping the value chain for the purposes of identifying adverse impacts should not be introduced.** It must be ensured that large companies have access to information in the value chain. The adopted CSDDD already includes enough provisions to safeguard SMEs.
- **Harmonising due diligence rules of the different legislative files to the extent possible would be important.** Value chain mapping and due diligence (including reporting) is currently being required as part of an increasing number of legislation, including the CSRD, CSDDD, the Forced Labour Ban Regulation, the Deforestation Regulation and the Battery Regulation. For example, the CSRD includes ‘value chains’, whereas the CSDDD sets due diligence requirements for the ‘chain of activities’. These requirements were unharmonised already before the Omnibus proposal, that focuses only on the due diligence requirements of the CSDDD.
- **The amendments should not decrease companies’ possibilities to conduct meaningful due diligence. For example, there must be a right to terminate a business relationship related to Articles 10 and 11 even though it would no longer be mandatory. It would also be preferable to have national human rights and environmental institutions and civil society organisations included in the definition of stakeholders, since they can represent a wider group of people and allow companies to have access to valuable information in the value chain.**
- **The proposed amendments to the due diligence obligations need to be clarified. The due diligence requirements should highlight a possibility for a risk-based prioritisation in the due diligence process, that enables to target the efforts of companies better, but still go beyond tier-1.** Some of the proposed amendments in Article 8(2a) would increase possibilities for different kind of interpretations, increasing uncertainty for companies. For example, when does a company have “plausible information” of adverse impacts? What is the relation between the strict requirement in paragraph 2a to carry out an in-depth assessment in the mentioned cases and the risk-based approach mentioned in paragraph 2 of the article? How should the strict requirements to seek contractual assurances from a direct business partner in the amendment be interpreted, when Article 10(2) and Article 11(3) impose a requirement to seek contractual assurance only where relevant?
- **Reducing the mandatory frequency of periodic assessments and possible updating of due diligence measures would add flexibility. However, extending the frequency to 3 years could be more appropriate.** It should also be noted that assessments shall be carried out after a significant change occurs and that article 7 sets requirements for updating the due diligence policy.

#### **For additional information**

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