Ms. Ursula von der Leyen, President of the European Commission

Mr. Valdis Dombrovskis Commissioner for Economy and Productivity; Implementation and Simplification

Rue de la Loi 200 1040 Bruxelles BELGIUM

Transmitted by e-mail

Tuesday 4 February 2025

Cc:

Ms. Teresa Ribera, Executive Vice-President for Clean, Just and Competitive Transition Mr. Stéphane Séjourné, Executive Vice-President for Prosperity and Industrial Strategy Mr. Michael McGrath, Commissioner for Democracy, Justice, the Rule of Law and Consumer Protection Ms. Maria Luis Albuquerque, Commissioner for financial services and the Savings and Investments Union Mr. Wopke Hoekstra, Commissioner for Climate, Net Zero and Clean Growth Ms. Ilze Juhansone, Secretary General

# RE: Concerns about the inadequate consultation process on the Omnibus Simplification Package

Dear President Ursula von der Leyen

Dear Commissioner Valdis Dombrovskis,

We, the undersigned organizations, are writing to express our profound concern regarding the 'Omnibus Simplification Package' (**Omnibus**) announced by President von der Leyen and its potential implications for the transposition and implementation of the EU Corporate Sustainability Due Diligence Directive (**CSDDD**) and the EU Corporate Sustainability Reporting Directive (**CSRD**). Our concerns are reflected in the Joint Statement from 14 January 2025, signed by over 170 civil society organisations and trade unions collectively urging the Commission to uphold existing corporate accountability legislation and avoid costly confusion.<sup>1</sup>

We consider that the process underpinning the Omnibus proposal is depriving the public of its democratic rights under the Treaties. Our reasons are set out below. We urge you to

<sup>&</sup>lt;sup>1</sup> Joint Statement on Omnibus : Omnibus proposal will create costly confusion and lower protection for people and the planet -<u>ECCJ</u>

respect the principles of democratic decision-making enshrined in the Treaty on European Union, which are so important to the credibility, mandate and public trust in the EU institutions.

## No public consultation

It appears that you intend to present the Omnibus proposal on 26 February without any public consultation, purportedly as part of an "unprecedented simplification effort".<sup>2</sup> This remarkably short timeframe and lack of any public consultation raises important questions about the legitimacy of the Omnibus proposal.

We understand you will hold private, invitation-only consultations with a selection of handpicked companies, business associations and organisations on 5 and 6 February. This exclusive and closed-room consultation would fall short of ensuring a transparent, evidencebased and inclusive policy and law-making process as required by EU law and the Commission's own Better Regulation Guidelines.

## EU democratic principles

The right to participate in EU decision-making processes is a **democratic principle protected by EU law**.

Articles 1(2) and 10(3) of the Treaty on European Union (**TEU**) provide that every citizen shall have the right to participate in the democratic life of the Union and require that decisions in the Union shall be taken as openly and as closely as possible to the citizen. **Article 11 TEU compels the institutions of the Union to observe these principles.** It requires them to give citizens and representative associations the opportunity to make known and publicly exchange their views in all areas of Union action, and maintain an open, transparent and regular dialogue with representative associations and civil society.

It follows that the European Commission more specifically, as 'guardian of the treaties', must be particularly vigilant that these democratic principles are upheld when it initiates a legislative process. To ensure this, Article 11 TEU **obliges the Commission to carry out broad consultations** with parties concerned in order to ensure that the Union's actions are coherent and transparent.

#### **Commission Better Regulation Guidelines**

Chapter II of the Better Regulation Guidelines<sup>3</sup> has been specifically designed for the Commission to meet its obligations under the TEU. The Guidelines confirm that stakeholder consultation sits at the core of the Commission's policy-making and is closely linked to the quality and credibility of Commission decisions.

The Guidelines are explicit: "The basic rule is to consult broadly and transparently".4

Specifically, they provide that internet-based **public consultation for a minimum of twelve weeks is <u>mandatory</u>** when preparing an initiative that must be accompanied by an impact assessment<sup>5</sup> – which is required for Commission initiatives that are likely to have significant economic, environmental or social impacts and where the Commission has a choice of policy

<sup>&</sup>lt;sup>2</sup> European Commission, COM(2025) 30 final, A Competitiveness Compass for the EU,

https://commission.europa.eu/document/download/10017eb1-4722-4333-add2-e0ed18105a34\_en

<sup>&</sup>lt;sup>3</sup> European Commission, Better Regulation Guidelines, 3 November 2021, pp. 15-16.

<sup>&</sup>lt;sup>4</sup> Idem, p. 19.

<sup>&</sup>lt;sup>5</sup> Idem, pp. 15-16.

options.<sup>6</sup> This is evidently the case for the Omnibus given the intention to revise three significant corporate sustainability laws that were adopted to protect important environmental, economic and social values and protect EU citizens from the damage caused by worsening climate change and biodiversity loss.

Such stakeholder consultation must follow general principles, including "participation", "openness and accountability". This demands an inclusive approach by **consulting as widely as possible in a way that is transparent** to those involved and to the general public.<sup>7</sup>

In addition, stakeholder consultation must meet a number of minimum standards, including: having the right "targeting" by ensuring that the consultation strategy targets **all interested parties** so that they have an opportunity to express their opinions; ensuring the right "outreach", requiring that public consultations be published on the *'Have Your Say'* Web portal; and providing "sufficient time for participation", for responses and contributions (as a rule, public consultations should be published and open for twelve weeks).<sup>8</sup>

Not only do the Better Regulation Guidelines set clear requirements for transparent public consultation, they also include an explicit warning against granting privileged access to a selection of stakeholders. The Commission should consult broadly, "seeking a whole spectrum of views **in order to avoid bias or skewed conclusions promoted by specific constituencies** ('regulatory capture')."<sup>9</sup>

## Facilitating regulatory capture

The meetings scheduled for 5 and 6 February with a hand-picked group of predominantly industry interest groups and corporate actors, being the only dialogue planned by the Commission with external stakeholders on the Omnibus, blatantly fails to meet the standards of broad public consultation and instead **reflects the kind of regulatory capture explicitly warned against in the Better Regulation Guidelines**. As such, those meetings would fail to qualify as stakeholder consultation according to the Better Regulation Guidelines.

Indeed, it has been publicly reported that invitations for this meeting were extended to 58 industry actors and only ten NGOs.<sup>10</sup> In addition to the extremely limited scope of consultation, particularly worrying is the significant imbalance within the composition of the invitees – with business representatives being six-fold as many as representatives of civil society, including a disproportionate over-representation of oil and gas interests. It is also important to note that some of the most influential actors who have recently urged the Commission to "ensure the 'Omnibus' approach will not allow renegotiation of agreed texts, including the CSDDD",<sup>11</sup> have to our knowledge not been invited. This is not a fair and thorough public consultation and is in **clear contempt of the "targeting" standard** that requires consultation of all interested parties. Your approach **falls woefully short** of the inclusive approach required by the principles of participation, openness and accountability.

By organizing this exclusive, closed meeting, the Commission is failing to provide the broad range of stakeholders with relevant expertise and who are concerned and impacted by the

<sup>&</sup>lt;sup>6</sup> Idem, p. 30.

<sup>&</sup>lt;sup>7</sup> Idem, p. 14.

<sup>&</sup>lt;sup>8</sup> Idem, p. 15.

<sup>&</sup>lt;sup>9</sup> Idem, p. 19.

<sup>&</sup>lt;sup>10</sup> Commission means business: Dombrovskis summons corporates for EU rules review - Euractiv

<sup>&</sup>lt;sup>11</sup> See for example <u>EU: Major businesses urge Commission to ensure 'Omnibus' approach will not allow renegotiation of agreed</u> texts, incl. CSDDD - Business & Human Rights Resource Centre

Omnibus initiative an opportunity to voice their opinions, provide evidence, and improve the quality, credibility and acceptance of the Commission's decisions. On the contrary, the Omnibus proposal seems at **serious risk of 'regulatory capture'**, which the Better Regulation Guidelines explicitly seek to prevent.

# Alarming lack of transparency

In addition, the sheer lack of transparency surrounding this unofficial, invite-only and closeddoor meeting neglects the criteria of "outreach", "openness and accountability" required by the Better Regulation Guidelines. The Commission has entirely bypassed the '*Have Your Say*' portal and the stakeholder selection process seems arbitrary. All information of the meeting (e.g. its purpose, participants and agenda) has been concealed from the public – its existence only revealed by the media. This secretive and exclusive approach to important EU policymaking directly risks damaging the trust EU citizens have in the EU institutions and fuelling the rising anti-democratic discourses in Europe.

## Reckless haste with potentially long-lasting consequences

Finally and in any event, any input collected during the meetings on 5 and 6 February risks being short-sighted and uninformed, as invitations were sent to some participants barely a week before the meeting. This unjustified hastiness risks compromising and skewing the Omnibus proposal in a dangerously uninformed direction.

This is even more problematic given that the Commission has not started and does not even seem to have considered any impact assessment to investigate the underlying causes of the problem at hand and gather evidence to assess whether future legislative or non-legislative EU action is justified and, if so, how it can best be designed to achieve relevant policy objectives. This situation is all the more concerning in light of the fact that the circumstances have not changed since the impact assessment that supported the Commission proposal of the CSDDD found that "no significant negative distortions are expected as regards the competitiveness of EU companies in global markets and the mid to long-term competitiveness impacts are expected to be positive".<sup>12</sup>

Given the strategic importance of the files proposed to be re-opened to the future of the European Union and its economic and social resilience in the face of worsening environmental break-down, the haste with which the Commission is bypassing its democratic procedures is **nothing short of reckless**.

It results from the above that the Commission is **breaching the Better Regulation Guidelines and disregarding its democratic duties under Article 11 TEU**, with the consequence of depriving the public of its democratic rights under the Treaties.

Finally, we wish to express our worries about the notable uptick in possible instances of EU maladministration. ClientEarth and other organisations have already filed several complaints to the European Ombudsman, highlighting major democratic issues with the Commission's approach to law making and arguing it departed from the Better Regulation Guidelines regarding stakeholder consultation and impact assessment.<sup>13</sup> Such approach undermines the

<sup>&</sup>lt;sup>12</sup> Commission staff working document impact assessment report, Accompanying the document Proposal for a Directive of the European Parliament and of the Council on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937, SWD/2022/42 final, <u>eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52022SC0043</u>

<sup>&</sup>lt;sup>13</sup> See notably: <u>Ombudsman opens inquiry after EU trashes wolf protections | ClientEarth</u>; and <u>Commission's "anti-democratic"</u> CAP revision escalated to EU Ombudsman | ClientEarth

democratic character of the Union, which will eventually become less audible and credible when it comes to compliance with the rule of law.

We urge the Commission to adhere to its own principles, laid down in the Better Regulation Guidelines, and to respect, uphold and follow the democratic principles and fundamental rights of EU citizens to participate in EU decision-making processes.

We therefore request the Commission, prior to presenting any legislative proposal, to:

- 1. Publicly consult all relevant stakeholders, including industry leaders, civil society and public interest organizations with relevant expertise, as well as human rights defenders and other affected stakeholders, regardless of their location within the EU or in third countries.
- 2. Conduct and publish a comprehensive impact assessment.

Yours sincerely,

Anais Berthier, Associate Director for the EU/Head of Brussels office, ClientEarth

on behalf of:

ActionAid International Anti-Slavery International Bund für Umwelt und Naturschutz Deutschland (BUND) Business & Human Rights Resource Centre Climate Action Network (CAN) Europe Coopération Internationale pour le Développement et la Solidarité (CIDSE) Clean Clothes Campaign (CCC) CorA-Netzwerk für Unternehmensverantwortung (CorA Network for Corporate Accountability) Deutsche Umwelthilfe (DUH) Economy for the Common Good (ECG) EIA International Environmental Coalition on Standards (ECOS) EU-LAT Network European Center for Constitutional and Human Rights (ECCHR) European Coalition for Corporate Justice (ECCJ) European Environmental Bureau (EEB) Fair Trade Advocacy Office (FTAO) Fairtrade International FIAN Germany Focus Association for Sustainable Development FOS-Centroamérica y Cuba Friends of the Earth Europe (FOEE) GLOBAL 2000 - Friends of the Earth Austria

Global Witness Goliathwatch Green REV Institute Impresa2030 - Diamoci una regolata Informationsstelle Peru Initiative Lieferkettengesetz Initiative pour un devoir de vigilance LU International Dalit Solidarity Network International Federation for Human Rights (FIDH) Irish Coalition for Business and Human Rights Notre Affaire à Tous Oxfam EU advocacy office Partner Suedmexikos Germany Polish Institute for Human Rights and Business (PIHRB) Positive Money Europe Reclaim Finance Robin Wood e.V. SUEDWIND Institut Swedwatch Transport & Environment Trócaire Vredesactie WWF