

State of Tax, Legal & People

EU Omnibus#1 and the Clean Industrial Deal

Tuesday 18 March



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Agenda



1. Omnibus #1
2. Corporate Sustainability Reporting Directive
3. Corporate Sustainability Due Dilligence Directive
4. Clean Industrial Deal
5. CBAM & ETS
6. Affordable Energy Action Plan
7. Subsidies and incentives
8. Circular Economy
9. Wrap-up & Closing



Introduction into Omnibus #1 and CID

Strategy builds on:

- Green Deal
 - 2030 – 55% reduction of net GHG emissions (Fit for 55 package)
 - 2040 (**new**) – 90% reduction of net GHG emissions
 - 2050 – a climate neutral Europe
- Draghi-report
 - integrating decarbonisation policies with industrial, competition, economic, and trade policies
 - to drive growth and build a stronger more resilient Europe

Introduction into Omnibus #1 and CID

EU's Competitiveness Compass: Strategy for Economic Renewal

Omnibus #1

- Set of legislative reforms aimed at simplifying and modernising EU regulations.
- CSRD, CSDDD, EU taxonomy and Carbon Border Adjustment Mechanism
- Primary goal: cut administrative burdens, reduce red tape and improve the business environment for companies operating in the EU.

Clean Industrial Deal

- Strategic policy and regulatory framework aimed at driving industrial decarbonisation, promoting clean technologies, and ensuring the EU's competitiveness in the green economy.
- Omnibus Package provides regulatory framework and administrative support that complements and facilitates implementation of the broader goals set out in CID.

01

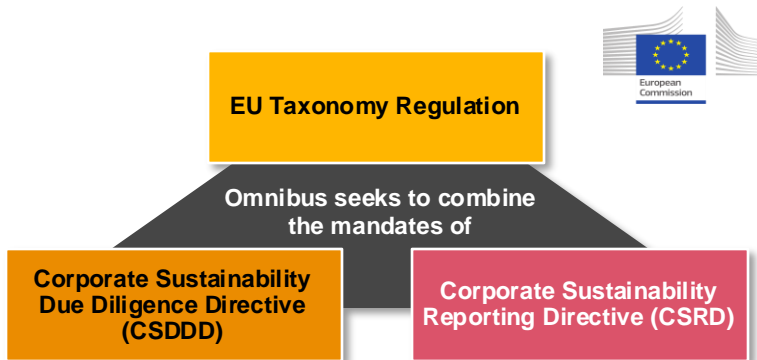
Omnibus #1



Intro to ESG Omnibus Simplification Package

What is the Omnibus?

- The **(ESG) Omnibus simplification package** proposal presented by the European Commission, 26 February 2025
- Aim **to** simplify overlapping EU reporting and due diligence requirements reducing cost & reporting burden.



!! The package remains at a proposal stage !!

First two “omnibus simplification” packages

Omnibus I proposals

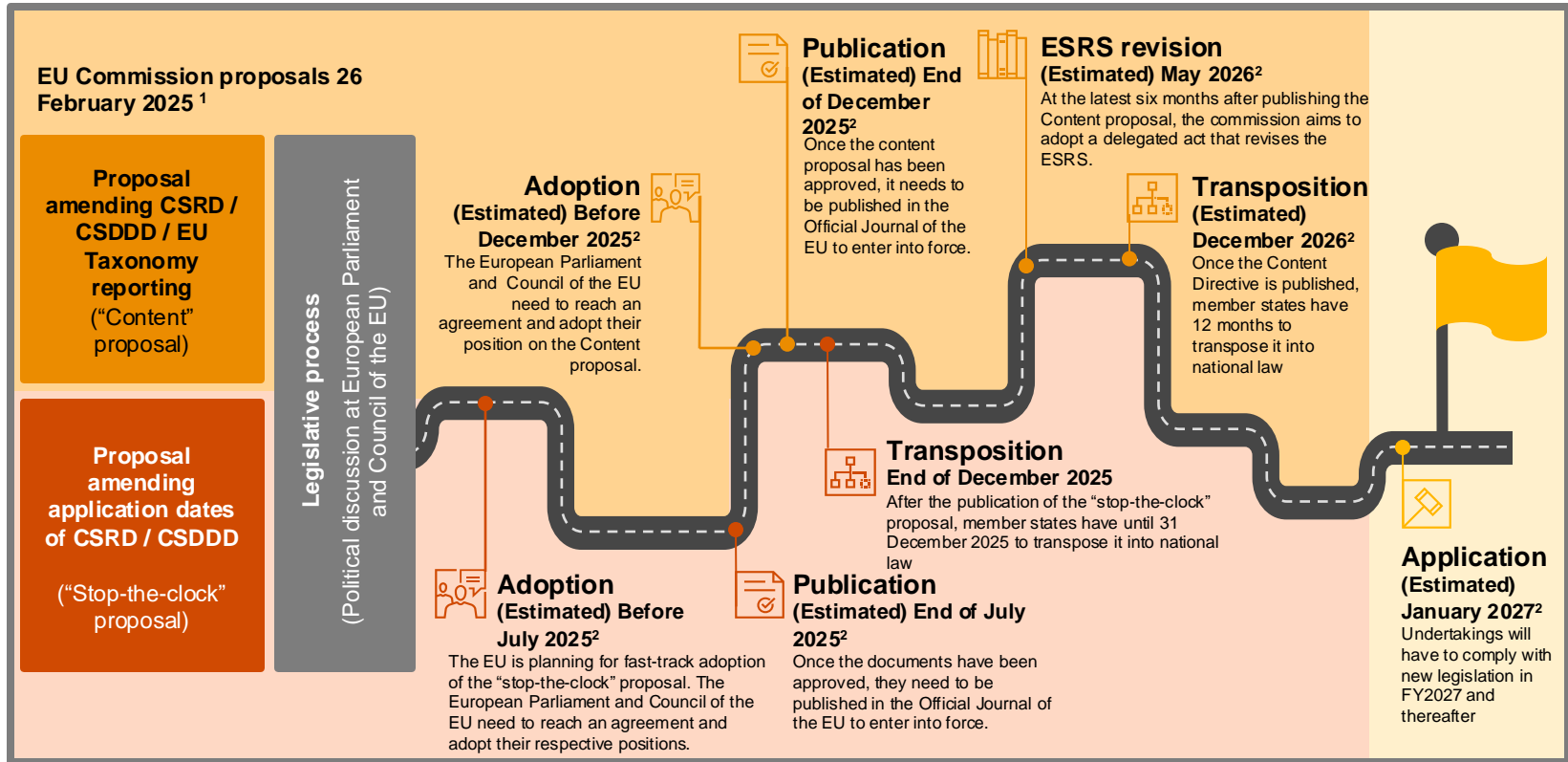
- Corporate Sustainability Reporting Directive (CSRD)
 - **‘Stop the clock’ proposal**
 - **‘Content Proposal**
- Draft Delegated Act to simplify EU Taxonomy Regulation (Taxonomy)
- Corporate Sustainability Due Diligence Directive (CSDDD) and the Carbon Border Adjustment Mechanism (CBAM)

Omnibus II proposal

- Invest EU Regulations

“Launching a simplification revolution, ensuring a clear, simple and smart regulatory framework for businesses and drastically reducing administrative, regulatory and reporting burdens”

Envisioned timeline of the Omnibus proposals



1) The proposed changes to the EU Taxonomy are not subject to approval from the co-legislators and therefore that timeline differs from the two proposals described here

2) Please note that differences may arise during the legislative process of either proposals.

02

Corporate Sustainability

Reporting Directive



Proposed changes in CSRD

What changed?

Companies which will remain / be in scope

EU undertakings¹

- >1,000 employees
- And**
 - > €50 million turnover
 - or
 - > €25 million balance sheet total

These thresholds also apply to non-EU undertakings with debt or equity listed on EU-regulated markets

Non-EU undertakings

- Non-EU parent undertakings with **€450m net turnover²** in the EU that:
- Have an EU subsidiary meeting **two out of three requirements**:
 - > €25 million balance sheet
 - > €50 million turnover
 - > 250 employees;or
 - If no subsidiary undertaking meets these thresholds, **have a branch that generated €50m net turnover** in the EU

- 1) Also applies to EU parent undertakings of groups meeting these criteria on a consolidated basis
- 2) at its group level or, if not applicable, at the individual level

What didn't change?

- **Double materiality remains**, but the application of this principle may be changed due to proposed ESRS revision
- **Largest companies** (> €450m turnover) will keep reporting (proposed simplified) EU taxonomy figures
- **Limited assurance remains**, with additional guidance to be issued by 2026.



Proposed changes in CSRD

Assurance

Obligated level of assurance will remain limited by **removing the review clause** for introducing reasonable assurance later

Sector specific standards

Will no longer be developed to avoid introduction of new datapoints

Value chain cap

A company out of scope of CSRD is shielded from having to provide value chain information which is not part of the voluntary standards

Taxonomy reporting

- Reporting of taxonomy figures for companies with less than €450 million turnover will be voluntary depending on 'sustainability claim' --
→ *Only turnover and CapEx KPIs need to be reported in case of sustainability claim*



Poll

Question – How do you plan to react to the proposal?

1. It is still a proposal – **we will continue to prepare for disclosure over 2025!**
2. We are still in scope – **But we will revisit our roadmap to prepare with 2 years extra**
3. We are still in scope – **But we will stop until this new proposal has been officially approved**
4. We are still in scope – **But we will focus on our Sustainability Strategy first**
5. We are are now out of scope – **But we will continue with voluntary disclosure**
6. We are are now out of scope – **We will stop preparing**
7. We are are now out of scope – **We will focus on our Sustainability Strategy first**
8. Help! I do not know yet

03

Corporate Sustainability

Due Diligence Directive



CSDDD

Overview

- Entry into force: July 2024
- Law obligations for companies with significant activities in the EU to carry out due diligence throughout the entire chain of activities.

Obligations

- DD: actual and potential human rights and environmental adverse impacts (own ops/bus part)
- Adopt and put into effect a transition plan for climate change mitigation (Paris agreement)



CSDDD

What changed?

Maximum harmonization

- All core aspects of the due diligence process.

Stakeholder engagement

- Scope of the "stakeholder" notion narrowed
- Mandatory stakeholder engagement limited

Financial penalties and civil liability

- Removal of the 5% of worldwide turnover cap on penalties
- Removal of the EU-wide liability regime, granting MS wider discretion

Financial services' provision review

- Deletion of review clause on "the necessity of laying down additional sustainability requirements tailored to regulated financial undertakings"

Primary focus of due diligence on direct partners

- In-depth assessments will only be required at the level of **direct business partners**,
- or
- in situations where there is **plausible information** suggesting adverse impacts are occurring at the level of **indirect business partners**.
- Requests for information from SMEs will be limited.

Termination of business relationships

- Removal of duty to terminate business relationships; instead: suspend.

Extended monitoring period

- Period for monitoring requirements changed from 12 months to 5 years.

Climate transition plan

- The climate transition plan obligation remains, focused on adoption and including implementation actions.



CSDDD

What didn't change?

- **Scope**
- **Core due diligence obligations**, with due diligence in line with OECD Guidelines and UNGPs
- **Due diligence support at group level**
- **Effective access to justice and right to full compensation**

Timing impact

Phase-in and delay of 1 year for Wave 1 companies:

Wave 1 companies

- EU companies: >5,000 employees, >€1.5 B turnover
- Non-EU companies: >€1.5 B turnover (in EU)

Timeline moved 1 year: 26 July 2028

Wave 2 companies

Timeline stays the same: 26 July 2028

Wave 3 companies

Timeline stays the same: 26 July 2029

So, now what?

1 Do I still have a **CSRD** reporting obligation?



Are there other **regulations** on my radar?

2



5 Am I effectively **communicating** with key stakeholders?



Do I know what the biggest **gap** of my company is?

3



Do I have the right **technology** and **governance** model?

4



Shift from compliance to making impact – act now


04

Clean Industrial Deal



Clean Industrial Deal

Europe's investment plan for a clean and competitive economy

Boost Europe's industrial competitiveness while advancing decarbonisation
raise funds and drive innovation. 

Focus Areas:

- Economic resilience
- Competitiveness
- Climate change
- Strategic autonomy

Integration: Industrial, competition, economic, and trade policies.

Key Sectors: Energy-intensive industries and the clean-tech sector.

Benefits for Companies

Simplification of legal and compliance framework

Key Business Drivers

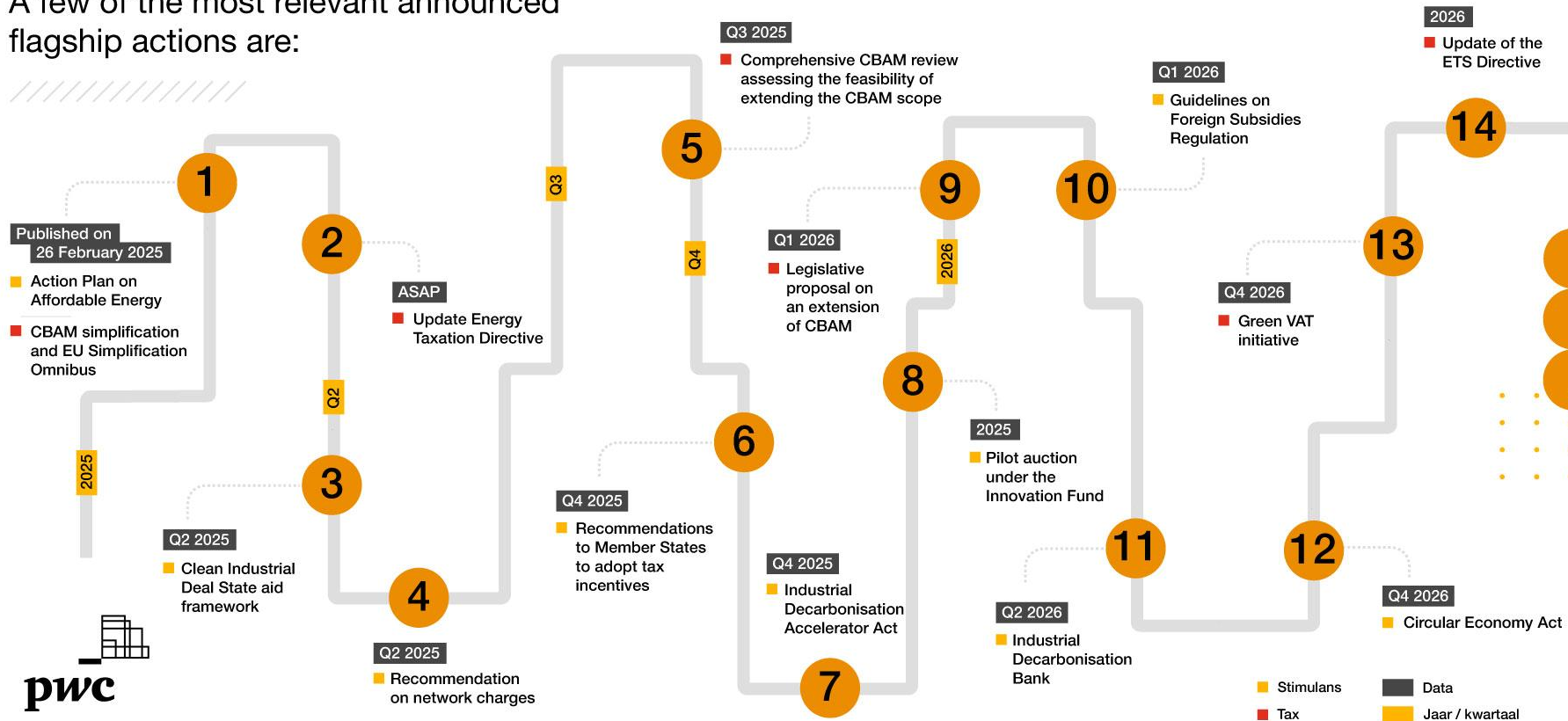
- Affordable energy
- Lead markets
- Financing
- Circularity
- Global markets
- Skills

Tax Incentives

- Support clean investments in corporate income tax systems
- Shorten depreciation periods for clean technology assets
- Accelerated depreciation of investments
- Tax credits for businesses in strategic sectors

The CID outlines several flagship actions that are particularly relevant from a tax and incentives perspective

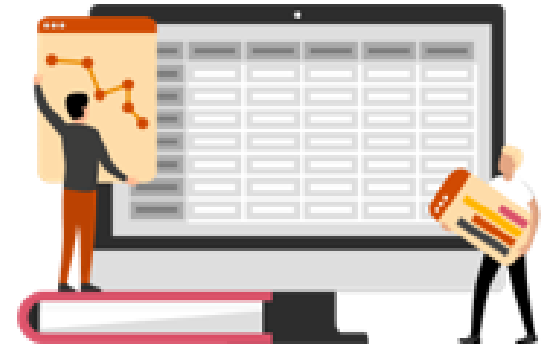
A few of the most relevant announced flagship actions are:



Energy Taxation Directive and Its Amendments

Amendment of Energy Taxation Directive is a key element of CID

- Part of the Fit for 55 Package, Member States yet to reach an agreement
- Focusing on reducing energy costs (reduce taxation levels) and promoting clean energy (e.g. electrification) over fossil fuel
- Harmonised design of tariff methodologies for network charges



05

CBAM & ETS



CBAM

- Broader Exemptions: Importers of very small quantities of CBAM goods will be exempt from CBAM requirements
- Streamlined Requirements: Simplifications for importers exceeding the exemption threshold to ease compliance with complex reporting

Impact

- Exempts approximately 90% of importers from CBAM obligations
- Maintains over 99% of embedded emissions within CBAM's scope, ensuring environmental integrity.



New CBAM Applicability Threshold

- 50 tonnes of net mass for cumulative imports of CBAM products (excluding electricity and hydrogen)
- Expansion of current scope (cement, iron, steel, aluminum, fertilisers, electricity & hydrogen) with downstream products?

Delay of Financial Impact

- Financial impact delayed from 2026 to 2027
- Member States will sell CBAM certificates via a central platform starting 1 February 2027
- Annual CBAM declaration deadline moved from May to October

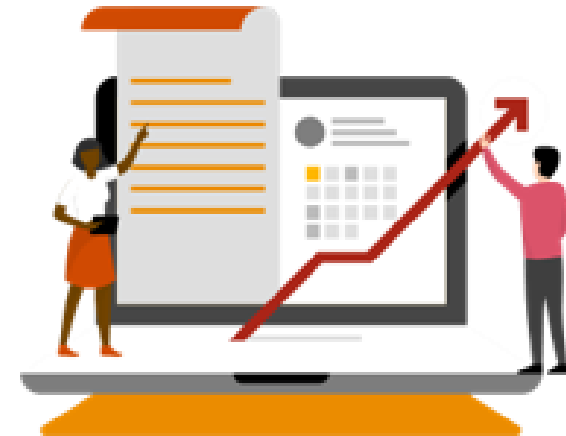
ETS

ETS Directive Revision

- Planned revision in 2026
- Will include emissions from hard-to-abate sectors

Industrial Carbon Management Strategy

- Develop a strategy connected to ETS
- Build the business case for permanent carbon removals to compensate for residual emissions from hard-to-abate sectors



06

Affordable Energy

Action Plan



Affordable Energy Action Plan

- Action Package 1 – Reducing energy costs
- Action Package 2 – Improving energy-infrastructure
- Promoting flexibility in the energy system
- Improvement of the gas markets
- Encourage energy savings
- Completion of the Energy-Union
- Preparing for Energy Crises



07

Subsidies and incentives



CID impact on Incentives

“Boost industrial competitiveness for decarbonisation and net zero technologies” → Additional EU incentive support

- Strengthen EU-level funding
- Expanding role for EIB financing and soft loans
- Relaxation of State Aid framework
- New funding for national subsidy programs

Strengthen EU funding

Industrial Decarbonisation Bank

- Supports at scale decarbonization with competitive bidding subsidy support
- Launches in Q2 2026 with a fund of 100 Billion Euro
- Focuses on cost-effective decarbonization (EUR/tonne CO₂)
- First pilot of 1 Billion Euro in 2025

Industrial Decarbonisation Accelerator Act

- Aims to source 40% of clean tech components from the EU market

New Flagship Horizon Europe call

- EUR 600 million for clean tech, clean energy and decarbonised manufacturing

Expanding role EIB

EIB to improve access to capital and derisk project development

- Amendment to InvestEU package – 50 billion Euro
- Power Purchase Agreement support – 500 million Euro
- Grid Manufacturing package – 1.5 billion Euro
- TechEU Investment Programme



Relaxation State Aid framework

Clean Industrial Deal State Aid Framework

- Simplifies state aid rules
- Quick approval for decarbonisation projects and clean tech manufacturing

IPCEI design support

- EU will work with MS to speed-up IPCEI design for targeted technologies
- IPCEI support can be 100% of funding gap

National subsidies

EU Competitiveness Fund

- EU funding for national programs in new MFF
- Quick approval for decarbonisation projects and clean tech manufacturing

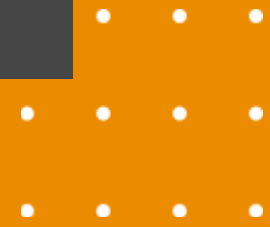
Tax incentives

- Shorter depreciation for clean technology assets
- Increased use of tax credits for strategic sectors
- Phase out of fossil fuel subsidies
- Green VAT initiative

 What about Pillar 2?

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Circular Economy



Circular Economy

- Aim of CID: EU to be world leader on circular economy by 2030
- 24% of materials circular by 2030 & support decarbonisation strategy
- Secure access to critical raw materials & reduce dependence

Proposals

- Prioritise Critical Raw Materials Act (Q1 2025) & Centre (Q4 2026)
- Promote circularity: Circular Economy Act (Q4 2026)
- Setting up of Trans-Regional Circularity Hubs (Q4 2026)
- Partnership with stakeholders: Clean Industrial Dialogue on Circularity

09

Wrap-up & Closing



Key take-aways



Boost Europe's industrial competitiveness while advancing decarbonisation and net zero industries



Shift from compliance to making impact – act now



Drive innovation via affordable energy, lead markets, financing, circularity, global markets, and skills, essential for a sustainable industrial ecosystem

Closing

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Evaluation

- How would you rate this webinar on a scale from 1 to 10?
- The content was relevant. (Totally agree/Agree/Neutral/Disagree/Totally agree)
- Do you have any suggestions and/or comments?
- Do you have specific questions and would you like us to contact you?

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