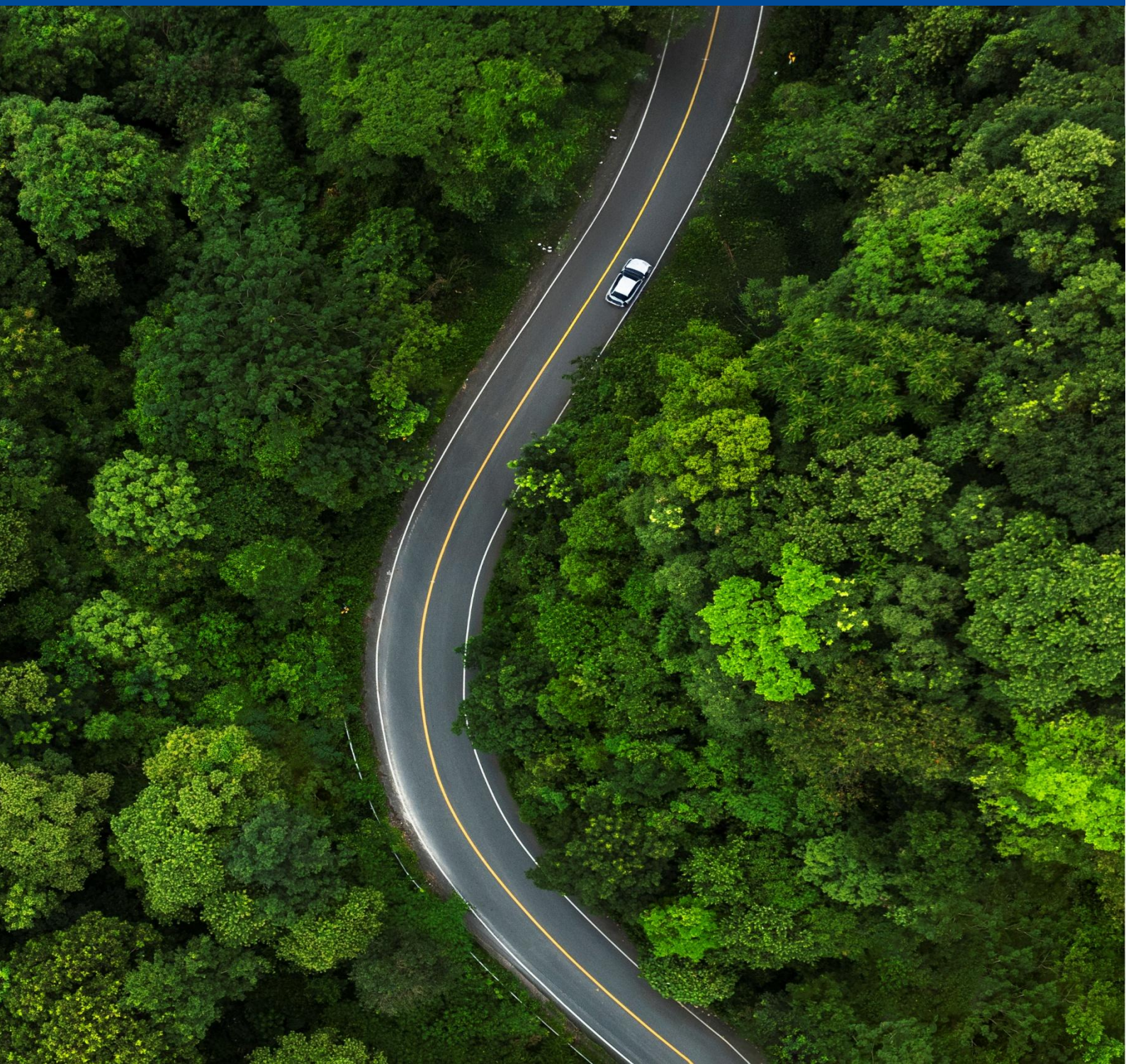


PostEurop Position on the Omnibus Simplification Package





ABOUT POSTEUROP

POSTEUROP is the association which represents European postal operators since 1993 and is officially recognised as a Restricted Union of the [Universal Postal Union \(UPU\)](#).

It is committed to supporting and developing a sustainable and competitive European postal communication market accessible to all citizens and ensuring a modern and affordable universal service.

Its Members employ **1.6 million people** and deliver billions of items annually to over **295 million homes** and **48 million companies** across Europe.

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Context

The European Commission's Omnibus Simplification Package aims to reduce regulatory burdens and enhance EU competitiveness by streamlining sustainability reporting and due diligence legislation, as outlined in the Competitiveness Compass. Building on the Draghi report, it focuses on simplifying processes for businesses, particularly larger firms, in areas such as the EU Taxonomy, sustainability reporting and due diligence. The initiative arrives at an opportune moment and is warmly welcomed by PostEurop which supports the European Union's Green Deal and Sustainable Finance Framework. PostEurop believes that while these rules are important for sustainability, transparency, comparability and accountability, they should be fundamentally simplified to fulfil their purpose. Currently, the sustainability reporting framework is a significant source of effort and creates unnecessary complexity that can hardly be digested by preparers and users. The Omnibus Simplification Package now presents the opportunity to focus on meaningful, decision-useful, and practical solutions to make these rules purposeful and effective.

Postal operators as an essential driver of social inclusion and territorial cohesion are investing heavily in environmental-friendly delivery options to reduce their GHG emissions and carbon footprint. With one of the largest fleets of professional electric and alternative fuel vehicles, 170,000 of its postal employees delivering on foot throughout Europe while over 89,000



delivering by bike, and the outstanding increase of electric bikes used for the last mile, postal operators are a unique example of zero-emission delivery within Europe³. They are key enablers of economic growth in the e-commerce market and circular economy.

Simplifying the sustainability reporting obligations under the Corporate Sustainability Reporting Directive (CSRD)

There is a pressing need to enhance sustainability reporting to make it clearer and more practical for preparers and users alike. It has been positively acknowledged that the current limited auditing process has been set as the standard, however audits can present challenges depending on the level of clarity of the provisions in the legal text. PostEurop advocates a limited assurance level, along with the publication of clear guidelines by 2025 for auditors. Additionally, reducing the volume of information required in sustainability reports would improve readability, while materiality principles should be adjusted to better fit the diverse nature of multi-activity businesses. Furthermore, it has been welcomed that instead of introducing new sector-specific reporting requirements, adaptable guidelines will be developed.

Maintaining key concepts like double-materiality is essential, and there is strong support for applying these sustainability rules to non-European companies operating in Europe to ensure fair competition.

Finally, the requirement for XBRL tagging under the ESEF regulation imposes significant financial burdens, with compliance costs potentially reaching hundreds of thousands of euros. The tagging of over 900 data points adds unnecessary complexity, while audit of the required narrative tagging will end in costly hair-splitting exercises.

Recommendations:

- Eliminate ESEF Tagging Requirements: Financial analysts and academics are already using AI today to analyse sustainability reporting data.
- Clear guidelines for mandatory external audits to be published in 2025 to help facilitate the auditing process.

- Eliminate data points that relate to financial effects, such as climate risks and value chain information. This data often relies on inaccurate or incomplete data and suppliers who are currently exempt from reporting obligations due to the value-chain cap. These suppliers are only required to provide information at a specific reference level, such as the Voluntary SME Standard (VSME). The VSME should be complementary to the information needs of companies in full scope of the directive to ensure compliance and legal certainty.
- Establish voluntary reporting on “phased-in” data points according to ESRS 1 Appendix C to maintain a stable number of datapoints and, in addition, implement the postponement of phased-in KPIs according to the new stop-the-clock timetable.
- It is essential to reduce the volume of information requested, particularly qualitative data, to make the sustainability report more readable. The granularity of information required, especially in the cross-cutting standards, is too high, and redundancies are frequent both within and between these standards.
- Keep double materiality principle and guidelines unchanged to allow for stabilization of processes and outcomes as well as the transition plans aligned with the Paris agreement.

EU Taxonomy Regulation - The opportunity to recognize postal services as a specific sector to address key climate change impacts

The EU Taxonomy aims to channel investments into environmentally sustainable activities; however, it currently falls short of its objectives and is often overlooked by investors. The Omnibus proposal suggests a voluntary application for companies with an annual turnover exceeding €450 million. While this is a positive step, it does not adequately reduce reporting burdens for postal operators, who are still required to apply the EU Taxonomy.

The complexity of the application of the

EU Taxonomy arises mainly from the "Do Not Significantly Harm" criteria, which hinders sustainable practices. The existing framework inadvertently hampers innovation by excluding essential decarbonization technologies.

Furthermore, a large part of postal companies' activities' alignment is considered under the transport of freight sector and related screening criteria. This classification doesn't enable to consider key levers of transition and adaptation for the postal sector. Therefore, the EU Taxonomy should consider the postal sector as a specific sector to develop relevant technical screening criteria, particularly relevant for the climate and pollution objectives.

This is even more as the postal sector together with express activities are identified by a specific NACE code: H. 53 “Postal and courier services activities”.

Two complementary criteria can support the transition of the sector ensuring a significant contribution to the Climate and Pollution objectives:

1. The transformation of operational schemes towards a maximisation of the pooling of letter and parcel flows, based in particular on the vehicles' pooling rate;
2. Sustainable mobility means oriented towards zero direct CO2 emission vehicles or delivering on foot and by bike.

The alignment of the postal sector activities could therefore be established based on these two criteria. The second technical criteria already exists for transport, but may be adjusted to support the pooling approach as part of the transition path, as it is the case for passengers' transport; however, the first one must be defined for both the Climate and Pollution objectives based on meaningful ratios. The vehicles' pooling rate criteria are particularly relevant as there are not economically viable zero emission vehicles for the

line-haul segment of postal activities, contrary to the collection and delivery activities which are operated with light-duty vehicles. Assets and investments boosting the pooling effects thus maximizing the impact reduction (such as double decks and swap bodies which have a significant effect on the pooling rate and reduce the number of vehicles used) should be considered as green capex for both Climate and Pollution objectives.

Therefore, PostEurop recommends to:

- Eliminate the DNSH criteria to streamline the application of substantial contribution criteria to help promote investment in decarbonization technologies.
- Create a **dedicated Postal Sector Activity** and ask for a specific category to simplify how to report on different modes of transport. Combining related activities would help investors to understand and compare sustainable practices in the postal sector.

Corporate Sustainability Due Diligence Directive (CSDDD) – Harmonization and Risk-based approach

To promote fair competition and streamline compliance within the EU, it is essential to harmonize due diligence rules and improve coordination between the CSRD and CSDDD. By simplifying rules, clarifying supervisory authority guidelines, aligning with international standards, and ensuring equitable treatment for all companies operating in the EU, the CSDDD can create a more balanced and efficient regulatory environment. To enhance due diligence regulations and foster fair competition within the EU, the following actionable steps are recommended:

- A better articulation and harmonisation of the obligations resulting from the CSRD and CSDDD so as to enable the coordination of actions to be carried out under these two rules, for example by providing clarifications on

stakeholder engagement, fulfilment of transition plans, and reduce the administrative burden on companies.

- **Harmonize Regulations:** Establish clear and simple common rules for due diligence across Europe to create a level playing field in the intra-Community market.
- **Streamline CSRD and CSDDD:** Improve the coordination between both legislations to reduce administrative burdens on companies.
- **Clarify Supervisory Rules:** Simplify and harmonize the rules governing supervisory authorities within the EU, ensuring consistent terminology is used across regulations.
- **Align with International Standards:** Ensure that value chain assessments adhere to international standards, such as the UN Guiding Principles on Business and Human Rights and OECD guidelines, using a risk-based approach.
- **Ensure Fair Competition:** Address disparities in regulatory thresholds for foreign companies operating in the EU by applying the same obligations to all companies, regardless of their nationality, to maintain competitiveness.



CONCLUSION

The European Commission's Omnibus Simplification Package represents a pivotal moment for advancing sustainability reporting and due diligence practices within the EU. As this paper has articulated, the current regulatory framework presents significant complexities that can impede effective compliance, particularly for postal operators who play a vital role in achieving environmental goals.

PostEurop firmly believes that simplifying sustainability reporting and due diligence obligations is essential. By eliminating burdensome requirements like ESEF tagging and establishing clear, adaptable guidelines for auditors, we can enhance the clarity and usability of sustainability reports. This will not only reduce the administrative load on businesses but also improve the quality of information available to stakeholders, enabling more informed decision-making.

Furthermore, the recognition of the postal sector as a distinct entity within the EU Taxonomy is crucial. Developing tailored technical screening criteria that

reflect the sector's unique contributions to climate objectives will facilitate investment in sustainable practices and innovation. This approach aligns with the EU's broader sustainability agenda and acknowledges the significant environmental impact of postal operations.

Equally important is the need for harmonization of due diligence rules. Establishing consistent requirements across the EU will ensure that all companies, regardless of their country of origin, adhere to the same standards. This will foster fair competition and enhance accountability, ultimately supporting a more equitable and sustainable market environment.

In conclusion, PostEurop urges policymakers, industry leaders, and stakeholders to take decisive action on these recommendations. By collaborating to create a more streamlined regulatory framework, the EU can drive meaningful progress toward sustainability, benefiting businesses, consumers, and the environment alike. The time for action is now; together, we can build a resilient and sustainable future.

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