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NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee
No. Cion doc.:	6595/25
Subject:	Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Directives (EU) 2022/2464 and (EU) 2024/1760 as regards the dates from which Member States are to apply certain corporate sustainability reporting and due diligence requirements. • Mandate for negotiations with the European Parliament

1. In October 2024, the European Council called on all EU institutions, Member States and stakeholders, as a matter of priority, to take work forward, notably in response to the challenges identified in the reports by Enrico Letta ('Much more than a market') and Mario Draghi ('The future of European competitiveness'). The Budapest declaration of 8 November 2024 subsequently called for "*launching a simplification revolution*", by ensuring a clear, simple and smart regulatory framework for businesses and drastically reducing administrative, regulatory and reporting burdens, in particular for SMEs.

2. On 26 February 2025, as a follow-up to EU Leaders' call, the Commission put forward two 'Omnibus' packages, aiming to simplify existing legislation in the fields of sustainability and investment respectively. On 20 March 2025, Leaders urged the co-legislators to take work forward on these Omnibus simplification packages as a matter of priority and with a high level

of ambition, with a view to finalising them as soon as possible in 2025. They specifically called on the co-legislators to adopt the proposal on the 'stop-the-clock' mechanism on sustainability reporting and due diligence without delay and at the latest by June 2025.

3. For the purpose of examination by the Council and its preparatory bodies, the Permanent Representatives Committee set up, at the initiative of the Presidency, a dedicated Antici Group (Simplification) on 21 February 2025. This preparatory body, organised as a subgroup of the Antici Group, operates under Coreper II and the General Affairs Council.[1]

4. The Antici Group (Simplification) held its first meeting on 28 February as well as six substantial meetings since then, and examined all legislative proposals contained in the omnibus packages. It is the aim of the Presidency to treat simplification as a key priority and expedite work on the related proposals as quickly and far as possible.

5. In parallel, the ECOFIN Council and the COMPET Council held policy debates on the omnibus packages on 11 and 12 March respectively, during which Ministers strongly welcomed the Commission's simplification efforts and supported the Presidency's intention to ensure fast progress.

6. As regards sustainability reporting in particular, in view of significant implications for the business community, the Presidency has treated the proposal as regards the dates from which Member States are to apply certain corporate sustainability reporting and due diligence requirements (so-called 'stop-the-clock' Directive) with utmost priority, in order to provide companies with the necessary legal certainty as regards the date of entry into force of their reporting and due diligence requirements.

7. At the related discussions of the Antici Group (Simplification), held on 3, 7 and 12 March, delegations broadly shared the Presidency's sense of urgency and, in that perspective, supported the Commission's proposal. While several delegations agreed with the proposal as presented by the Commission without amendments, others signalled remaining scrutiny reserves while viewing the proposal positively. In turn, several delegations advocated for a longer postponement as regards due diligence requirements (2 years or more), which was opposed by some. A number of delegations also raised level-playing field concerns when it comes to sustainability reporting, stressing on the one hand transposition differences between Member

[1] Antici Group (Simplification) mandate, 6340/25.

States and the Commission's proposed change of scope on the other, although welcoming the Commission's intentions.

8. Furthermore, it is generally understood that the European Parliament, as co-legislator, is equally determined to reach agreement with the Council on the 'stop-the-clock' proposal as fast as possible, having scheduled on 1 April a vote on request for urgent procedure. In addition to fast-tracking examination, such procedure could also limit amendments.

9. In view of the above, and in accordance with the European Council's call to "*adopt the proposal on the 'stop-the-clock' mechanism on sustainability reporting and due diligence without delay*", the Presidency proposes to adopt a Council mandate for negotiations with the European Parliament in line with the Commission's proposal.

10. The Permanent Representatives Committee is therefore invited to discuss and agree on a mandate for the Presidency, with a view to reaching an agreement at first reading with the European Parliament on that basis.

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