# Sustainability reporting universe

## Latest developments

Skopje, 25 November 2025

Project „Sustainability enhancement and capacity building“, supported by:

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TECHNICAL ASSISTANCE FACILITY

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# Agenda

01 Setting the context

02 Latest important development

03 European Central Bank opinion

04 Suggested approach in our region

05 Sustainability reporting journey,

Today with you:

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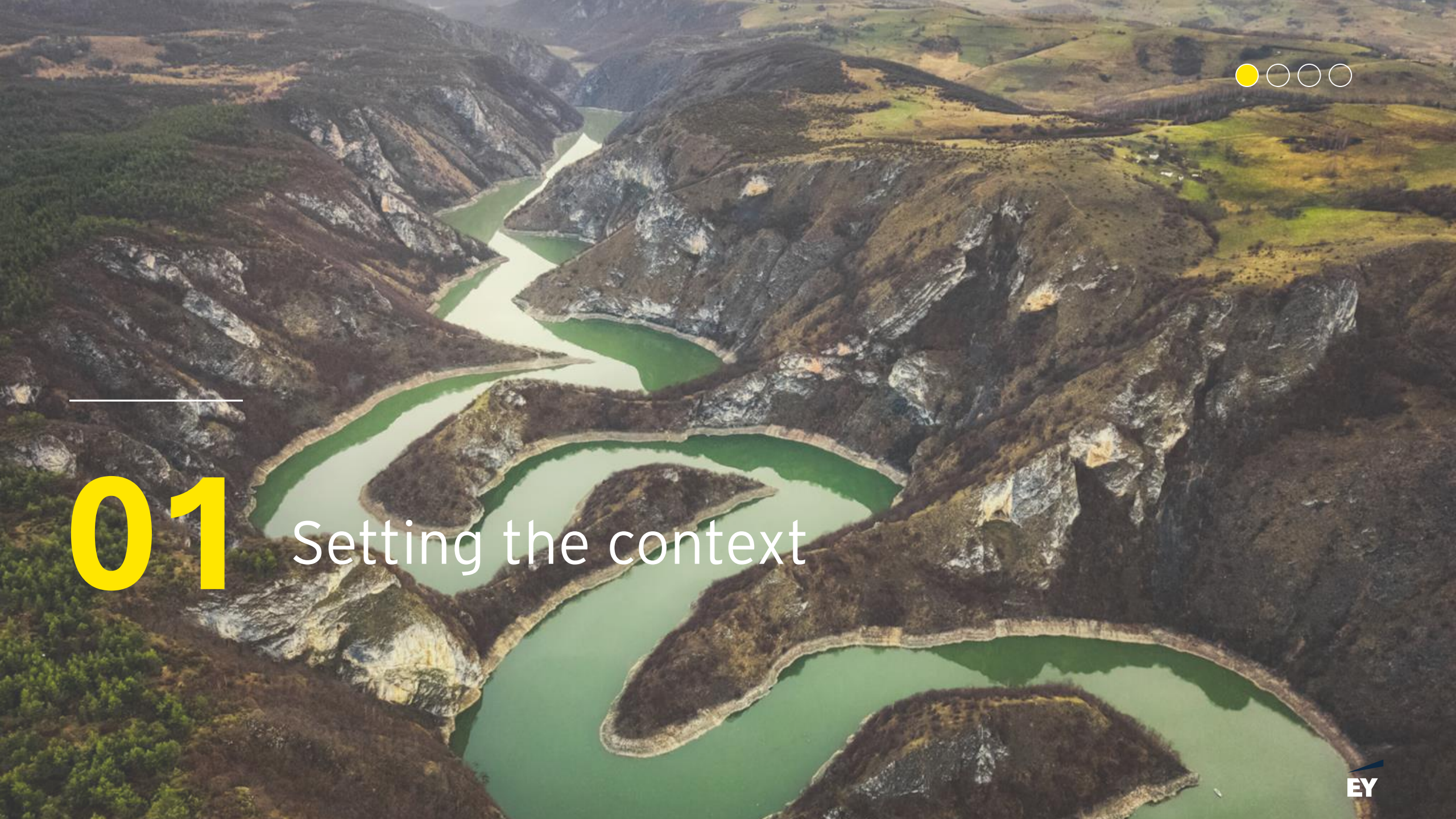


# 01 Setting the context

# Setting the context

## A web of dependencies makes sustainability reporting a formidable challenge

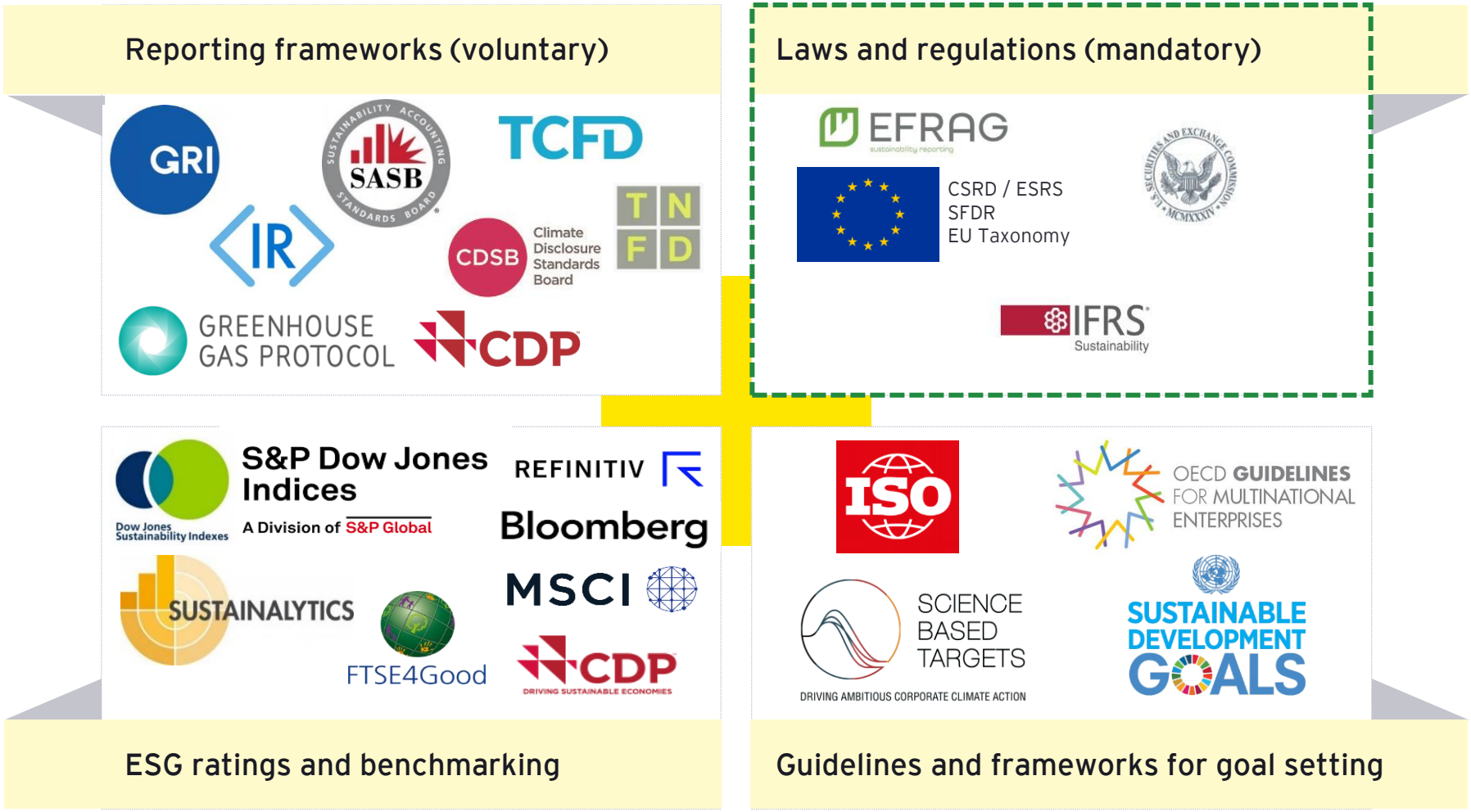
*Overcoming sustainability reporting challenges require trust among people, processes, technology and data.*

# Setting the context

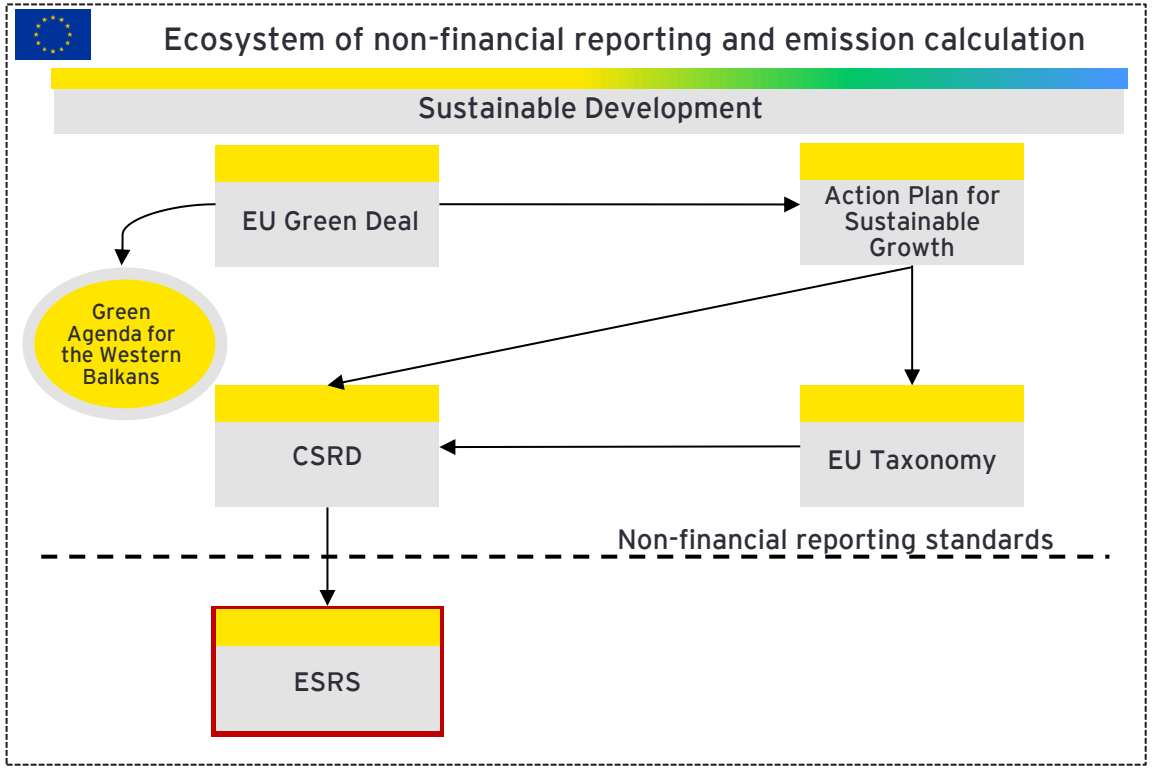
## Sustainability regulations are transforming; the time to prepare is now

Governments are implementing sweeping global sustainability reforms, new transparency and governance requirements and a wide variety of new taxes.

Compliance with these new regulations, taxes and disclosure obligations will require a significant effort from businesses.



# Setting the context




**CSRD (*Corporate Sustainability Reporting Directive*)**

Supplementation and expansion of NFRD (Non-Financial Reporting Directive)

**CSRD** introduces the principle of **double materiality.**

**CSRD** is part of the package for financing sustainable growth

Directing private investments into projects that contribute to the transition towards **Net-zero Economy.**

***CSRD aims (aimed...):***

- Expansion of scope of companies
- Standardization of reporting
- Introduction of mandatory assurance
- Integration of sustainability reporting into financial reporting
- Digitalization of reporting

# 02 Latest important developments

# Latest developments

**September 2024**

**Mario Draghi** publishes **the Report on European Competitiveness.** Sustainability reporting and the due diligence framework have been identified as sources of regulatory burden and compliance costs.

**November 2024**

President von der Leyen **announces plans for the 'Omnibus package'** to simplify sustainability reporting laws.

**December 2024**

Member states, industry, and civil society are beginning to share **different recommendations** on how to approach simplification.

**29 January 2024**

The European Commission publishes **the Competitiveness Compass.**

**12 February 2025**

**The European Commission's work program** for 2025 has been published, with at least five Omnibus packages planned for that year.

**26 February 2025**

The first **EU Omnibus package (Omnibus I and II)** has been published.

## DRAGHI REPORT

Mario Draghi's report on EU competitiveness, which identifies regulatory burdens and economic challenges, and proposes reforms to stimulate investment, innovation, and sustainable growth.

## EU COMPASS

The EU strategic framework that assesses economic performance and defines key guidelines for strengthening competitiveness, digitalization, green technologies, and industrial resilience.

## CLEAN INDUSTRIAL DEAL

An EU initiative focused on accelerating green industrialization through investments in clean technology, decarbonization, and strengthening energy independence.

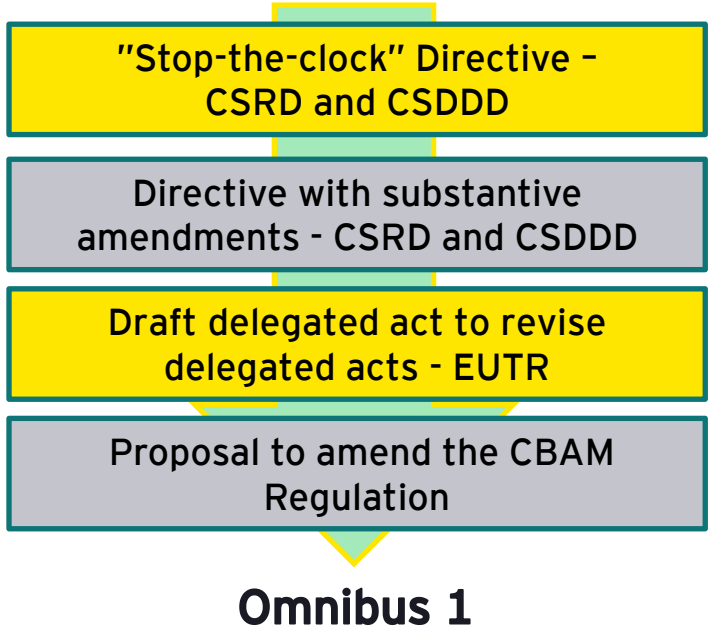
## OMNIBUS PACKAGE

An EU legislative package aimed at simplifying regulations, reducing administrative burdens, and facilitating the implementation of regulations in key economic sectors.

# EU Omnibus Legislative Package

The **European Commission**, on **February 26, 2025**, introduced a new **legislative package** aimed at simplifying regulations in the areas of **sustainability and investments**. As part of the latest **Competitiveness Compass**, the Commission outlined a **strategy to enhance economic competitiveness and prosperity in the EU.**

The reforms, known as **Omnibus I and Omnibus II**, are designed to **reduce administrative burdens, improve the business environment, and ensure continued EU commitment to sustainability goals.**



It is important to note that this package is still in the proposal phase. It may be subject to further amendments, and certain parts are expected to go through an accelerated legislative process.

# EU omnibus package - CSRD criteria and timeline

Reporting year (for the previous financial year)

2025 | 2026 | 2027 | 2028 | 2029 | 2030

## Current Thresholds

### Wave 1 – Large EU PIE

Large publicly listed companies in the EU with more than 500 employees.

Reporting under proposed Omnibus thresholds

### Wave 2 – Large EU Company

Large EU companies (2 out of 3 criteria):
> 250 employees
> 50M EUR net turnover
> 25M EUR balance sheet

Delays in reporting

Reporting under proposed Omnibus thresholds

### Wave 3- EU SMEs Listed on Stock Exchanges

SMEs (2 out of 3 criteria):
> 10 employees
> €700K net turnover
> €350K balance sheet

Delays in reporting

Companies excluded from scope due to proposed Omnibus thresholds

### Wave 4 – Ultimate Parent Non-EU Company

> €150M EUR net turnover in the EU
> €40M EUR in the EU by a subsidiary or at least one subsidiary meeting CSRD general criteria

Reporting under proposed Omnibus thresholds

## Initial Proposed Omnibus thresholds

**Large legal entities:**

> **1,000** employees
and
> **50M EUR** net turnover
or
> **25M EUR** balance sheet

> **€450M** EUR net turnover in the EU and
> **€50M** u EU subsidiary or at least one large EU branch

# EU omnibus package – where are we now?

## Content directive

(To amend CSRD, CSDDD & CBAM)

Level 1 Process

**13 October 2025** – European parliament voted and rejected the Omnibus mandate

**13 November 2025** – European parliament **voted for the Omnibus mandate:**

- **CSRD threshold: 1750 employees and EUR 450m turnover**
- **CSDDD threshold: 5000 employees and EUR 1.5bn EUR turnover**
- **No climate transition plans**
- **No EU-wide civil liability on CSDDD**

92% reduction in scope

***We are here***

**Q4 2025** – Trialogue negotiations expected to begin

**TBD, target end 2025** – Trialogue negotiations agreement reached and adopted into EU law

**European Commission**
The EU executive arm

**European Parliament**
Co-legislator

**Council of the EU**
Co-legislator

Companies to comply with national laws from Member States

Within12 months after content directive enters into force

## Delegated Acts

(To amend ESRS)

Level 2 Process

**March 2025** – European Commission requested technical advice from EFRAG on simplification of ESRS

**31 July 2025** – EFRAG published simplified ESRS for public consultation

**29 September 2025** – End of EFRAG's public consultation

***We are here***

**30 November 2025** – EFRAG to submit its technical advice to the European Commission

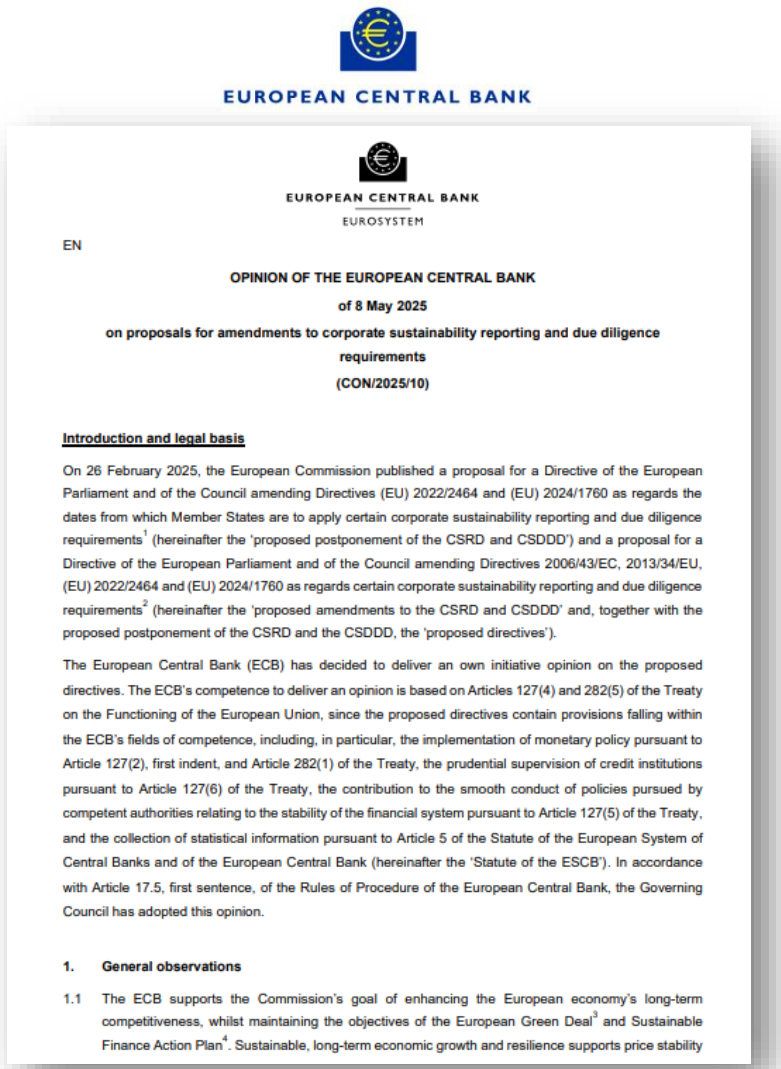
**Mid 2026** – European commission to adopt revised ESRS though delegated act (which may differ from technical advice)

Application of revised standards

FY 2027 (possibly optional for 2026)

# 03 European Central Bank Omnibus Opinion - Implications for Risk Management

# European Central Bank - Omnibus Opinion
## Implications for Risk Management



EUROPEAN CENTRAL BANK

EUROSYSTEM

EN

**OPINION OF THE EUROPEAN CENTRAL BANK**

**of 8 May 2025**

**on proposals for amendments to corporate sustainability reporting and due diligence requirements**

**(CON/2025/10)**

**Introduction and legal basis**

On 26 February 2025, the European Commission published a 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[1] (hereinafter the 'proposed postponement of the CSRD and CSDDD') and a proposal for a Directive of the European Parliament and of the Council amending Directives 2006/43/EC, 2013/34/EU, (EU) 2022/2464 and (EU) 2024/1760 as regards certain corporate sustainability reporting and due diligence requirements[2] (hereinafter the 'proposed amendments to the CSRD and CSDDD' and, together with the proposed postponement of the CSRD and the CSDDD, the 'proposed directives').

The European Central Bank (ECB) has decided to deliver an own initiative opinion on the proposed directives. The ECB's competence to deliver an opinion is based on Articles 127(4) and 282(5) of the Treaty on the Functioning of the European Union, since the proposed directives contain provisions falling within the ECB's fields of competence, including, in particular, the implementation of monetary policy pursuant to Article 127(2), first indent, and Article 282(1) of the Treaty, the prudential supervision of credit institutions pursuant to Article 127(6) of the Treaty, the contribution to the smooth conduct of policies pursued by competent authorities relating to the stability of the financial system pursuant to Article 127(5) of the Treaty, and the collection of statistical information pursuant to Article 5 of the Statute of the European System of Central Banks and of the European Central Bank (hereinafter the 'Statute of the ESCB'). In accordance with Article 17.5, first sentence, of the Rules of Procedure of the European Central Bank, the Governing Council has adopted this opinion.

**1. General observations**

1.1 The ECB supports the Commission's goal of enhancing the European economy's long-term competitiveness, whilst maintaining the objectives of the European Green Deal[3] and Sustainable Finance Action Plan[4]. Sustainable, long-term economic growth and resilience supports price stability

### Key amendments proposed by the ECB

- ✓ **Keep medium-sized and large companies** (with 500–1,000 employees) within the scope of simplified reporting.
- ✓ Do not raise the thresholds or criteria for companies from non-EU countries.
- ✓ **Do not reduce the number of climate change and biodiversity indicators**, as these are the most material issues for the sustainability of business operations.
- ✓ Reducing the CSRD scope would exclude many banks from sustainability reporting, limiting ESG data transparency and oversight; the ECB **therefore recommends keeping all significant credit institutions—regardless of size—within the reporting requirements.**

# 04 How to approach sustainability reporting in the Western Balkans?

# ESRS: European Sustainability Reporting Standards

EFRAG sustainability reporting

**Cross-cutting standards**

- ESRS 1 General requirements
- ESRS 2 General disclosures

**Topical sector-agnostic standards**

| Environment | Social | Governance |
|---|---|---|
| ESRS E1 Climate change | ESRS S1 Own workforce | ESRS G1 Business conduct |
| ESRS E2 Pollution | ESRS S2 Workers in the value chain | |
| ESRS E3 Water and marine resources | ESRS S3 Affected communities | |
| ESRS E4 Biodiversity and ecosystems | ESRS S4 Consumers and end-users | |
| ESRS E5 Resource use and circular economy | | |

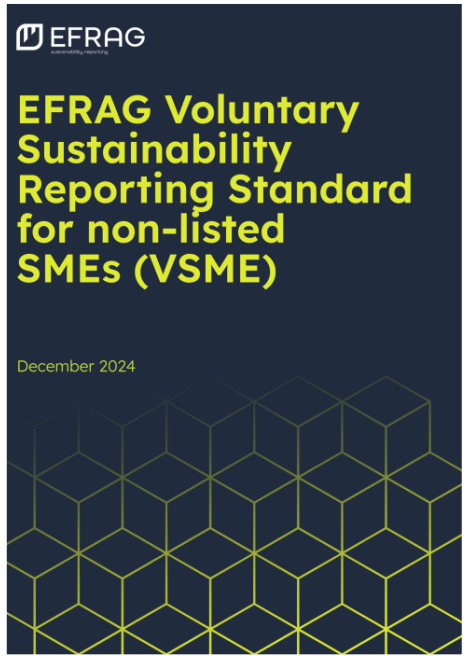
- ✓ Standardized approach
- ✓ Compehensive guidelines for regulatory compliance
- ✓ Engagement with a broader set of stakeholders

- Complex and challenging to implement
- Rigid structure and limited flexibility
- Implementation requires resources

# ESRS: VSME standard for simplified reporting

**VSME: A voluntary reporting standard for SMEs, developed by EFRAG.** Provides a proportional and flexible approach to sustainability reporting. Consists of **Basic** and **Comprehensive Module.**

The VSME framework consists of a **Basic Model (B1-B11),** covering fundamental ESG metrics for SMEs, while the **Comprehensive Model** expands on it **(Basic Model + C1-C9)** with additional disclosures for larger SMEs and investor needs.



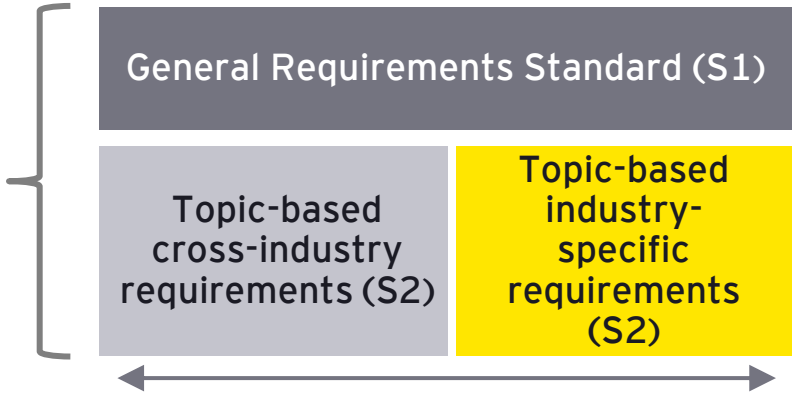

| Feature | Basic Model (B1-B11) | Comprenhensive Model (Basic Model & C1-C9) |
|---|---|---|
| **Purpose** | Minimum reporting for micro & small enterprises | Detailed reporting for larger SMEs & investor needs |
| **Environmental metrics** | Energy use, GHG emissions, pollution, biodiversity | Climate targets, transition plans, risk management |
| **Social Metrics** | Workforce overview, health & safety, training | Human rights policies, diversity, incident tracking |
| **Governance Metrics** | Anti-corruption fines & penalties | Gender diversity, revenue from sensitive sectors |

**VSME will be essential for SMEs and companies excluded from CSRD scope, while also playing a key role in value chains by limiting the reporting burden on smaller entities.**

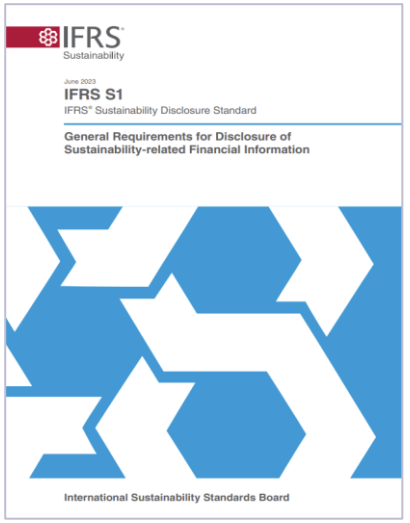
# IFRS Sustainability standards (S1, S2)

**Structure of the ISSB Standards**

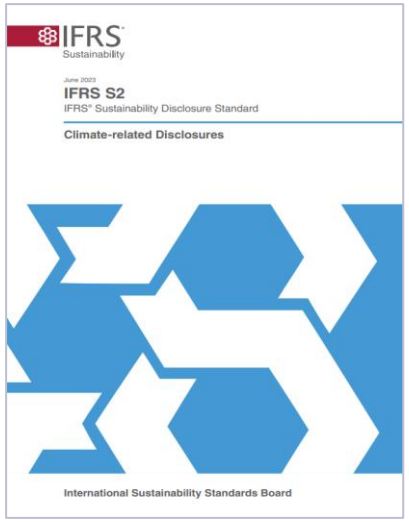
Based on the four core elements of the recommendations of the TCFD




Four core elements are used across IFRS Sustainability Disclosure Standards
Sector disclosures based on SASB




**IFRS S1**
General Requirements for Disclosure of Sustainability-related Financial Information (S1)

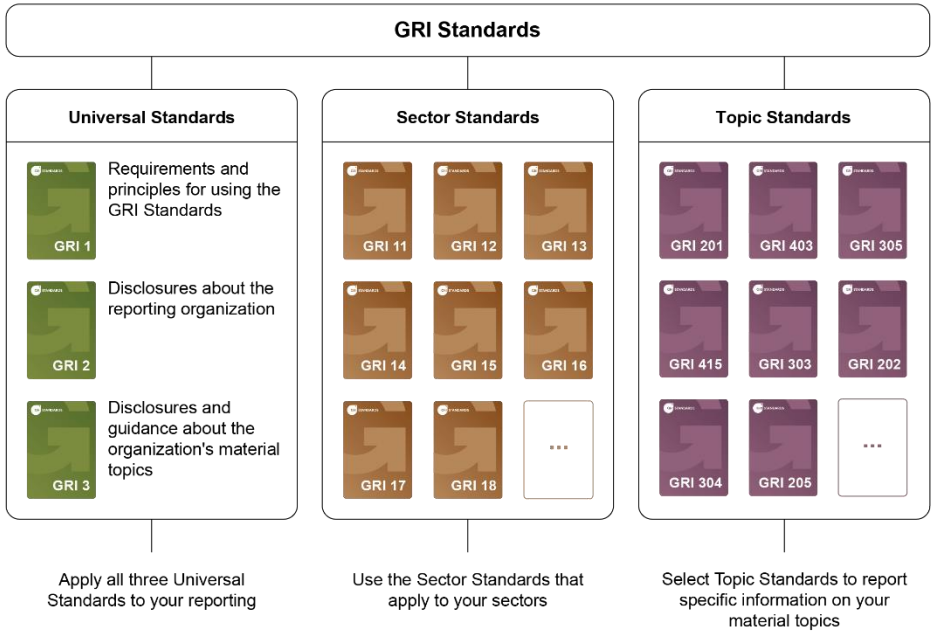



**IFRS S2**
Climate-Related Disclosures (S2)

- ✓ Aims to create globally recognized framework
- ✓ Encourages the integration of sustainability information with financial reporting
- ✓ Investor focus – provides financial materiality approach

- May overlap with other reporting frameworks
- Currently focused on climate risks and opportunities
- Significant resources required to collect climate date and define transition pathways

# GRI: Global Reporting Initiative




- ✓ Widely recognized and in use for almost 30 years
- ✓ Comprehensive framework
- ✓ Broad and flexible, allowing organizations to address the concerns of various stakeholders

- Quality of reports can vary significantly
- Challenges in comparisons
- Extensive guidelines may be overwhelming for organizations

# GRI: Global Reporting Initiative

GSSB

## GRI Sector Standards Project for Financial Services – Banking exposure draft

**Comments to be received by 31 May 2025**

This exposure draft of the GRI Banking Sector Standard is published for public comment by the Global Sustainability Standards Board (GSSB), the independent standard-setting body of GRI.

Any interested party can submit comments on this draft by 31 May 2025 via this online survey. As required by the GSSB Due Process Protocol, only comments submitted in writing and in English will be considered. Comments will be published on the GRI website and considered a matter of public record. Instructions to submit comments are outlined on the first page of the online questionnaire.

A separate explanatory memorandum summarizes the objectives of the Financial Services Sector Standards project and the summary of the proposals contained within this exposure draft.

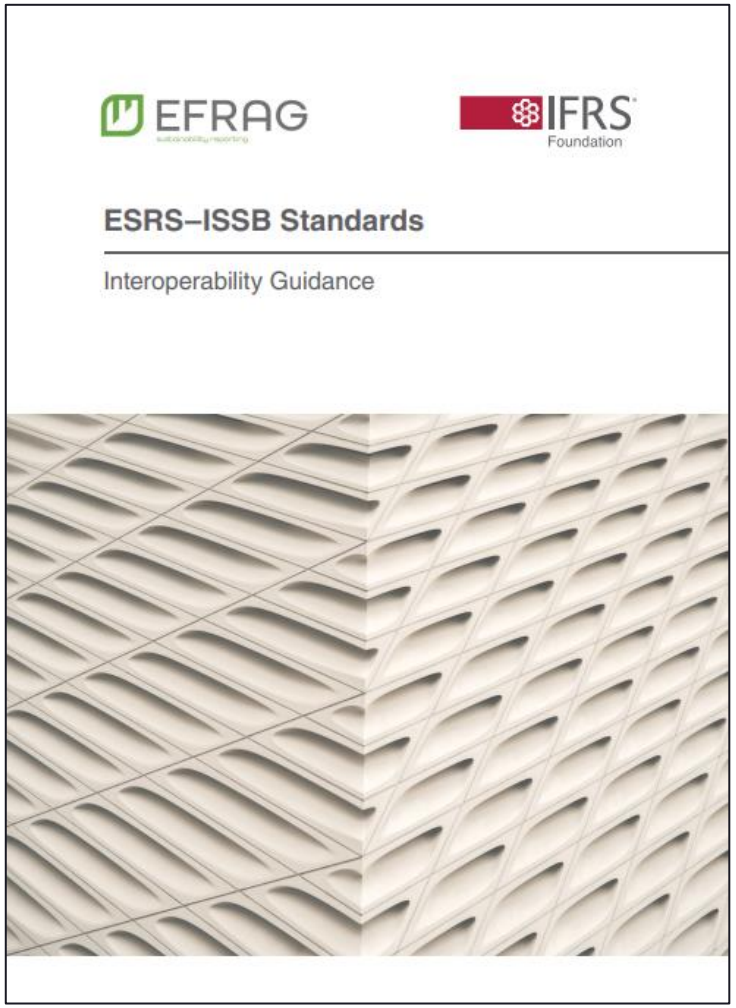
This draft is published for comment only and may change before official publication.

For more information, please visit the GRI project webpage. For questions regarding the exposure draft or the public comment period, please send an email to financialservices@globalreporting.org

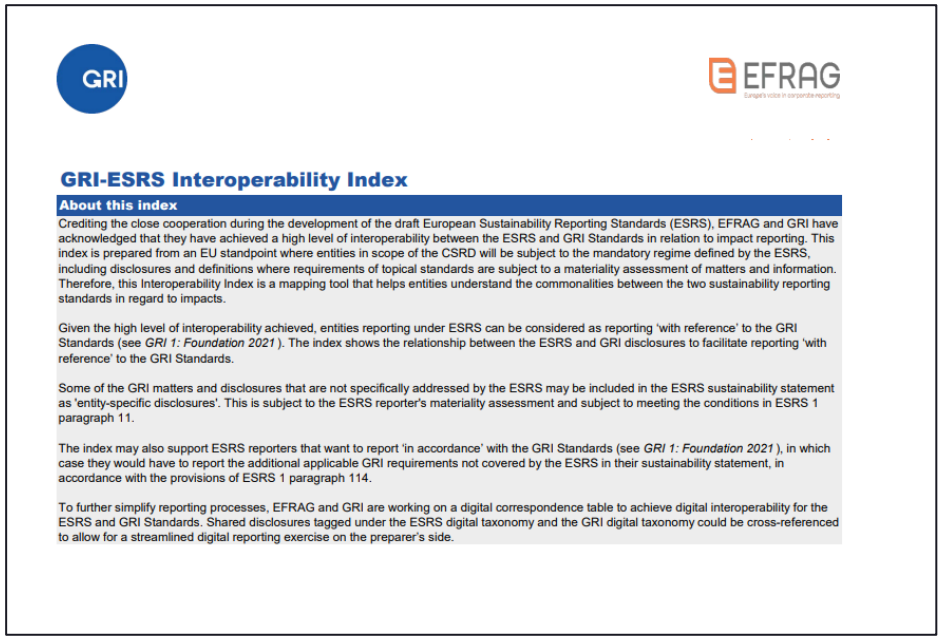
Exposure draft for public comment

Comments received are now being reviewed and will be reflected in the Basis for Conclusions. The final Standard is expected to be approved in Q2 2026.

# Interoperability initiatives – international alignment




Source: EFRAG




Source: GRI

# 05 Sustainability reporting journey

# Sustainability reporting journey

*Challenges on the way:*

### Data Sources and Quality

Data and information come from **different departments and systems** within the bank, making it difficult to ensure consistency, accuracy, and compliance.

### Internal Coordination

**Good coordination** between different **departments and teams** within the bank is necessary to ensure timely and accurate data collection.

### Human resources

There is a **lack of trained personnel** who understand non-financial reporting standards.

### IT infrastructure

**Outdated or inadequate technologies** and tools can hinder data and information collection. Modern tools can be expensive

### Changes in standards

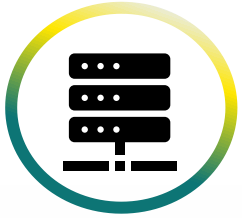
Standards frequently change, requiring **continuous adjustments** for organizations and ongoing training.

### Costs

Collecting data and information may lead to **additional costs.**

# Sustainability reporting journey

*Possible ways to overcome challenges:*



### Data centralization

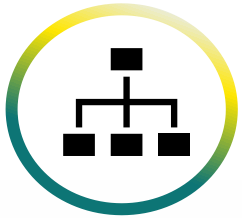
**A centralized data collection** system can include the use of software solutions for data management.

### Improving data quality

Introducing **procedures** for **data verification** and **validation.**

### Staff training and change monitoring

**Regular employee training** on non-financial reporting standards and data collection and analysis techniques.



### Efficient internal coordination

Establishing **clear procedures** and responsibilities for **data** and **information collection** can improve communication and coordination between teams.

### Cost management

**Optimizing resources** and **investing** in efficient technology can help reduce costs.

### Utilizing external resources

**Engaging experts** can help overcome specific challenges and ensure high-quality reporting.

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## Let's connect!

# Thank you for your attention!

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