Council of the European Union
General Secretariat

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Interinstitutional files:
2025/0045 (COD)

Brussels, 13 June 2025

WK 7864/2025 ADD 1

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WORKING DOCUMENT

From:	General Secretariat of the Council
To:	Antici Group (Simplification)
Subject:	Explanatory note - CS3D SIMPLIFICATION

Delegations will find attached an addional explanatory note on CS3D regarding the changes to Art. 22, in preparation for the meeting of the Antici Group (Simplification) on 13 June 2025.

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EXPLANATORY NOTE

CS3D SIMPLIFICATION – 4th Presidency compromise

Antici Group on Simplification (AGS)

13 June 2025, Friday

The purpose of this explanatory note is to provide delegations with additional information, clarifications and reasoning for the amendments proposed by the Presidency.

The explanatory note follows the order of the relevant provisions.

This document is for reference only.

Please note that this document is supplementary to the explanatory notes published earlier in the Delegates Portal (no. *WK 7864 2025*) and addresses the changes relating specifically to art. 22.

ARTICLE	REASONING
Article 1 point (c), Article 22, Recital 26, Recital 26a, Recital 26b, Recital 26c,	The new text of Article 22(1) introduces a significant relief for the companies, which would no longer be required to make best efforts to ensure compatibility of their business model and strategy with the Paris Agreement. Instead, they would be required to make reasonable efforts in that matter. The key differences between these approaches is that a company is no longer required to adopt the best standard in the given sector in case that is not reasonable or beyond control of a given company. The new second subparagraph brings about a solution for both the companies designing their climate transition plans, as well as supervisory authorities, which will be supervising that process by ensuring that the Commission guidelines shall include practical guidance on sectoral pathways. This solution allows for inclusion of sector specific considerations in the context of what a reasonable climate transition plan should look like for a given company. Such sectoral guidelines will also include common EU methodology, helping to guide a company in designing their climate transition plan. Companies in sectors where the pace of greenhouse gas reductions are slower can especially benefit from the new approach. The proposed changes bring significant burden reduction and practical solutions based on the ongoing work on sectoral pathways announced in Clean Industrial Deal, while not undermining the EU climate goals ambitions. In the spirit of burden reduction, the Presidency also proposes to postpone the obligation to adopt a climate transition plan by two years.

	Recitals 26, 26(a) and 26(b) give more specific explanations to aforementioned changes. Recital 26(c) includes minor technical changes, aimed at improving the text.
Article 25 Recital 26d	The Presidency proposed a new paragraph to Article 25, alongside a new Recital 26d, clarifying the role of the supervisory authorities in the context of supervising adoption and design of a climate transition plan. It specifically underlines that supervisory authorities should prioritise cooperation with companies in scope, while clarifying that if a company has not been cooperative in the past or failed to comply with its obligations, the supervisory authorities are not prevented from taking immediate enforcement action. The new paragraph also outlines all individual factors specific to a given company that should be taken into account in carrying out supervisory function. The Presidency hopes that this clarification allows for a better understanding of when, in practice, supervisory authorities are expected to resort to applying penalties

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