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Omnibus I: Proposals impact the availability of data used by the investment management industry

7 April 2025

DUFAS supports efforts by the European Commission to simplify and increase the coherence of the EU Sustainable Finance Framework and to create long-term policy stability through the Omnibus I legislative package of 26 February 2025. DUFAS calls on the European legislators to achieve these goals without compromising the integrity and the policy objectives of the Framework of helping improve the flow of capital towards financing the transition to a sustainable economy. In particular, corporate sustainability data and due diligence are key to sustainable investment decisions and allow the investment management industry to comply with disclosure requirements under the SFDR.

Clarify the impact of the proposals on the objectives of the Sustainable Finance Framework

The Omnibus I proposals affect the availability of corporate sustainability information. This may in turn impact the ability of investors to obtain relevant information to assess sustainability risks and impacts in long-term investment decisions and with respect to client preferences. For the investment management industry, it is important to safeguard a sufficient degree of data availability to enable adequate reporting on sustainability and to be able to contribute to the objectives of the Sustainable Finance Framework. In this light, the European Commission should take into account and further clarify the impact of the proposals on achieving these objectives within the total Framework.

Simplification through a limited set of internationally aligned reporting requirements

We support revising the ESRS-standards while retaining the double materiality perspective as a key element of the Sustainable Finance Framework. The proposed revision of the reporting standards provides an opportunity to realize a substantial burden reduction while maintaining a relevant reporting framework. To this end, we suggest that the European Commission develops a significantly reduced reporting standard covering the most critically relevant datapoints, that is integrally aligned within the entire Sustainable Finance Framework, and that promotes interoperability with international standards such as the ISSB reporting framework and the Integrated Reporting Framework. As the ISSB has a strong focus on industry-specific reporting standards, advancing interoperability could enable a sector-specific reporting framework without the need to separately develop ESRS sector standards. We furthermore support the proposal to avoid increased administrative and financial burden for companies by removing the upcoming requirement for the European Commission to assess the feasibility of reasonable assurance on sustainability reporting. However, as the need for and relevance of reasonable assurance could be subject to change in the future, for example following efforts to maintain international alignment of reporting practices, this could be reason to preserve the possibility to evaluate the option of introducing reasonable assurance.

Retaining a broader scope of reporting companies supports data availability

A more concise and targeted CSRD reporting framework supports the policy objectives of the Sustainable Finance Framework *if* an adequate baseline of data availability is maintained. This means that sufficient companies need to be required to be part of a harmonized reporting ecosystem focused on key sustainability issues. We therefore suggest the European legislators consider an approach to simplification that leaves *more companies in scope of mandatory reporting requirements* but at the same time requires *less extensive and more targeted reporting* by those companies. This includes key data provision on chains of activities. Retaining the option of mandatory value chain information requests, but limited to the coverage of a concise standard that targets key sustainability issues and that is fully aligned with the SFDR, prevents excessive administrative burden on smaller companies while still supporting the objectives of the Framework. To this end, a more phased-in approach for both CSRD and CSDDD requirements will allow companies to better prepare for the new obligations and will allow the European Commission to provide adequate and timely guidance in support of corporate preparations. However, this continues a higher degree of dependence by asset managers on third-party data providers and it again underlines the importance of bringing ESG data vendors within the regulatory perimeter to adhere to certain transparency requirements.

Coherence between all parts of the Sustainable Finance Framework is crucial

The Omnibus I proposals provide an opportunity to realize a fully coherent approach on key sustainability issues throughout the entire Sustainable Finance Framework. The European Commission should therefore revise and make the SFDR sufficiently fit for purpose in conjunction and strong coherence with the CSRD, Taxonomy and CSDDD - covering sustainability-related requirements for financial products and services by targeted financial sector legislation that is aligned with requirements focused on corporate behavior in the real economy. Specifically, we repeat our call on the European Commission to confirm that under CSRD, in addition to UCITS and AIFs ("collective management"), also mandates/managed portfolios ("individual mandates") are out of scope for purposes of mandatory reporting. This eliminates reporting and administrative overlap for the financial sector. In this light, we also emphasize that any changes to the reporting regime for the EU Taxonomy (an 'opt-in' reporting regime for certain large undertakings) will affect related SFDR-disclosures, as these legislative initiatives are closely connected. Therefore, any adjustment to the Taxonomy reporting regime should also take account of the impact on SFDR-requirements.

The real economy as principal agent of sustainable transitions

Measures aimed at generating impact through the real economy are crucial to achieving the policy objectives of the Sustainable Finance Framework. DUFAS has consistently pointed out that the real economy is the principal agent of sustainable transitions, as the financial sector cannot move faster than the real economy that it supports and facilitates. We need to align investment decisions, also those made on behalf of clients, with the efforts made in the real economy. We call on the European Commission to take into account that amending the requirements around e.g. climate transition plans or business relationship due diligence under the CSDDD, equally affects the effectiveness and efficiency with which the financial sector can ultimately support sustainable transitions.

DUFAS: Dutch Fund and Asset Management Association
Since 2003, DUFAS has been committed to a healthy asset management sector in the Netherlands. DUFAS has more than 50 members: from large asset managers who invest Dutch pension and insurance assets to smaller, specialist asset managers. DUFAS increases awareness of the social relevance of investing, helps to develop sector standards and represents the sector in the implementation of new laws and regulations. In addition, DUFAS is committed to a single European market with equal regulations.