



BMW Group Position

on the EU Commission's proposal for the simplification and harmonization of CSRD, CSDDD, EU Taxonomy and CBAM within the framework of the **omnibus** procedure.

Executive Summary

The proposed simplification package is an important and highly welcomed step towards greater competitiveness for business in the EU. We encourage the EU Commission and EU stakeholders to quickly adopt the proposed changes and drive further simplification efforts in other legislation as well.

CSRD – Sustainability Reporting

The BMW Group welcomes

- postponing by two years the entry into application of the reporting requirements for large companies that have not yet started implementing the CSRD (wave 2).
- the reduced scope of the CSRD that exempts most wholly owned subsidiaries from drafting an own separate sustainability statement.
- the abandonment of sector-specific standards.
- the removal of the option to move to reasonable assurance.
- the announced revision of ESRS Set 1 Delegated Act.

The CSRD must ensure that all wholly owned subsidiaries benefit from an exemption. As this is not yet the case, we strongly request extending the subsidiary exemption to all wholly owned subsidiaries.

CSDDD – Due Diligence

The BMW Group welcomes

- the increased lead-time for national transposition.
- the reduced scope on direct suppliers, in line with the LkSG.
- the risk assessment of indirect suppliers in the case of plausible information.
- linking potential civil liability to existing national law.
- the simplification of stakeholder engagement requirements.

The proposed changes would greatly increase the feasibility of the directive and put it more in line with the reasonable existing German LkSG.

EU Taxonomy

The BMW Group asks for voluntary application of the EU Taxonomy framework for all EU companies. Investors can still create a pull-effect if they require Taxonomy-related data. The proposed adjustments through the draft delegated act are not reducing the reporting burden substantially.

CBAM – Carbon Border Adjustment Mechanism

The BMW Group appreciates the revision of the De-Minimis rule, which would effectively provide simplifications across multiple administrative challenges in the regulation. We propose adjusting the “de minimis” threshold to at least 1 ton net weight of CBAM-relevant material declared by an importer per supplier/installation per reporting period.

The BMW Group welcomes

- the adjusted requirements in financial liabilities.
- the removal of reporting obligations for upstream EU ETS emissions.
- the extended recognition of abroad decarbonization measures.
- the simplifications on emissions calculation and verification.

The proposed, meaningful changes should set the tone for further simplifications in the upcoming legislative CBAM packages.

A shift in due diligence obligations and earlier guidelines for implementing the CSDDD effectively relieve companies, provided that legal clarity is quickly established.

The EU Commission's proposal to postpone the implementation deadline of the CSDDD by one year to July 2027, represents a relief for the BMW Group. By providing guidelines early on, it becomes possible to address open points and questions in the draft law and ensure legal compliance. To clarify further questions and understand the perspective of the industry, we recommend a multi-stakeholder dialogue (similar to NAP sector dialogue and LkSG handouts) in addition to the postponement. This ensures that companies are integrated into the process to guarantee the best possible implementation. However, this requires quick legal certainty for the postponement, as the positive effect can quickly disappear otherwise. It is therefore important that the postponements are discussed independently of the content and that a quick agreement is reached to avoid burdening companies with additional effort due to uncertainty.

The EU taxonomy should become voluntary for all companies. If investors demand this information, companies will automatically report accordingly.

The BMW Group welcomes the Commission's proposal to reduce the scope of EU taxonomy reporting. The idea of voluntary reporting is very commendable and should be extended to all companies in Europe from BMW Group's perspective. This way, redundant and superfluous data does not need to be collected. If Investors need this data, companies will report according to the EU taxonomy and provide the necessary data for investors. This would create a pull effect but significantly reduce companies' mandatory reporting obligations.

Further omnibus measures are necessary to achieve the desired effect of simplification.

The omnibus draft in its current scope is a good and correct step towards enabling sustainable business in the European Union and strengthening our economy. In addition to the mentioned adjustments in CBAM and EU Taxonomy, we see the need for further omnibus procedures to complete the Commission's harmonization efforts and thus make them effective. The BMW Group suggests considering the EU Battery Regulation (EUBR) and the EU Deforestation Regulation (EUDR) in a subsequent omnibus procedure. The result would be a standardization of necessary management systems and the exclusion of conflicts of objectives between the various legislations.



BMW Group Position

Carbon Border Adjustment Mechanism (CBAM).

The BMW Group welcomes the revision of the CBAM within the framework of the Omnibus procedure. CBAM is one of the drivers for reporting obligations and results in immense effort.

However, CBAM should aim at targeting the majority of emissions on a level playing field while reducing the efforts to collect and report them. Reporting CBAM metrics represent a significant administrative burden for importers and suppliers alike. To strike the required balance between disproportional efforts and actual impact in above mentioned targets, the CBAM should exclude imports with negligible embedded emissions.

We acknowledge the effort to simultaneously prevent circumvention and hence suggest to **adjust the de-minimis threshold to 1 ton net weight of CBAM-relevant material per importer-supplier relation and per reporting period.**

De-Minimis threshold must be adjusted with focus on impact and feasibility.

At the BMW Group, more than 98% of CBAM-relevant imported net weights are sourced from a very small number of suppliers. Representing considerable volumes there is means to ensure the provisioning of proper data quality throughout our supply chains – as well as there is an actual impact in terms of the CBAM goals of incentivizing decarbonization and creating a level playing field. In other words, we are reporting actual embedded emissions for these 98% of suppliers since Q3 2024 already.

This does not apply to more than 90% of CBAM-relevant suppliers we currently have to cope with representing a negligible fraction of imported embedded emissions. In our experience, the smaller the trade volume with EU customers the less likely an abroad supplier would be willing to support in complying with the very specific CBAM requirements. CBAM requirements do not only pose a disproportionate administrative challenge to smaller EU importers, but also to smaller non-EU suppliers.

The current reporting threshold of 150 EUR customs value of CBAM-relevant goods per consignment fails to differentiate significant import of embedded emissions from irrelevant shipments. Since customs value reflects freight and insurance cost this value is quickly reached, if some few parts are express shipped from overseas. There is a potentially harmful effect on R&D in the EU. There are hardly any environmental or budgetary implications of including these scopes. There is a very small likelihood we receive actual emission information - and hence gain intel or be able to take action - from these suppliers.

Similar to key CBAM reporting parameters, the threshold should be based on net weight (kg or t for steel/iron and aluminum) rather than customs value (EUR).

We hence principally welcome the revision of the CBAM De-Minimis as part of the current Omnibus procedure. Unfortunately, the proposed adjusted threshold of cumulative 50t CBAM-relevant imports per annum does neither address the above mentioned issues, nor does it create a level playing field. Same as with 150 EUR, 50t CBAM-relevant imported net weights cumulate quickly over a year – even for smaller companies.

Consequently, larger importers continue to be required to report potentially irrelevant imports (e.g. 30 screws), while significant imported emissions up to this level (e.g. 49,9t unwrought aluminum) would be exempt from any obligation.

We propose **adjusting the “de minimis” threshold to 1 ton net weight of CBAM-relevant material per importer-supplier relation per reporting period**. With this adjustment:

- smaller importers should experience similar simplifications / relieve as with the Omnibus proposal.
- imports with negligible embedded emissions are excluded, eliminating disproportionate effects on both importer and supplier side.
- imports from high-volume/series suppliers would still be reported entirely incl. smaller R&D shipments (supplier would possess related structures and is empowered).
- the incentive for circumvention is reduced, as it would involve comparably high cost for alternative processing.
- impact assessment during the year can be performed much easier, facilitating timely preparations to achieve compliance with CBAM if necessary.
- simplifications are effectively provided across multiple administrative challenges in the regulation.

We reiterate the importance to **allow the initial CBAM regulations to be fully implemented and their impacts thoroughly evaluated before contemplating any scope extensions**.

Uncertainties on various regulatory aspects should be resolved, such as I) on recognition of foreign compensations or measures, II) on free allocations, goods scope, origin scope, III) on calculation and accreditation. Ambiguities and inconsistencies as in special customs procedures and correction processes should be clarified.

Participation in Beta-Regulations should be rewarded and has to be voluntary. Enforcement vehicles such as penalties and sanctions, even if practically suspended, do not necessarily stand for the extended hand for closer partnership. Being the main partner for importers, **National Competent Authorities should be appointed and comprehensively empowered before regulatory elements become effective.** We believe, a transitional phase should open room for the exchange of experiences, error culture, and joint improvement.



BMW Group Position

Corporate Sustainability Reporting Directive (CSRD).

The BMW Group shares the perspective that there is high value in disclosing information on sustainability performance so that investors and customers have access to comparable data. However, there remain significant challenges stemming from the overlapping and often non-comparable regulatory frameworks, particularly in Europe with the CSRD, ESRS and the EU Taxonomy.

Postpone the application of the CSRD by two years for wave 2 companies.

The BMW strongly supports postponing by two years the entry into application of the reporting requirements for large companies that have not yet started implementing the CSRD (wave 2). As some wholly owned BMW Group subsidiaries must draft an own sustainability statement for FY 2025 (not covered by the subsidiary exemption), the postponement by two years would give them sufficient time for preparing their first sustainability statements. The postponement should be agreed upon swiftly by the co-legislators to ensure for legal security.

Reduced scope of the CSRD and EU Taxonomy would avoid the drafting of own sustainability statements for most wholly owned BMW Group subsidiaries.

The Commission proposes to limit the scope of the CSRD to companies with more than 1,000 employees, and either a balance sheet total of over 25 million Euros or a net turnover of over 50 million Euros. The reduced scope would exempt most wholly owned BMW Group subsidiaries from drafting their own sustainability reports. However, it must be ensured that all wholly owned subsidiaries benefit from an exemption.

The subsidiary exemption should be extended to all subsidiaries of larger groups independently of their legal structure, size, location or financial market orientation. Currently, subsidiaries that are large public interest entities oriented towards capital markets are not covered by the exemption and must disclose their own sustainability statement. Consequently, fully owned subsidiaries that are capital market oriented (e.g. (re)-financing entities or special purpose vehicles for issuing securitizations) are obliged to publish their own sustainability statement. This is unnecessary as investors cannot invest in these entities.

The removal of the option to move to reasonable assurance is welcome.

The Commission's proposal removes the possibility of the Commission to adopt sustainability assurance standards for reasonable assurance by 1 October 2028, following an assessment to determine if reasonable assurance is feasible for auditors and for undertakings. The deletion of the option is strongly supported as enabling all disclosure requirements and data points under the CSRD/ESRS for reasonable assurance is a huge task. It comes with very high additional costs and efforts for the preparer and the auditor. The preparer should freely decide which data points should be submitted to reasonable assurance.

The deletion of the sector-specific standards is supported.

The development of European sector-specific standards is completely unnecessary. On international level, the SASB Standards which are managed by the ISSB are well known, proportionate, strongly supported by investors and broadly used by European companies (incl. BMW Group) to disclose information on sector-specific sustainability aspects. They contain very useful key performance indicators and metrics to highlight the material drivers of risk and return relevant to business models in a specific industry. Their broad global usage ensures comparability across companies in the same industry. The deletion of sector-specific standards requirement avoids unnecessary reporting burdens and costs for EU companies and potential contradictions without reducing the scope and quality of the sustainability reporting for investors.

The BMW Group welcomes the introduction of value chain cap.

The EU Commission proposes to introduce a so-called value chain cap. Entities not in the scope of the revised requirements will be able to limit the information that entities remaining in scope can request of them. The information requests will be limited to the information required by the VSME standard, which is less comprehensive than the ESRS requirements. In general, BMW Group supports this proposal. But this reduction also needs to be reflected in the amended ESRS set 1. However, it might make the data collection for the BMW Group report more challenging as certain information might not be available completely (or from all suppliers) due to the value chain cap (see also CS3D position).

Modifying the ESRS Set 1 is strongly supported.

BMW Group welcomes the EU Commission's proposal to modify the ESRS Set 1 through a new delegated legal act. The revised act must reduce the number of mandatory ESRS data points, remove less important data points, prioritize quantitative data points over narrative texts, and further improve the distinction between mandatory and voluntary data points. All data points containing sensitive and forward-looking information should be deleted from ESRS Set 1. This includes the reporting on anticipated financial effects. These requirements should be deleted completely.

It should be ensured that there is a freeze of the ESRS phase-ins so that no new reporting requirements must be implemented while the Commission works on the adjustment of the ESRS Set 1. We urge the Commission to swiftly issue such a proposal. This would save unnecessary efforts and costs for compliance with potentially obsolete data points.

Digital reporting should be in the scope of the simplification.

It should also be considered whether the increased use of artificial intelligence by investors renders XBRL tagging necessary at all versus the costs and burden for preparers. In practice, tagging is burdensome for late corrections, prone to errors, and every tiny misstatement would need to restart the process of Board approvals with a strict timeline.



BMW Group Position

Corporate Sustainability Due Diligence Directive (CSDDD).

The BMW Group welcomes and fully supports the EU Commission's proposed amendments to the CSDDD, which offer substantial benefits and relief for European companies.

The reduction of scope and complexity represents a relief but can only fully unfold its intended purpose when globally harmonized with all relevant due diligence and reporting regulations, that are or will soon come into effect, such as the EU Battery Regulation (Art. 47-53) and the EU Deforestation Regulation (EUDR).

In order operationalize due diligence processes as stipulated by governing due diligence laws, complex management systems must be implemented, which entail corporate strategies and policies, risk analysis and -response schemes, tailored supply chain traceability methods, to only name a few. Hence, an effective due diligence process relies on clear legal positions and consistent guidelines. If only one law is adapted to reduce the due diligence and reporting burden, the remaining will continue to require complex, and partially overlapping, partially conflicting measures to be operated by the undertaking in scope. One base example being the incoherence between the actual amendment to reduce the scope of applicability (chain of activities) on one side, and on the other, the obligation to fully trace and safeguard the battery supply chain (for Ni, Co, Li, Gr) per Art. 49 (d) of the EU Battery Regulation.

The BMW Group also supports the intensified efforts to protect SMEs and SMCs under the so-called SME-shield, by equipping SMEs with a value chain cap in terms of reporting.

This clearly sends the right signals to the industry, and that the dramatic trend of bankruptcies in this sector, particularly in the automotive supply chain, was recognized by the European Union. The EU Commission proposes that the intended voluntary SME standard (VSME) will serve as a value chain cap to set a clear baseline of what scope of information can be requested from SMEs. The BMW Group welcomes this step, but cautions that all necessary requirements regarding due diligence, reporting obligations, and CO2 calculation must be reviewed for continuous feasibility considering this practice. If this is not the case, a solution must be provided to the companies in scope or compliance must be granted on adequate grounds.

Generally, the BMW Group appreciates the proposed amendments as step forward to a streamlined and more feasible, and consequently more effective approach to corporate sustainability and in adherence to environmental and social standards. In consideration of the proposed postponement of the transposition, it is now vital to gain swift legal certainty based on the “stop-the-clock” proposal, to avoid financial losses and to regain global competitiveness in the automotive sector.