

## FERMA MONTHLY REPORT: DECEMBER 2025



### **Sustainability Committee**

Welcome to this month's EU regulatory Update.

#### **1) Cyprus Council Presidency Priorities**

Following the [adoption of the Cyprus Presidency's programme](#) for the first half of 2026, an overview of its **sustainability-related priorities** has been prepared to support by the EU affairs team at FERMA for internal policy discussions. The Presidency builds on the Green Deal implementation phase, with a strong focus on consolidation, simplification, and coherence across recently adopted sustainability legislation.

A central priority is the follow-up to the **Sustainability Omnibus I**, with Cyprus aiming to facilitate Council discussions on streamlining reporting and compliance obligations while preserving the core objectives of EU sustainability policy. This includes continued work on the implementation and calibration of the **Corporate Sustainability Reporting Directive (CSRD)** and the **Corporate Sustainability Due Diligence Directive (CSDDD)**, with particular attention to proportionality, legal clarity, and reduced administrative burden for companies.

The Presidency also intends to advance work on climate and environmental legislation underpinning the EU's 2030 objectives. This includes monitoring implementation of the **Fit for 55 package**, notably the **EU Emissions Trading System (ETS)** revisions, the **Carbon Border Adjustment Mechanism (CBAM)**, and the **Effort Sharing Regulation**, while supporting coordinated national implementation and addressing emerging practical challenges.

In the area of sustainable finance and transition support, Cyprus highlights the importance of coherent application of the **EU Taxonomy Regulation** and related disclosure requirements, as well as continued discussions on transition finance tools. Ensuring consistency between sustainability reporting, financial disclosures, and investment

frameworks is framed as a key objective to support capital flows towards the green transition.

Finally, the Presidency signals continued attention to environmental resilience and resource efficiency, including follow-up on circular economy initiatives and biodiversity-related measures, while acknowledging that more structural reforms and new legislative proposals are likely to be addressed in subsequent policy cycles. Across all files, Cyprus emphasises simplification, predictability, and effective implementation as guiding principles for its sustainability agenda.

## **2) Omnibus I approved by the European Parliament but not yet by the Member States**

FERMA has prepared an initial assessment of the [\*\*final text of the Sustainability Omnibus\*\*](#), as agreed by the **European Parliament on 16 December**. The Omnibus aims to simplify and streamline the regulatory framework linked to the **CSRD and the CSDDD**, with the objective of **reducing burdens on companies while preserving the core ambitions of the European Green Deal**.

FERMA welcomes this package as a **positive signal for businesses**. Sustainability remains a strategic issue for companies, linked not only to compliance but also to transparency, attractiveness and long-term resilience. From a risk management perspective, **simplification that preserves a risk-based approach** can support more effective ESG action and help translate regulatory objectives into practical outcomes.

On sustainability reporting under the CSRD, the final text confirms a **significant reduction of ESRS data points**, following work by **EFRAG**. The revised standards will focus more strongly on **material information**, prioritise quantitative data, clarify the application of materiality, and improve consistency with other EU legislation and international standards. This outcome is largely aligned with FERMA's long-standing calls to focus reporting on what is most relevant for companies, taking into account their size and activities.

The scope of the CSRD is **narrowed to companies with more than 1,000 employees and €450 million in net turnover**. While FERMA broadly agrees with this reduction, it had supported a more gradual, step-by-step approach with lighter requirements for mid-sized companies, which was discussed during negotiations but not retained in the final text.

FERMA's request for guidance on how to conduct **double-materiality assessments** based on enterprise risk management methodologies was not taken up. However, the final text introduces **voluntary sustainability reporting standards for companies that are now out of scope**, which FERMA supports, provided these standards lead to meaningful sustainability risk management practices.

A key positive development concerns **sector-specific standards**. Rather than introducing binding sector-specific ESRS, the final text allows for **non-binding sector guidance**, helping to avoid an unnecessary increase in reporting requirements.

On the CSDDD, the scope is **reduced to companies with more than 5,000 employees and €1.5 billion in net turnover**, with a review clause allowing the Commission to reassess this in the future. FERMA is overall satisfied with the **strengthened risk-based approach to due diligence**, which focuses on reasonably available information and prioritisation of the most severe risks.

While the final text removes the **EU-wide harmonised civil liability regime**, a **review clause** has been added to assess its possible introduction at a later stage. The frequency for reviewing companies' risk management measures is set at **every four years**, and the **entry into force of the CSDDD is postponed by one year**, with the Commission required to issue guidance well ahead of application.

### **Next steps**

- Please note that this assessment **should not be considered final and should not be shared at this stage**. FERMA will present and discuss the final text in more detail during the **Sustainability Committee meeting on Monday 12 January at 10:00 (Brussels time)**.

### **3) Climate resilience and NATCAT: Report and Consultation from the Commission**

The European Commission has published the [final report of its Reflection Group on mobilising climate resilience financing](#). The report underlines that the European Union and its economy remain insufficiently protected against climate-related risks, with economic losses from weather and climate extremes rising significantly in recent years. While the report is not legally binding, it is highly relevant, as **its findings are expected to feed directly into the future European Integrated Framework for Climate Resilience, planned for adoption in late 2026**.

The report highlights that investment in climate resilience suffers from both funding and financing gaps. Many resilience measures that deliver broad societal benefits continue to rely on public funding, while other adaptation projects with clearly defined risk ownership could attract more private capital if appropriate tools and incentives were in place. Overall, the Reflection Group stresses that **responsibility for building climate resilience is shared between the public and private sectors, and that close cooperation between all economic actors is essential**.

## EU Affairs Team

Joint action between public authorities and market participants is seen as critical to scaling up investment. The **report recommends expanding the use of innovative financial solutions such as public-private partnerships, blended finance, guarantees and resilience bonds**. An EU-level digital platform for blended finance is proposed to simplify access to public support and guide stakeholders through available funding opportunities. The report also calls for stronger incentives to mobilise private sector investment, including better recognition of avoided losses and the promotion of cross-sector projects that combine resilience with revenue-generating activities.

**Insurance is identified as a key pillar of climate resilience**, particularly to cover residual risks. The report notes that insurance coverage for natural catastrophe risks remains low across the EU, resulting in a significant protection gap. A balanced approach between public and private actors is needed to ensure the long-term availability and affordability of insurance, while encouraging risk reduction measures. The creation of an EU observatory on insurability is proposed to improve risk awareness, monitor trends in coverage and affordability, and support informed policy action.

More broadly, the report **stresses that climate resilience investment remains far below what is needed, despite clear economic benefits**. Scaling up investment will require tailored financing solutions, improved data on resilience outcomes, and mechanisms such as blended finance, guarantees and technical assistance to make projects bankable. Insurance-linked solutions, resilience bonds and sustainability-linked loans are highlighted as promising tools to support adaptation efforts and integrate resilience into financial decision-making.

Following the publication of the report, the **European Commission launched a public consultation to gather stakeholder views on the future European Integrated Framework for Climate Resilience**. This consultation will directly inform the Commission's legislative proposal, which is expected to be presented in the course of 2026, ahead of the planned adoption of the framework in late 2026. This consultation phase represents a key opportunity for stakeholders to shape the EU's future approach to climate resilience financing, including the role of risk management. FERMA is therefore collecting input from its members to contribute to the consultation in a coordinated manner, with **members invited to share their views by 28 January (close of business)**.

### Next steps

- **FERMA members are kindly asked to provide their input by 28 January COB, using the template sent on 04/12**, to allow FERMA to consolidate feedback and contribute effectively to the Commission's consultation process.

#### 4) Council of the EU conclusions on climate resilience

The Council of the European Union [adopted conclusions on Europe's Environment 2030](#) in December 2025, setting out political guidance for accelerating the transition towards a more climate-resilient, circular and resource-efficient Europe. The conclusions build on the objectives of the 8th Environment Action Programme and the European Green Deal and respond to evidence that current progress is insufficient to meet agreed 2030 targets.

The Council underlines that **climate resilience, circularity, biodiversity protection and pollution reduction are closely interconnected** and require a more systemic and coordinated approach. Member States and EU institutions are invited to step up action on climate adaptation, ecosystem restoration and environmental risk prevention, while ensuring that the transition is socially fair and supports economic competitiveness.

A strong focus is placed on **strengthening climate resilience and preparedness** across sectors and regions. The Council calls for increased investment in adaptation measures, improved risk assessment and planning, and better integration of resilience considerations into EU and national policies, including infrastructure, water management and land use.

The conclusions also highlight the need to **accelerate the shift to a circular economy**. The Council supports the development of a comprehensive circular economy framework, improved implementation and enforcement of existing legislation, and more harmonised approaches to resource efficiency, waste management and secondary raw materials. Reducing administrative complexity and ensuring proportionality in implementation are identified as important enablers.

In addition, the Council stresses the role of **sustainable production and consumption**, encouraging product design that promotes durability, repairability and recyclability, stronger green public procurement, and clearer information to help consumers make sustainable choices. International cooperation is also emphasised, particularly in addressing global environmental challenges such as plastic pollution.

Overall, the conclusions call for **faster and more coherent implementation** of EU environmental policies, supported by adequate financing, robust governance and closer cooperation between Member States. The Council encourages the Commission to translate these priorities into concrete initiatives and legislative proposals, while maintaining consistency with existing environmental and climate frameworks.