PRESS RELEASE

Eurosif warns Omnibus proposals risk undermining investment and competitiveness

Brussels, 27 February 2025

Yesterday, the European Commission presented an Omnibus proposal which includes plans for fundamental changes to the Corporate Sustainability Reporting Directive (CSRD), the Corporate Sustainability Due Diligence Directive (CSDDD) and the delegated acts of the EU Taxonomy Regulation. These rules are core elements of the EU sustainable investment framework, based on the fundamental principle of double materiality. Together they help investors to manage risks, identify opportunities, and ultimately reorient capital towards a more competitive and sustainable economy.

The European Sustainable Investment Forum (Eurosif) warns that the amendments to CSRD and CSDDD, if adopted in the proposed form, will weaken EU sustainability disclosures and undermine legal certainty for investors and businesses. The proposed rollbacks risk hindering the contribution of investors to scaling-up investments for industrial decarbonisation and growth under the Clean Industrial Deal and risk damaging the EU's long-term competitiveness.

Nathalie Dogniez, Eurosif Chair, commented: *"The Commission's proposal to reopen the CSRD for renegotiation creates legal uncertainty for investors and businesses, and harms the first movers who have already prepared their first sustainability reports or started working towards compliance. The ability of out-of-scope companies to raise finance is likely to be hindered".*

Aleksandra Palinska, Executive Director at Eurosif, said: *"The proposal aims to reduce the number of in-scope companies by over 80%. Drastic changes to the scope of sustainability reporting rules will limit investor access to comparable and reliable sustainability data and impair their ability to scale-up investments for industrial decarbonisation and long-term growth. Voluntary reporting from companies will not fill this data gap."*

Commenting on the proposals for changes to the Corporate Sustainability Due Diligence Directive, she further added: *"Climate transition plans are necessary for investors to assess the credibility of companies' decarbonisation trajectories. Deleting requirements for the largest EU companies to implement transition plans and watering down the rules on environmental and human rights due diligence across their value chain would detrimentally impact the ability of investors to allocate capital for industrial decarbonisation, to conduct forward-looking risk assessments and to support the transition to sustainable growth."*

In a recently published statement, investors have been calling on the EU Commission to "preserve the integrity and ambition" of the EU's sustainable finance framework. The statement was developed together by Eurosif, IIGCC and PRI, and signed by over 200 financial sector actors, including 163 asset owners and asset managers with a combined €6.6 trillion assets under management.

With the proposal now heading for negotiation in the European Parliament and Council of the EU, we call on EU co-legislators to uphold the ambition of the CSRD, CSDDD and EU Taxonomy, which are cornerstones of the EU sustainable finance framework. We also stand ready to help find solutions for the simplification of these rules, while still preserving their integrity and ability to deliver on their objectives.

- Ends –

Notes to Editors

Measures in the Commission's Omnibus proposal, if implemented would:

- Reduce the number of companies within the scope of **CSRD** by more than 80%, severely limiting access to reliable and comparable corporate sustainability data which is essential for investment decision making. Voluntary reporting according to voluntary SME standards (VSME) will not be enough to bridge this data gap. This would result in additional ad-hoc data requests, increasing complexity and administrative burdens for investors and small to midsize companies alike.

- Remove the mandate for the European Commission to adopt **sector-specific sustainability reporting standards**, which were expected to provide investor access to important and material information regarding sector-specific risks, opportunities and impacts. This should be remedied by at least providing guidelines which can help companies from different sectors to identify more material disclosures.

- The European Commission also announces upcoming **amendments to the European Sustainability Reporting Standards (ESRS**). Eurosif is supportive of streamlining EU sustainable finance disclosure requirements to ensure they are consistent, usable and fit for purpose. However, we stress that any adjustments need to thoroughly consider the perspective of investors and their need for access to comparable and reliable sustainability-related data.

- Weaken mandatory human rights and environmental **due diligence rules** under CSDDD, by removing the risk-based approach, which will reduce incentives for behavioural change. The proposal also removes the obligation to **put climate transitions plans into effect**, which is key to ensuring transition plans are not mere window dressing. Climate transition plans are essential for financing industrial decarbonisation and sustainable growth.

- Make **EU Taxonomy disclosures** voluntary for companies within the new scope of CSRD and with less than €450 million turnover. This risks undermining the ability of investors to use it as a key tool to assess the environmental sustainability of their investments. However, we acknowledge that some targeted technical adjustments to the EU Taxonomy are needed to improve its usability.

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About Eurosif

Eurosif – the European Sustainable Investment Forum, is the leading pan-European association promoting sustainable finance at the European level. Its membership is comprised of Sustainable Investment Fora (SIFs) from across the EU, Switzerland and the United Kingdom. Most of these SIFs have a broad and diverse membership themselves, including asset managers, institutional investors, index providers and ESG (Environmental, Social and Governance) research and analytics firms.

Eurosif and its members are committed to the growth and development of sustainable finance and support the ambition of European and global policymakers in enabling a fully transparent and high-quality sustainable investment market through appropriate and well-designed regulation and industry best practice. Eurosif's activities involve contributing substantively to public policy development and conducting research that enables a better understanding of ESG implementation, the sustainable finance market, and the obstacles encountered by sustainability-oriented investors.

A full list of Eurosif's members can be found here and further information is available at: www.eurosif.org