

POSITION PAPER

First Omnibus package on Sustainability

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Introduction

Representing over 100,000 companies, 90% of which have fewer than 10 employees, the European printing industry is closely monitoring the impact of the First Omnibus package on Sustainability on our sector.

We welcome the proposal and strongly support the goal of reducing administrative burdens, particularly for SMEs. In addition to the content of the First Omnibus package, further simplifications are urgently needed in further legal acts.

In this context, we wish to highlight key considerations with respect to the Corporate Sustainability Reporting Directive (CSRD), the Corporate Sustainability Due Diligence Directive (CS3D), the EU Deforestation Regulation (EUDR), and the proposed Green Claims Directive.

1. CSRD and CS3D and Taxonomy

While the majority of our companies are exempt from direct reporting requirements under the CSRD and CS3D, they are integral parts of value chains that include large to very large customers. Consequently, our members face multiple and overwhelming data requests from their larger clients, which have different formats and demands. This is time-consuming and requires resources in the company that are not available for concrete sustainable measures.

The indirect impact of both legislation on SMEs needs to be addressed and mitigated. Sustainability reporting should not be an end in itself but should always be assessed based on its contribution to climate policy goals while at the same time boosting competitiveness. We do not recognise this in the numerous documentation requirements. Indeed, the trickle-down effect where the sustainability reporting burden is transferred from large companies to up or downstream actors in their value chain, including SMEs, will force our companies to comply with the reporting requests that larger customers are making.

We propose streamlining and simplifying the reporting requirements to prevent SMEs from being overwhelmed by the demands of their numerous customers. We call for clear and transparent reporting, streamlined to highlight the most significant impacts related to SME's value chains, and support a harmonised format.

2. EUDR

The Omnibus package on Sustainability should be extended to further policy areas, particularly the EU Deforestation Regulation.

Within the EUDR framework, the administrative burden on EU companies trading within the EU or with low-risk countries should be significantly reduced. Passing on geolocation data along the supply chain and the obligation to map the entire supply chain in the EU Information System will lead to a massive overload for companies.

The obligations under the EUDR should focus on companies that import a relevant product from high-risk countries into the EU.

Within the EU, Member States themselves must ensure that legislation on responsible forest management is complied with; law enforcement is not a task for companies in the downstream supply chain.

Downstream operators should not be required to repeat risk assessments already conducted by their suppliers, especially when those suppliers are also operating within the EU.

We therefore support the implementation of a presumption of compliance for value chains within the EU or from low-risk countries when it comes to ascertaining that due diligence has been exercised by suppliers. The Due Diligence Statement by the company that imported the relevant raw materials or products into the EU for the first time should be sufficient to consider that a product is EUDR-compliant.

3. Proposed Green Claims Directive

We consider it is appropriate to assess simplification opportunities in the proposed Green Claims Directive. Cumbersome procedures for communicating environmental credentials, combined with the fear of legal repercussions, may discourage companies from committing to sustainability.

The proposed Green Claims Directive creates additional bureaucracy instead of reducing it. As the legislative process for the Green Claims Directive is ongoing, it is crucial to assess its impact on companies in general and on SMEs in particular. Although we welcome the ambition of the legislation, we anticipate that substantiating claims through ex-ante verification will be more challenging for smaller companies compared to larger ones, potentially leading to a competitive disadvantage. The additional testing and certification requirements entail high costs, long waiting times, and a new bureaucratic hurdle that hinders rather than promotes sustainable innovation. While larger companies often have the resources to navigate such procedures, this process would seriously undermine the competitiveness of SMEs.

Moreover, it is questionable why further legislation on environmental claims is necessary, given that the Directive on Empowering Consumers for the Green Transition (EmpCo Directive) already provides a legal framework to combat misleading environmental advertising. An additional pre-certification requirement would therefore not only constitute double regulation but would also place an unnecessary burden on SMEs.

We therefore urge a substantial review of the procedures for substantiating green claims and substantially streamline the ex-ante verification procedure, addressing in particular the challenges faced by SMEs to ensure a level playing field with larger companies.

Conclusion

The majority of European printing companies are small- and medium-scale companies positioned between large suppliers of raw material and large customers such as brand owners or publishers. Reporting obligations, implementing due diligence measures and substantiating claims create significant challenges for SMEs and micro-companies due to the associated administrative burden and additional costs. This situation ultimately affects their competitiveness and, in some cases, their survival.

The Omnibus package on Sustainability should generate simplification measures that concretely impact the industry, with a strong focus on micro-companies and SMEs.