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Revised EBF positioning on data and transition plans aspects of the Omnibus proposal

1. We maintain the support for the European Commission's proposal to alleviate the administrative burden on businesses and financial institutions through the Omnibus package. We also recognise the ongoing efforts of EFRAG in significantly streamlining the data requirements and simplifying the ESRS reporting, thereby enhancing the relevance and usability of the information in the ESRS reports and alleviating the reporting burdens of companies remaining in the CSRD scope.

2. However, for these simplification measures to be truly effective, it is imperative that supervisory expectations and regulatory requirements are adjusted in parallel, in line with the principles of materiality, decision-usefulness, and proportionality. In this context, we would highlight the importance of aligning the revised scope of the Corporate Sustainability Reporting Directive (CSRD) with the obligations under the Capital Requirements Regulation (CRR), and other regulations (such as SFDR) particularly given that the former applies to all credit institutions, not solely to the largest ones. The banking sector should not be placed in the role of enforcing reporting obligations on companies, particularly at a time when co-legislators are discussing the easing of such requirements. Supervisory expectations should also be adapted to reflect any simplifications agreed upon for corporate reporting, ensuring alignment between regulatory ambition and practical data availability.

3. While comprehensive risk assessment and risk management framework combines expert judgment, direct client engagement, and detailed due diligence, public disclosure of material ESG data can ease portfolio wide screening and monitoring. It will also reduce the need for bilateral engagement and data collection as well as reliance on data providers, third party estimates and proxies. While models and estimations may serve in specific cases, public availability of core data can facilitate the assessment of exposure where a more nuanced engagement with counterparties is warranted. Manual data collection, or reliance on conservative proxies as an alternative, potentially add to costs of funding through either the data collection or increased capital, which might also have negative impact on competitiveness and trickle down as increased costs also for non-financial corporates' cost of financing.

4. We therefore urge members of the EP and the Council to weigh the advantages and limitations of publicly available ESG disclosures when they consider further adjustments to the CSRD scope. It is also important to ensure that the envisaged value chain cap in the CSRD does not affect contractual freedom (e.g. loan agreements). The discussion on the scope of the CSRD should not be considered independently from the EFRAG's work on the simplification of ESRS that should deliver a significant reduction in the reporting burdens as well as in the number of reported data, focusing only on the most relevant ones that will support sustainable finance/investing and sound ESG risk management.

We would like to point out that availability of harmonized and standardized data could reduce costs both for companies and the financial sector, as it would avoid the need for bilateral engagement. It seems therefore relevant that policymakers take this into account and consider options to ensure that the key, most material information that will meet the needs of financial institutions and their supervisors is available in a harmonized manner, without jeopardizing the primary target of simplification.

5. We also urge the Member States to make all efforts to provide access to data already available at the national level, facilitate the creation of data platforms that could be made accessible to authorized users and encourage use of existing data to enable a more efficient, transparent, and harmonized ESG data ecosystem. The following aspects are considered particularly critical to address the data gap:

- Public Sector and Supervisory Cooperation: Coordination between public entities and supervisory bodies should support the development and sharing of benchmark data and public datasets (e.g., on energy and water consumption) to enable risk assessments and support financial institutions in meeting sustainability requirements.
- Ecosystem Initiatives for Data Collection: Collaborative efforts facilitated by public authorities to gather data from companies will be essential such as shared repositories to which companies could provide data that could be accessible to financial institutions.
- Providing Data for Calculations: Authorities should supply proxies and reference data that can be used to perform required calculations, especially for indicators that may not be readily available at the company level. As a practical example, in the case of carbon emissions, regulators could provide standardized emission proxies when individual company-level data is unavailable. This approach is already used in other regulatory contexts—such as capital and liquidity ratios—and would promote a more consistent, equitable, and feasible use of ESG data in financial risk management.

6. Transition plans are an essential element to understand company's ambitions and measures in moving towards sustainable business practices. Simplification of transition planning requirements is however necessary to ensure that they are not overly prescriptive and remain a strategic planning tool. The requirements for transition plans to be "compatible" with the limiting of global warming to 1.5℃ are unclear and give rise to concerns for companies. Achieving such compatibility is dependent upon many external factors outside of companies' control. Rather than prescribing that the plan must be compatible with a particular temperature increase, transition plans should explain how the entity will contribute to decarbonisation objectives based on what is feasible for the company and how they can and intend to progress, including an explanation of the external factors beyond the company´s control and a reference to the local markets in which the company operates. It is necessary to reflect different decarbonisation trajectories in different regions across global operations. For banks, their progress is intrinsically linked to the progress of the decarbonisation of the economy in every jurisdiction that they finance.