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The **Shift** Newsletter

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NEW

The Commission had an opportunity in its Omnibus proposal to focus on the guidance needed to strip away the appearance of complexity and show what straightforward implementation of sustainability due diligence and reporting entails - instead, the proposed changes would actually make life more complicated for both large and small companies.

Read Shift's initial reflections on the European Commission's 'Omnibus Simplification Proposal' on our website.

It's been a busy fortnight here at Shift following the publication of the European Commission's Omnibus Simplification Proposal that targets the EU's sustainability due diligence and reporting framework. The proposal's objectives are to simplify requirements and reduce burdens on smaller companies, including in connection with the recently adopted Corporate Sustainability Due Diligence Directive (CSDDD) and the more established Corporate Sustainability Reporting Directive (CSRD). While the goals are reasonable ones for EU policy-makers to pursue, **in fact the proposal risks making life more complicated for both large and small companies**.

In brief, **the proposal would make it much harder for companies to 'know and show' that they are managing the human rights and environmental risks they face, and leave them on the back foot when they are 'named and shamed'** by the media and NGOs when things go wrong in their supply chains. It would constrain their proactive risk management efforts under the CSDDD to first tier business partners (which is typically not where the greatest risks reside) and create greater burdens for SMEs as obligations are then 'passed back' along supply chains. It would also perpetuate the complex set of different data demands from investors and others that the CSRD was originally trying to address.

For more, please read our full statement and keep an eye on our website here where we'll be posting links to upcoming webinars as well as new resources on key aspects of the Omnibus Proposal to help you navigate the uncertainty in the coming months.

In the meantime, our advice to companies in this unpredictable regulatory landscape is clear - **keep doing risk-based due diligence in line with the existing international standards.** That remains the single best investment companies can make to prepare to meet current and future demands, whether from investors, lenders, customers, civil society or EU policy-makers.

Caroline Rees & Rachel Davis