

IOGP Europe recommendations for the Omnibus proposal

IOGP Europe strongly supports the European Commission's commitment to simplifying and reducing reporting and compliance obligations by 25%, as outlined by President von der Leyen in March 2023 and reaffirmed in the Budapest Declaration of November 2024. The EU faces significant challenges which require quick and decisive action if it is to sustain growth in the coming decades.

The upcoming Omnibus proposal presents a timely opportunity to readjust course. We believe it should be guided by four key objectives, and include improvements to four key pieces of legislation which present significant implementation challenges and risks to competitiveness and security of supply. This document is a non-exhaustive excerpt of our recommendations.

Four key objectives:

- **Reduce Reporting and Compliance Burdens:** By targeting a 25% reduction in reporting obligations, we aim to alleviate the administrative burden on businesses, enabling them to focus on meaningful sustainability practices by addressing redundant compliance and reporting requirements.
- **Simplification of the Regulatory Framework:** The current landscape of sustainability regulations can be both complex and fragmented, particularly for companies operating in multiple jurisdictions. Our proposed amendments will help streamline these regulations, making them more coherent and easier to navigate for companies of all sizes. This simplification will foster a more business-friendly environment while maintaining rigorous standards for sustainability and accountability.
- **Feasibility of Implementation:** We recognize the importance of creating legislation that balances ambition with effectiveness and practicality. By refining some of the provisions and aligning them more with international best practices, we will enhance the practicality of compliance for businesses operating globally, ensuring that they can meet their obligations efficiently, without incurring disproportionate costs.
- **Protecting Competitiveness:** In a globalized economy, it is crucial that European companies remain competitive. By reducing excessive regulatory burdens and simplifying compliance processes, Europe is more attractive for businesses seeking to invest in innovation and sustainable practices, ultimately enhancing their competitiveness on the international stage.

Four key pieces of legislation:

In line with these objectives, we propose to include in the upcoming Omnibus Proposal a set of targeted improvements to the following EU legislations. These include:

Corporate Sustainability Reporting Directive (CSRD)

- **Challenge:** Sector-specific standards within the CSRD create unnecessary complexity, especially for companies operating across sectors, increasing the administrative burden and leading to inefficiencies.
- **Risk:** This complexity may result in fragmented and inconsistent reporting, making it difficult to compare sustainability efforts across industries, undermining the EU's goal of harmonized reporting.
- **Proposal:** Remove sector-specific standards to streamline reporting, simplify compliance, and promote harmonization. EFRAG should assess how to reduce sector-agnostic disclosures by 25% based on initial data, with additional guidance for companies.

EU Taxonomy for Sustainable Activities

- **Challenge:** The rigidity of the Taxonomy Regulation limits its applicability to real-world decarbonization efforts, creating barriers for industries pioneering transitional technologies or addressing value chain impacts.
- **Risk:** The narrow scope may stifle innovation, hinder investment in critical technologies like carbon capture, and slow progress toward climate goals.
- **Proposal:** Advocate for flexibility to include value chain impacts, early-stage decarbonization efforts, and transitional technologies. Apply technical screening criteria in a principles-based manner and recognize third-country regulatory frameworks to ensure global relevance.

Corporate Sustainability Due Diligence Directive (CSDDD)

- **Challenge:** The CSDDD overlaps with existing regulations like the EU Taxonomy and ETS, potentially increasing confusion and compliance costs.
- **Risk:** This overlap could create inefficiencies and weaken the effectiveness of sustainability due diligence.
- **Proposal:** Focus the CSDDD on key environmental and human rights risks, with exemptions for non-EU companies subject to comparable regulations. Introduce a safe harbor provision for companies using third-party services and streamline transition plan requirements to ensure consistency.

EU Methane Emissions Regulation

- **Challenge:** Current LDAR survey requirements for upstream components below the 17 g/h repair threshold impose unnecessary resource burden with no net environmental benefit.
- **Risk:** These stringent requirements could divert resources from addressing the most impactful methane leaks, reducing the regulation's overall effectiveness.
- **Proposal:** Remove the Type 2 LDAR survey obligation for components below the 17 g/h repair threshold. This would reduce costs and focus efforts on the most significant emissions.

Conclusion: The Omnibus proposal will be the opportunity for the European Commission to drive real simplification while restoring EU's attractiveness and competitiveness for business, without compromising on achieving its sustainability goals. We urge the European Commission to incorporate these as part of its broader effort towards a more efficient and effective regulatory framework for the future.