

ESDN Policy Note

Requirements to Make Regulation, Competitiveness and Sustainability Work Together

Introduction

The **current state of world politics and recent changes in EU-wide regulations, which aim to foster sustainability and economic development**, have put a **strain on public administrations and businesses alike**. These developments have made it increasingly challenging for both in their joint efforts to **continue moving towards a more competitive Europe, 2030 Agenda implementation, and meeting climate policy objectives**. On the world stage, the war in Ukraine, a policy shift towards higher defense spending, and the tariffs imposed by the USA have had enormous impacts on economic development and, ultimately, the competitiveness of European companies. Within the European Union, the proposed **Omnibus package by the European Commission** aims to reduce the regulatory complexity regarding corporate sustainability reporting and due diligence to remain competitive in these times of change. However, the question remains: How to ensure that all these dimensions, namely regulation, competitiveness and achieving sustainability goals, go together and support each other?

This was the main focus of this year's **2030 Agenda Stakeholder Forum** which took place in Warsaw, Poland on 27 May 2025, and was jointly organized by the **Polish Presidency of the Council of the European Union** during the first half of 2025 and the [European Sustainable Development Network \(ESDN\)](#).



This year's 2030 Agenda Stakeholder Forum was an international conference that brought together representatives of public administrations and businesses to raise awareness of the needs and challenges of doing sustainable business. More than **90 participants from 24 European countries as well as European institutions** discussed and elaborated on the topic of the event, **"How to make Regulation, Competitiveness and Sustainability Work Together? Building bridges for sustainable, competitive growth: business, public administration, and stakeholders in action to reduce administrative burden"**.

To achieve this, the following **recommendations** were made by the participants, based on presentations, a panel discussion, and interactive exchange formats:

- 1) **Design clear policies and legislation to enable long-term planning, predictability, and achieving key sustainability and climate goals**
- 2) **Make decarbonization an important driver for European economies**
- 3) **Offer support tools, knowledge exchange and good practice examples to companies**
- 4) **Develop training and capacity-building for public administration for sustainability transitions**

Facing current challenges: Predictability, long-term planning, and achieving sustainability

The main challenge of our current times is for **Europe to remain competitive** in a world economy that is rapidly changing, whilst at the same time **achieving key sustainability and climate policy goals**. In order to boost competitiveness and unleash growth, the European Commission (EC) has published in

February 2025 the [Omnibus package](#). It includes amendments to the [Corporate Sustainability Reporting Directive \(CSRD\)](#) and the [Corporate Sustainability Due Diligence Directive \(CSDDD\)](#), which both describe important reporting and legal requirements for companies regarding their sustainability and climate-related activities. Both, CSRD and CSDDD, have only recently been adopted, and many companies took huge efforts – financially, strategically, and organizationally – to meet the necessary requirements formulated in these Directives, including companies that were not required to report in the first circle, but at a later stage. One of the major proposals of the Omnibus package is to make sustainability reporting a requirement to only those companies with more than 1,000 employees and a turnover threshold, and also to cut down the number of data points in the [European Sustainability Reporting Standards \(ESRS\)](#).

However, this **intended simplification of legal requirements was seen by most participants as a move towards deregulation**, as only a fraction of companies within the EU will need to report on their sustainability activities. This sudden change in the above-mentioned Directives also **impacted on the predictability of EU-wide policymaking**. In addition, the applied “Stop the Clock” legislative proposal, adopted in April 2025, postpones the application of certain sustainability reporting rules under CSRD and related frameworks for the next two years. In the coming months, the EU Member States and European Parliament will respond to the Omnibus proposal and changes are still possible, but unlikely. All these intended changes and simplifications make **long-term planning increasingly difficult for companies and their stakeholders**.



The developments described above are related to the new strategic framework of the European Commission for its mandate until 2029, the [“Competitiveness Compass for the EU”](#), published in late January 2025, which includes a stronger focus on competitiveness. Although the orientation of the strategic framework of the Commission has been amended, the **ultimate goal for the EU to become the world’s first climate neutral continent by 2050 remains**.



Therefore, it will be necessary to **combine policy measures for increasing competitiveness with a strong policy and implementation regime, including clear guidelines, for sustainability and climate-related objectives**. The latter is particularly important, given the largely unsatisfactory implementation of the SDGs and a looming **post-2030 Agenda debate that will focus on more effective efforts and governance processes; the ever-increasing challenge to combat climate change**; and the fact that six out of nine planetary boundaries have been crossed which increases the **risk of generating large-scale abrupt or irreversible environmental changes**. In addition, current economic and geopolitical tensions increase the pressure on governments to act proactively, and on businesses to plan ahead to meet the challenges.

Recommendations to make Regulation, Competitiveness and Sustainability Work Together

The 2030 Agenda Stakeholder Forum participants made the following **four recommendations** to foster regulation, competitiveness, and sustainability, and make them work together:

1) Design clear policies and legislation to enable long-term planning, predictability, and achieving key sustainability and climate goals

- **Provide clear policies, rules and regulations to enable companies to plan their strategies and investments accordingly.** For companies, certainty and clarity on which policies and legislation will affect their business operations are key for their long-term planning. Companies will need to establish strategies and investment plans for their activities, and clear objectives, rules, and deadlines will give them the necessary framework. Overall, clear regulatory frameworks are more helpful than voluntary uncertainty.
- **Apply measures for the simplification of regulations and reduce bureaucracy, whenever possible, but avoid deregulation.** Clear rules and simple procedures are important to achieving ambitious sustainability and climate-related objectives. Therefore, the simplification of legal frameworks and regulations is crucial to reducing bureaucratic obstacles for companies and, at the same time, to providing key targets that create opportunities and spur innovation. Avoid deregulations which endanger achieving important sustainability objectives.
- **Communicate policies and regulations transparently and clearly to all stakeholders, especially companies.** It is important that new and/or adapted policies and legislation are made publicly available, can be easily accessed, and are communicated to all concerned stakeholders. They should know which policies and legislation apply to their respective activities and business sectors.
- **Create positive incentives for companies to achieve sustainability goals.** Proactive and positive incentives that reward company action and activities can lead to business creativity to find solutions and to spur innovative ideas.



2) Make decarbonization an important driver for European economies

- **Maintain sustainability and climate-related policy objectives (e.g. SDG implementation, achieving climate neutrality) and turn them into drivers for the European economy.** On the one hand, SDG implementation should be fostered and strategic thinking about the post-2030 Agenda should be initiated. This will give Europe and its economies a head start. On the other hand, working towards achieving climate neutrality should be intensified. The [Clean Industrial Deal](#) should be fully used and its major goals promoted, especially affordable energy; boosting demand for clean products; financing the clean transition; circular economy; and skills and quality jobs (“green jobs”).
- **Make sustainability a motor for innovation and economic development.** Many of the sustainability and climate objectives included in the Green Deal and the Competitiveness Compass need a strategic and comprehensive approach, and have the potential to be an important motor for becoming more innovative. Industry and businesses should be motivated to proactively address these objectives and explore their innovative potential.
- **Facilitate the move towards decarbonization and unleash creativity in companies.** Policymakers should facilitate further moves towards decarbonization and creativity for innovation within companies by creating legal certainty; developing standardizations (e.g. sector standards); gradual implementation roadmaps (step-by-step approach); applying tools that support companies (e.g.

EU-wide databases and IT tools); and providing support and assistance to companies.

3) Offer support tools, knowledge exchange and good practice examples to companies

- **Establish training and knowledge exchange platforms and mechanisms for companies in their sustainability reporting and management efforts.** Integrating sustainability reporting and management in a company can be challenging, especially given the complexity of regulations, rapidly changing legislation, and different standards. In addition, detailed knowledge is often lacking, especially in SMEs. Therefore, creating exchange and knowledge platforms with workshops, expert services and advice, company missions, etc. will help companies in their efforts.

Enterprise Europe Network – Initiatives and tools to support SMEs

The [Enterprise Europe Network \(EEN\)](#) is the world's largest support network for small and medium-sized enterprises (SMEs). It helps businesses innovate and grow on an international scale. EEN have established various initiatives and tools to support SMEs. For instance, they organize workshops and training on ESG, sustainability reporting and carbon footprint reduction. In addition, EEN provides free advice on ESG and sustainability strategies, and conduct CO₂ and LCA audits for SMEs. Moreover, they provide information on forums or working groups where businesses can exchange experiences.

- **Create an online one-stop-shop with information and tools that support companies when applying and managing ESG (Environmental, Social, Governance) activities.** Information on regulations, standards, and background on sustainability and climate-related issues is scattered, not always easy to find, and sometimes complex. Therefore, it would be beneficial to offer a one-stop-shop for

companies, especially SMEs, with all necessary information that is easily accessible, reliable, and tailored towards specific needs.

Polish Chamber of Commerce – One-stop-shop platform for companies

The Polish Chamber of Commerce is an important business support organization, also in the field of sustainability management and ESG. They offer different ESG activities, e.g. ESG School, ESG Standard Platform, free webinars for companies, etc. The ESG Standard Platform is providing a one-stop-shop for SMEs, guides and tools for different levels of advancement, possibilities to customize an ESG questionnaire, etc.

- **Develop digital tools for companies to support their CSRD reporting.** It will be important to offer additional support for companies on sustainability reporting and the implementation of the CSRD. This will help them to act according to European regulations, but it will also support them when preparing information on sustainability and their climate goals for banks and potential investors.

German Sustainability Code

Since 2025, the [German Sustainability Code website](#) offers free support for CSRD-compliant sustainability reporting. To support companies in sustainability reporting and the implementation of the CSRD, the German Federal Ministry for Economic Affairs and Climate Action (BMWK) has been funding the further development of the German Sustainability Code (DNK) since 2024. Instead of the previous reporting standard, DNK now offers a free, comprehensive support program that significantly reduces the time and effort required for sustainability reporting. This includes their Sustainability Campus, the DNK Checklist, and the DNK Platform.

Share good practice examples from companies on CRSD reporting and ESG activities. One of the most important levers for companies is to get access to experiences and information on what works in practice in other companies. Providing information and good practice examples of successful CSRD, ESG and sustainability management applications in companies will benefit those companies that are currently starting their journey.

4) Develop training and capacity-building for public administration for sustainability transitions

- **Enhance the knowledge, understanding and skills of public administrators on the national and sub-national levels for sustainability issues, transition mechanisms, and climate-related objectives.** It is important that public administrators understand the complexity of the necessary sustainability transitions, their interlinkages (cross-sectoral dimension), and co-creation mechanisms with different internal (other ministries, sub-national level) and external (businesses) actors.
- **Develop training and education programs on sustainability for public administrators.** These programs should increase the capacity of public administrations to plan, implement and evaluate public policies aligned with the 2030 Agenda and the European Green Deal/Competitiveness Compass. In addition, they should strengthen a national network of sustainable development experts, capable of acting inter-institutionally and intersectorally to achieve the SDGs and climate policy goals.

Romania – Education and Capacity Building for Sustainable Transition

The Romanian Government has started the initiative to establish the job “Expert of Sustainable Development” in its administration. The professional expert will acquire institutional knowledge in the field of sustainable development, and skills to incorporate the values and principles of sustainable development in the sectorial and local strategies, policies and projects. In addition, the professional will become a Change-Agent who drives sustainable development through problem-solving and innovation, and promoting long-term growth in communities and the economy. The successful inclusion of this job in the public administration required several steps: Developing the occupational standard; legalizing the occupation; and offering professional training.

Conclusion

The various challenges that public administrators and businesses alike face require **more cooperation and co-creation approaches between them**. Public administrators should be supported by capacity-building and training measures to increase their knowledge and expertise to guide sustainability transitions, including regulatory requirements and reporting mechanisms. Businesses will benefit greatly from different support tools and knowledge provisions that are provided by the public administration. At the end of the day, **it will be key to achieving long-term planning, predictability of policies and regulations, and successful implementation of sustainability and climate policy goals**.

The European Sustainable Development Network (ESDN) is a non-profit, pan-European peer-learning, networking, knowledge, and advocacy platform for sustainability professionals in the public sector working in collaboration with other organisations and institutions dealing with sustainable development issues. It is based on the transparent and trustful cooperation of these actors. It collects, compiles and shares information on sustainability policies, strategies, and practises, and provides expertise to political decision-makers at European, national, and sub-national levels. The ESDN also fosters sustainable development through active communication and continued cooperation with other stakeholders and civil society.