

ESG-Omnibus

EU ESG-Omnibus Simplification Package

In General

Bosch welcomes the ESG Omnibus as an ambitious yet urgently needed proposal to cut red tape for companies. Following the sobering findings of the state of the EU's economy in the Draghi Report, the European Commission delivers on its promise to place competitiveness at the heart of its agenda. Reducing bureaucracy is one important element to unburden European companies in the global market. While we support the EU's continued climate and sustainability ambitions under the Green Deal, the past election cycle brought an unprecedented amount of new EU sustainability legislation and respective reporting obligations. Complex rules have made it challenging for companies to track, understand and, most importantly, implement EU laws. The ESG Omnibus offers the opportunity to reduce unnecessary burdens in selected pieces of legislation (CSRD, CS3D, EU-Taxonomy, CBAM). In this process, we see tremendous potential to ease implementation without compromising on the EU's climate objectives. Effective, harmonized and unambiguous reporting rules are in our best interest but currently lacking in EU sustainability legislations. We therefore applaud the Commission for postponing obligations by one to two years in order to provide legal certainty for companies. We find it wise to offer clarity on the implementation timelines in a first step ('Stop-the-Clock' Directive) as we have e.g. been facing different speeds in the 27 national CSRD transposition processes causing additional confusion for implementing companies. The 'Stop-the-Clock' approach will provide time to focus on streamlining and simplifying the legislative content for better and harmonized applicability. We gladly provide comments on the Omnibus amending the CSRD, CS3D, EU-Taxonomy and CBAM and highlight the substantial improvements these changes would provide.

We would, however, also like to stress that bureaucratic relief in additional EU ESG legislation (e.g. Deforestation Regulation, Critical Raw Materials Act, Forced Labour Product Ban) is worthwhile and should be subject of future simplification packages. Furthermore, an effective way to reduce bureaucracy is not to create any new bureaucracy. In line with the 2025 Commission's Competitiveness Compass, we encourage lawmakers to also reexamine ongoing legislative dossiers inherited from the last election cycle, such as the Proposal for a Green Claims Directive. Similarly, upcoming secondary legislation stemming from existing legal frameworks should be guided by these principles.

In Detail

1. CS3D – Corporate Sustainability Due Diligence Directive

- For the CS3D, the Commission proposal foresees truly far-reaching simplifications that will significantly reduce the implementation effort for companies.
- We welcome the reduction of the scope of due diligence requirements to a companies' own operations, subsidiaries and direct business partners, the deletion of an additional European civil liability regime, and the greater push for harmonization of implementation by the EU Member States.
- However, the requirements for stakeholder engagement remain extensive. A much better solution has been implemented in the German LkSG, where stakeholder engagement is focused on the risk assessment (see LkSG § 4(4)). This approach still ensures that the valuable insights of a variety of affected stakeholders are taken into account but is much more feasible for companies and should be adopted in the CS3D as well.

2. CSRD – Corporate Sustainability Reporting Directive

- On European Sustainability Reporting Standards (ESRS): We support the intention to reduce present ESRS while abstaining from the introduction of sector-specific standards. Additional reporting obligations and respective data collection would create even more red tape for companies with questionable value added. While the Omnibus at this point does not specify the extent to which existing ESRS will be reduced, we endorse the commitment to revise the currently required 1,100 data points to a reasonable amount and call on decision-makers to use the time gained through the "Stop-the-Clock" postponement to provide effective and clear-cut standards in the dedicated delegated act.
- The readjustment of the CSRD timeline should also ensure that the patchy transposition processes in the 27 Member States are fully harmonized throughout the European Union and swiftly completed for legal and planning certainty.
- Scope alignment: The omnibus delimitates the CSRD scope to companies with up to 1,000 employees and either a turnover of EUR 50 million or a balance sheet above EUR 25 million. While Robert Bosch GmbH certainly remains within the scope, the proposed alignment could help further clarifying that Bosch subsidiaries remain out of scope and would not have to prepare a separate CSRD report in addition to their parent company – thus addressing a potential shortcoming in national transposition acts (as it was envisaged in the German CSRD implementation act).

3. Taxonomy Regulation

- Simplifying DNSH criteria: The existing DNSH criteria currently pose the greatest obstacle to a smooth and effective application of the taxonomy rules. We unreservedly share the Commission's analysis in its explanatory memorandum that provisions stemming from Appendix C are "overly complex", "disproportionate", "excessively burdensome" and "have proven difficult to implement". We believe that manageable DNSH criteria will also determine the overall success of the taxonomy framework as financial markets instrument. Since the Omnibus intends to narrow the mandatory reporting scope to largest companies only, the Commission banks on voluntary reporting of smaller

companies. This becomes less likely if the rules retain the current level of complexity: The more complicated the reporting, the less attractive the taxonomy. We therefore welcome the draft delegated regulation aiming to simplify the DNSH but still see room for improvement:

1. We support the direct reference to Annexes III and IV of Directive 2011/65/EU in point d of Appendix C. This specification ensures full harmonization between the core requirements of the RoHS Directive and the provisions in the EU taxonomy, therefore eliminating additional burdens caused by the DNSH currently in place.
 2. The Commission's proposal to delete the last subparagraph of Appendix C would be an improvement. We consequently support the first option suggested by the Commission (deletion of the text after point f) as the second option (replacement by another text) would potentially lead to further implementation challenges requiring companies to track substances beyond compliance with existing chemical legislation. However, we also reiterate that much confusion originates from point f in Appendix C, which is unfortunately left untouched in the draft. Deleting point f would substantially reduce the DNSH's complexity and provide the desired bureaucratic relief intended by the omnibus. Alternatively, a rewording of point f to match existing legal requirements and reporting obligations could help addressing current ambiguities and legal uncertainties. A link to Art. 33 REACH that specifies the reporting of "substances of very high concern" (based on Art. 57, referring to the 'authorization list' in Annex XIV) would not only prevent double regulation but also provide clarity for substance management in the EU Taxonomy.
- Introducing a financial materiality threshold is worth supporting as comparably insignificant economic activities no longer have to be mandatorily reported. Similarly, here, if voluntary reporting below this threshold is desired, clear-cut and easy-to-implement DNSH criteria are vital (see previous point).
 - In view of the proposed financial materiality criteria, we share the Commission's analysis that *"information on operational expenditure is of lesser significance and decision usefulness to assessment of the sustainability of company activities than on turnover or capital expenditure"*. It is suggested that companies must no longer report alignment of operational expenditure (OpEx) if their eligible activities do not exceed 25% of their cumulative turnover. We would however argue that OpEx reporting, even when exceeding this threshold, has little information value while the implementation effort is significant. Reporting on this OpEx KPI should consequently be made voluntary as well since it has virtually no steering effect toward sustainable activities.
 - The Commission furthermore intends to introduce criteria for partial taxonomy alignment. Up to this point, details remain unclear and will be determined through secondary legislation. From a practical perspective, we stress that the possibility of partial alignment must not come along with further complication of the taxonomy framework's logic. We support any measures that ease application but additional criteria or intermediate steps to demonstrate partial alignment could also create extra confusion impairing the taxonomy's applicability and comparability. We encourage the Commission to carefully consider these concerns and potential implementation challenges throughout the process and ask for close industry involvement when developing such partial alignment criteria.

4. CBAM – Carbon Border Adjustment Mechanism

- The suggested simplifications for CBAM follow a two-step approach:
 - By introducing a new de minimis threshold of 50t of net mass (per calendar year), 90% of importers will be excluded from the scope of the regulation, while 99% of embedded CO₂ emissions remain covered.
 - Simplifications for large importers that remain in scope are introduced, including an extended annual CBAM declaration reporting deadline, default carbon pricing values, moving the start date for sale of CBAM certificates to Feb 2027 and a reduction of CBAM certificate obligation ratio.
- While the raising of the threshold offers a big relief for small importers, the changes suggested for those companies that remain in scope are merely superficial and do not offer a significant reduction of the bureaucratic burden created by CBAM.
- On the contrary, since the de minimis threshold of €150 per no longer applies for those large importers that remain in scope, this represents a step backward and – contrary to the intention of the omnibus package – introduces additional administrative burdens since every single shipment without exemptions for small quantities no falls under CBAM.
- In order to also offer meaningful relief for large importers without compromising on the goal of avoiding carbon leakage, Bosch suggests the following amendments:
 - Reintroducing a de minimis threshold for individual imports for large importers that remain in scope and raising that threshold from currently 150 Euros to 100kg to avoid reporting requirements for small quantities that do not represent a significant share of embedded CO₂ emissions.
 - Where information on embedded CO₂ emissions cannot be obtained from suppliers, give companies the opportunity to use default values for 100% of their imports without any restrictions.
 - Consider introducing a value chain cap similar to what is being suggested for the CSRD and CS3D, i.e. suppliers with less than 500 employees must not be contacted to obtain information.