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EU Omnibus proposal should focus on greater consistency and legal certainty

The Dutch Banking Association (NVB) welcomes the upcoming Omnibus proposal that will review some of the existing European sustainable finance rules. Dutch banks advocate for greater consistency in terminology and classification within the framework to make the overall sustainable finance framework more fit for purpose. This is important as the EU Sustainable Finance Framework plays a pivotal role in achieving the climate objectives and for banks to effectively fulfill their role in the sustainable transition.

The NVB, therefore, welcomes the initiative aimed at resolving inconsistencies and eliminating redundant data points, as this can positively impact financial institutions and businesses by reducing administrative burdens. We believe this can best be done considering the following points:

a. Streamlining EU **legislation should not lead to legal uncertainty nor alter the overall objectives of existing legislation**.
b. Amendments to legislation that is already implemented or still pending in Member States could cause uncertainty, legal risks, and delays in national transpositions. The proposals **should not result in unnecessary delays in the sustainability transition.**
c. **Alignment of reporting obligations for financial institutions and non-financial companies is essential to ensure data availability – any amendments should be carefully calibrated**. While reducing reporting requirements for companies is important, these reports are crucial for banks' own reporting and risk management.
d. The focus should be on **reducing reporting obligations without affecting other obligations necessary to achieve the EU's sustainability objectives.**
e. **Prevent regulatory fragmentation on a global level where possible and adapt the EU framework's** requirements to make them more suitable for application outside the EU. Proper contextualization of requirements, as considered in the Paris Agreement, is essential.
f. **Resolving methodological inconsistencies** by consistently and symmetrically including or excluding exposures from scope.

As emphasized by Mario Draghi in his report on the future of European competitiveness, there is a political and societal need to develop a strong, democratic, and competitive Europe. Banks can and are willing to play a supportive role in achieving these objectives. Bank financing should be provided responsibly, with careful consideration of relevant risks, including economic and reputational risks. The NVB, therefore, calls for alignment between the financing expectations of banks, including those set out in the sustainable finance framework, and other financing needs within Europe, including the defense industry.

The Omnibus proposal is expected on 26 February 2025. The NVB will perform a more comprehensive analysis once the proposal has been published.