
Press release

AFME comments on the EU Sustainability Omnibus Package

26 February 2025

The Association for Financial Markets in Europe (AFME) welcomes today's adoption by the European Commission on the EU Sustainability Omnibus package.

AFME strongly supports the initiative to streamline the EU sustainable finance regulatory framework, ensuring it focuses on mobilising capital and financing for the transition while minimising regulatory burdens. This should go hand in hand with measures to create the economic conditions to support investment in companies as they transition, as the Commission aims through the Clean Industrial Deal announced today.

Adam Farkas, AFME CEO commented: *"We welcome today's announcements and are pleased to see the Commission taking forward the recommendations of the Draghi report and proposing to streamline the sustainable finance framework. It is essential that the Council and European Parliament at least maintain the level of ambition of the Commission's proposals and that the Commission delivers on its commitment to streamline the ESRS. For the proposals to achieve effective burden reduction for businesses, the framework for banks' sustainability reporting, risk management and associated supervisory expectations needs careful review to ensure consistency of the simplification objective."*

Oliver Moullin, Managing Director, Sustainable Finance, commented: *"The omnibus provides a vital opportunity to reorientate policy towards measures that are most impactful in mobilising capital for the transition while streamlining regulation which is creating burdens on companies and financial institutions without meaningfully achieving this objective."*

Sustainability reporting and due diligence measures can only go so far in driving decarbonisation of the economy. It is crucial that the EU focuses on putting in place the policies and roadmaps for companies to have the information and incentives to adapt their businesses. This will in turn help channel finance towards those needs. The Clean Industrial Deal published alongside the Omnibus today sets out valuable measures to help achieve this."

AFME's assessment of the Commission proposal

The European Commission's proposal is an important step forward in addressing the challenges with the existing framework. We welcome that the Commission has listened to feedback from stakeholders on aspects that are not working or require simplification. In addition to simplification for smaller companies, it is essential to also reduce burdens for larger companies and financial institutions which are core anchors of the economy. Reducing their reporting burdens will also benefit the thousands of SMEs in their value chains and whom they fund.

As the proposal will take some time to be adopted and take effect, it is essential to provide clarity to companies currently reporting under CSRD (i.e. the first wave of reporters in 2025) are not required to report under existing CSRD pending the amendments and revised ESRS taking effect.

CSRD: We welcome the commitment to streamline the EU sustainability reporting standards. It is essential to ensure that disclosures are focused on decision-useful information and maximise international alignment. It will also be important to ensure that financial institutions' reporting and risk management requirements are adjusted to accommodate the changes to non-financial companies' reporting. It is also essential to improve alignment with the global ISSB standards.

CSDDD: We strongly support the Commission's proposal which addresses key concerns under the Directive, including removing the review on its potential extension to financial services, enhancing the practical application of due diligence requirements and respect for national liability regimes, and better aligning the provision on climate transition plans with the language of the CSRD.

Taxonomy: We welcome the consultation published today seeking to address challenges with taxonomy reporting and the usability of the "Do-No-Significant-Harm" test under the EU Taxonomy Regulation. It is vital to review reporting requirements which are not providing meaningful information yet create significant burdens for banks and their clients, and to improve usability of the taxonomy. We also welcome the proposed postponement of the Trading Book and Fees & Commissions KPIs under banks' Taxonomy Reporting.

Alongside the legislative proposals, it is essential that the European Commission reviews the remainder of the regulatory framework for sustainable finance to ensure a holistic review of competitiveness and simplification, addressing issues such as:

- Implications for banks' disclosures under Pillar 3 ESG disclosures and supervisory risk management requirements
- Ensuring the SFDR Review is coordinated with the outcome of the Omnibus
- Simplifying the MiFID sustainability preferences regime
- Working with the industry to address implementation challenges arising from guidance

AFME's detailed recommendations ahead of the omnibus proposal are available [here](#).

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Notes:

1. AFME (Association for Financial Markets in Europe) promotes fair, orderly, and efficient European wholesale capital markets and provides leadership in advancing the interests of all market participants. AFME represents a broad array of European and global participants in the wholesale financial markets. Its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants. AFME participates in a global alliance with the Securities Industry and Financial Markets Association (SIFMA) in the US, and the Asia Securities Industry and Financial Markets Association (ASIFMA) through the GFMA (Global Financial Markets Association). For more information please visit the AFME website: www.afme.eu
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