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Investors warn Omnibus package could weaken EU sustainability disclosures, harming investment and economic competitiveness

- The EU Commission is expected to introduce an Omnibus Package to amend key sustainable finance regulations on 26th February
- Investors warn move is likely to create legal uncertainty, jeopardise Europe's long-term economic competitiveness and harm investment if rules are reopened for wholesale revision
- More than 200 financial sector actors, including 162 asset owners and asset managers with a combined €6.6 trillion assets under management, have signed a joint statement calling on the EU Commission to "preserve the integrity and ambition" of the EU's sustainable finance framework
- The Institutional Investors Group on Climate Change (IIGCC), the European Sustainable Investment Forum (Eurosif) and the Principles for Responsible Investment (PRI) are supporting investors' call urging EU policymakers to focus on targeted changes to technical standards and clearer implementation guidance.

Investors with a combined €6.6 trillion in assets under management have urged the European Commission to "preserve the integrity and ambition" of the EU's sustainable finance framework. The move comes amid alarm that the EU Commission's upcoming Omnibus package, expected on 26th February 2025, could lead to the wholesale revision of key sustainability requirements.

A joint statement published by three leading European investor membership bodies - Eurosif, IIGCC and the PRI - and supported by more than 200 investors and other financial sector actors, warns that "reopening these regulations in their entirety risks creating regulatory uncertainty and could ultimately jeopardise the Commission's goal to reorient capital in support of the European Green Deal."

The Omnibus package purports to enhance Europe's competitiveness and streamline regulations, with key sustainability laws including the EU Taxonomy, the Corporate Sustainability Reporting Directive (CSRD), and the Corporate Sustainability Due Diligence Directive (CSDDD), expected to be revised.

However, investors say these regulations are "fundamental cornerstones of the EU's sustainability policy architecture" and are crucial for fostering long-term sustainability and economic growth in Europe. This is because, as the statement argues, the rules facilitate investors to make informed decisions to "manage risks, identify opportunities and ultimately reorient capital towards a more competitive, equitable, and prosperous net-zero economy."

While recognising the need for targeted improvements, the joint statement emphasises the importance of long-term policy stability and highlights the dangers of wholesale reopening of the three laws that could lead to a significant weakening of corporate sustainability disclosures which are essential for investment decisions.

Signatories "support the overall objective of simplifying and improving the coherence of the EU sustainable finance framework," but argue that a "more effective approach would be to focus on streamlining the technical standards and provide clear implementation guidance."

In their statement, investors say the increased transparency created by these regulations is already having a positive impact, highlighting evidence that by 2024, European companies had reported €440 billion of Taxonomy-aligned capital expenditure - a figure expected to grow significantly.

With the EU facing an estimated annual investment gap of €750-800 billion per year, investors warn that initiatives like the forthcoming Clean Industrial Deal which aim to "ensure the long-term competitiveness of Europe's net-zero industry and its economic resilience" could be undermined if sustainability reporting standards slide.

The intervention, which has been shared with Commission President Ursula von der Leyen and key EU Commissioners, stresses that "timely access to high-quality and comparable reporting is a prerequisite to inform and guide [investor] decisions."

Investors propose a targeted approach to refine the framework, including;

- Streamlining technical standards based on industry feedback
- Providing clear implementation guidance, including sector-specific advice where relevant
- Ensuring interoperability between European and international reporting standards
- Leveraging digital solutions to reduce reporting burdens and improve data harmonisation

Stephanie Pfeifer, Chief Executive Officer at Institutional Investors Group on Climate Change (IIGCC), says, “By maintaining the core principles of these regulations while addressing implementation challenges, the EU can reinforce its global leadership in sustainable finance. Timely access to high-quality and comparable reporting from the real economy is a prerequisite to inform and guide investor decisions, enabling this balanced approach to support the reorientation of capital towards a more competitive, equitable, and prosperous net zero economy, bridging the estimated annual investment gap of $750-800 billion.”

Aleksandra Palinska, Executive Director at the European Sustainable Investment Forum (Eurosif), says,
“For the EU to reach its industrial decarbonisation and competitiveness objectives, the Draghi report identifies an annual investment gap of €800 billion. Private capital is needed to bridge this gap. To play their role, investors need quality, reliable and comparable corporate disclosures, including on sustainability risks and impacts. EU rules on corporate sustainability reporting have been expected to fill the existing data gap. Sweeping changes to these rules, before they are fully implemented, will create regulatory uncertainty and are likely to hinder the contribution investors can make to sustainable growth. Instead, the focus should be on supporting companies to implement the rules effectively, and if necessary targeted adjustments of rules at the technical level.”

Nathan Fabian, Chief Sustainable Systems Officer at Principles for Responsible Investment (PRI), says, “Europe will need finance and corporate sectors to work together to meet economic competitiveness, climate, and nature goals. Wholesale changes to key sustainable finance tools and frameworks during their implementation creates uncertainty in the market and risks undermining the ability of economic actors to communicate clearly, setting back economic transition. Undoing the progress made is not in the interests of investors either. Investors would benefit from increased consistency of the framework, but sustainability information is essential to investors’ confidence and allocation decisions. The objectives and integrity of the sustainable finance framework must be maintained.”

Alexander Burr, ESG Policy Lead at Legal and General Investment Management, said: “As a global investor, we need access to high-quality, consistent, and comparable disclosures across markets. We are supportive of the European Commission’s efforts over recent years to develop a robust and ambitious sustainable finance framework that delivers on that. An efficient way to bring coherence and interoperability to the framework would be through the technical standards. Providing clarity through the technical standards would maintain the Commission's leadership, build on the work already undertaken to date, and result in a practical outcome for companies and investors"

Philippe Zaouati, CEO of Mirova, said: "We are at a decisive turning point for sustainable finance. While climate concerns are often sidelined in the face of geopolitical and economic crises, it is imperative that we remain committed to our sustainability goals. Sustainable finance must reinvent itself and adapt to this new landscape, while preserving the fundamental principles that guide our actions. Mirova remains determined to support these initiatives and to work with all stakeholders to ensure a sustainable and responsible transition."

Héléna Charier, Head of SRI solutions at La Banque Postale Asset Management said: "Corporate sustainability disclosure rules are essential to enabling investors to efficiently allocate capital towards the most sustainable companies and projects, financing the EU's energy transition while also identifying and managing sustainability risks in their portfolios as part of their fiduciary duty. While technical optimizations and further assistance to the market in implementing the framework would be welcomed, maintaining a robust and predictable corporate and financial disclosure framework is crucial for advancing a sustainable European financial system that supports European competitiveness."

Ophélie Mortier, Chief Sustainable Investment Officer at Degroof Petercam Asset Management (DPAM), said: "We appreciate the European Commission's omnibus proposal, which aims to simplify regulations, enhance competitiveness, and reduce administrative burdens. However, after years of significant regulatory volatility concerning ESG factors, we urge the need for stability. This stability is crucial for long-term investments and for incorporating ESG considerations into sound investment decisions, integrating relevant ESG factors into the financing of the real economy."

-ENDS-

Notes to Editors:

The full joint statement can be read here.

Please note that this statement was developed in collaboration between IIGCC, Eurosif, PRI and their members, but does not necessarily represent the views of their entire memberships, either individually or collectively.

The spokespeople below are available for interview:

- Nathan Fabian, Chief Sustainable Systems Officer at Principles for Responsible Investment (PRI)
- Stephanie Pfeifer, Chief Executive Officer at Institutional Investors Group on Climate Change (IIGCC)
- Aleksandra Palinska, Executive Director at the European Sustainable Investment Forum (Eurosif)
- Philippe Zaouati, CEO of Mirova

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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 national 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. More information at www.eurosif.org.

About the Principles for Responsible Investment

The Principles for Responsible Investment (PRI) is the world's leading proponent of responsible investment. Supported by the United Nations, it works to understand the investment implications of environmental, social and governance (ESG) factors and to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions. The PRI acts in the long-term interests of its signatories, of the financial markets and economies in which they operate and ultimately of the environment and society as a whole. Launched in New

York in 2006, the PRI has grown to more than 5,300 signatories, managing over US$121 trillion. For more information visit www.unpri.org.

About Institutional Investors Group on Climate Change (IIGCC)
IIGCC is an investor-led membership organisation. The IIGCC brings the investment community together to make progress towards a net zero and climate resilient future. They work with their members to create guidance, tools, frameworks and resources that can help them, in their individual contexts, in managing climate-related financial risk within their portfolios and making the most of opportunities presented by the transition towards a decarbonised global economy and the realities of a changing climate. IIGCC has 400+ members across 20+ countries. More information at www.iigcc.org.