23 July 2026

Madam, Sir,

We welcome the ongoing efforts undertaken by the European institutions to alleviate the excessive administrative burden born by European companies through the different Omnibus packages.

Omnibus: Positive efforts to simplify the sustainability reporting

Over the past few months, efforts have been made to simplify the administrative burden for companies, especially SMEs and Mid-Caps, regarding non-financial reporting. The Omnibus directive (Directive (EU) 2026/470 of the European Parliament and of the Council of 24 February 2026) and the delegated act on the revised European Sustainability Reporting Standards (ESRS) are likely to contribute to the simplification of the non-financial reporting under the Corporate Sustainability Reporting Directive (CSRD), making it more efficient and more useful, while maintaining its overall ambition. Among other positive points, the scope of companies required to prepare and publish sustainability reports has been significantly reduced. Despite remaining complex and creating practical problems, the required data points have been made clearer and less numerous, which contributes to guaranteeing a better cost/benefit balance for companies required to publish a sustainability report.

Discrepancy between the Omnibus simplification and prudential rules, especially for SMEs and Mid-Caps

This simplification will only succeed if companies outside the scope of the CSRD are not requested to produce ESG indicators stemming from other regulations. The co-legislators underline this necessity in Recital (9) of Directive 2026/470, pointing out the need for coherence across sustainable finance legislation, including supervisory expectations and encouraging actions from the European Parliament, the Council, the Commission and the European Supervisory Authorities (ESAs).

In this perspective, we consider of the utmost importance to reflect the new scope of the sustainability reporting under the CSRD in the relevant provisions of the prudential regulations for banks to avoid a trickle-down effect, especially to companies below the thresholds of the revised CSRD, i.e. with less than 450 M€ of turnover and 1000 employees, but defined as large undertakings in the Accounting directive, i.e. with more than 40 M€ of turnover, 20 M€ of total balance-sheet and 250 employees. In the current situation, the simplification brought forward by the Omnibus package would be largely ineffective for those companies.

Indeed, the European Banking Authority (EBA), in its "Guidelines on the management of environmental, social and governance (ESG) risks,"[1] provides a list of data points[2] which banks should consider collecting or obtaining for those large corporate counterparties. Banks would have to ask their clients that fall in this category for the list of data points listed by the EBA, whereas these clients are not subject to compulsory sustainability reporting under CSRD. This would contradict the simplification objective, maintaining bilateral data collection, which would finally be detrimental to the comparability and quality of data used for prudential purposes. In our view, the EBA guidelines should be reviewed, considering the new voluntary standard for sustainability reporting, to define the scope and a short core-list of indicators necessary for ESG risk management purposes.

Several ESG indicators, currently part of the EBA's list, have been judged rather complex and/or costly to produce, leading to the choice of co-legislators to significantly upgrade the CSRD thresholds; the voluntary standard (VS) has been carefully designed to strike the balance between data availability and cost/complexity considerations and provides a reporting cap for SMEs and Mid-Caps not covered by the CSRD. For instance, scope 3 emissions or anticipated financial effects are complex indicators, even challenging for companies in the scope of the CSRD.

Need for a consistent simplification across different administrative rules

Instead of reducing these complexities, we fear that the current work led by the ESAs, presented as simplification efforts, may significantly increase the amount of data to be followed by banks, which will trickle-down to enterprises when lending from a bank. If we want the simplification process started by the Omnibus package to be effective and go beyond simple window dressing, it is very important to align all the sustainable finance regulations that apply, directly and indirectly, to companies - including prudential regulations - with the Omnibus simplification.

[1] Final report EBA/GL/2025/01 dated 08/01/2025
[2] The list is detailed in appendix

This alignment should, among other evolutions, be taken into account in the follow-up to the report on banks' competitiveness, in the amendments to the banking framework announced in the "One Europe, One Market Roadmap" and in a revision of EBA's guidelines on ESG risks.

Yours sincerely,

Markus Beyrer

Director General
Business Europe

Véronique Willems

Secretary General
SMEunited

Appendix: Extract of EBA's guidelines on the management of ESG risks

Extract from paragraph 28 of "Guidelines on the management of environmental, social and governance (ESG) risks" (Final report EBA/GL/2025/01 dated 08/01/2025):

"28. For large corporate counterparties as defined by Article 3(4) of Directive 2013/34/EU, institutions should consider collecting or obtaining the following data points, where applicable:

a. For environmental risks:

i. geographical location of key assets (e.g. production sites) and exposure to environmental hazards (e.g. temperature-related, wind-related, water-related, solid mass-related hazards) at the level of granularity needed for appropriate physical risk analysis, and availability of insurance;
ii. current and, if available, targeted greenhouse gas (GHG) scope 1, 2 and 3 emissions in absolute value and, where relevant, in intensity value;
iii. dependency on fossil fuels, either in terms of economic factor inputs or revenue base;
iv. energy and water demand and/or consumption, either in terms of economic factor inputs or revenue base;
v. level of energy efficiency for real estate exposures and the debt servicing capacity of the counterparty;
vi. the current and anticipated financial effects of environmental risks and opportunities on the counterparty's financial position, financial performance and cash flows;
vii. transition-related strategic plans, including transition plan for climate change mitigation disclosed in accordance with Article 19a or Article 29a of Directive (EU) 2022/2464, when available;

b. For social and governance risks:

i. alignment with the OECD Guidelines for Multinational Enterprises, UN Guiding Principles on Business and Human Rights and International Labour Organisation Declaration on Fundamental Principles and Rights at Work;
ii. negative material impacts on own workers, workers in the value chain, affected communities and consumers/end-users including information on due diligence efforts or processes to avoid and remediate such impacts."