Via Andrea M. Ampère 61/A, 20131 Milano
Via Pasquale S. Mancini 2, 00196 Roma
+39 02 30516 024
info@finanzasostenibile.it
https://finanzasostenibile.it/

ItaSIF statement on Omnibus Legislation

21st February 2025

The Italian Sustainable Investment Forum (**ItaSIF**) welcomes the intention to harmonise and simplify the European regulatory framework on sustainable finance through an **Omnibus Simplification Package on sustainability**. This package will cover sustainability requirements under the Corporate Sustainability Reporting Directive (**CSRD**), the Corporate Sustainability Due Diligence Directive (**CSDDD**), and the EU **Taxonomy**. At the same time, ItaSIF stresses the importance of preserving the **integrity** of the regulatory architecture without reducing the ambition and impact of the already approved directives and regulations awaiting implementation.

Since 2018, the EU's sustainable finance regulatory framework has delivered **tangible positive results**: as demonstrated by recent studies, despite some imperfections, it has significantly increased financial market transparency on sustainability, countered **greenwashing** (1), and boosted capital flows towards sustainable activities, companies, and projects aligned with the increasingly urgent and necessary ecological transition (2). ItaSIF's annual research on institutional investors' investment policies revealed that the number of financial operators incorporating ESG criteria into investment decisions is growing (3). Moreover, the framework has confirmed the EU's role as a **leader in the global ecological transition**, fostering a shift in perspective among companies, financial operators, and retail investors, who are increasingly eager to seize new opportunities linked to the transition.

Following the extensive process of mediation and democratic dialogue that led to the adoption of these regulations and directives, reopening their fundamental structure could disadvantage those companies and investors who have ambitiously invested to comply with legal provisions while simultaneously slowing down the progress of those who are preparing to do so.

(1) EBA, Greenwashing monitoring and supervision, June 2024; ESMA, Final report on greenwashing, June 2024; EIOPA, Final Report and Opinion on Greenwashing, June 2024

(2) Estimates from the Directorate-General for Economic and Financial Affairs of the European Commission project that €620 billion will be needed annually for the transition from now until 2030 (PSF, A Compendium of Market Practices, January 2024). This amount is significantly lower than the costs associated with inaction on climate change. The World Meteorological Organization estimates that, between 2025 and 2100, the total cost of failing to implement ecological transition policies will amount to $1,266 trillion.

(3) For example, the number of pension plans increased from 68 in 2022 to 79 in 2024 (FFS, Gli investimenti sostenibili degli operatori previdenziali italiani, 2024). In the insurance sector, nearly the entire sample (99.7%) incorporates ESG criteria into their investment policies (FFS, La sostenibilità nel settore assicurativo italiano, 2024).

ItaSIF Italian Sustainable Investment Forum

Via Andrea M. Ampère 61/A, 20131 Milano
Via Pasquale S. Mancini 2, 00196 Roma
+39 02 30516 024
info@finanzasostenibile.it
https://finanzasostenibile.it/

ItaSIF also highlights the risk of **increasing uncertainty** for financial operators and companies, which are firmly requesting the ability to rely on granular, comparable, and reliable ESG data for their investment and business strategies. The lack of such data remains one of the main obstacles to integrating ESG considerations into investment policies and corporate strategies (4).

Therefore, ItaSIF emphasises that the objective of the Omnibus legislation must be to ensure the **coherence** and **full usability** of the EU's sustainable finance framework, continuing steadfastly with the full implementation of the CSRD, CSDDD, and Taxonomy. Specifically, ItaSIF identifies the following areas for improvement within the current regulatory framework.

First and foremost, the **Taxonomy** remains **incomplete** and is gradually unfolding its effects. It has yet to cover all relevant economic sectors and activities, such as agriculture, the chemical industry, textiles, and other sectors critical to the ecological transition, for which the Platform on Sustainable Finance has already provided technical recommendations. Additionally, the current Taxonomy does not include technical criteria for significantly harmful activities or transition activities. Finally, financial companies will have to wait until January 1, 2026, to publish their alignment KPIs with environmental and climate goals for all activities covered by the Taxonomy.

The **CSRD** and its reporting standards are still in the **early stages of implementation**, with the first sustainability reports expected from January 1, 2025. At present, it is difficult to precisely estimate the costs and benefits: undoubtedly, the initial adaptation costs to comply with the new rules are higher, given the investments needed to initiate the information collection and evaluation processes; benefits, by contrast, will become more evident in the medium to long term. However, it is undeniable that the CSRD will increase the availability of ESG data, thus meeting the demand of all financial actors and establishing a reference basis for climate and environmental policies in the context of the ecological transition.

(4) This aspect has been highlighted by pension operators, banking foundations, and insurance companies (FFS, *Gli investimenti sostenibili degli operatori previdenziali italiani*, 2024; FFS, *Gli investimenti sostenibili delle fondazioni di origine bancaria*, 2024; FFS, *La sostenibilità nel settore assicurativo italiano*, 2024). It has also been cited by 37% of savers who report having subscribed to sustainable and responsible investment (SRI) products (FFS, *Risparmiatori italiani, investimenti sostenibili e settore agroalimentare*, 2023; FFS, *Finanziare la transizione sostenibile delle PMI: aziende e operatori finanziari a confronto*, 2024). Moreover, it is considered one of the key factors in electing sustainable investment products. Similarly, inconsistent data and information requests remain obstacles that must be addressed to further expand sustainable approaches among SMEs.

ItaSIF Italian Sustainable Investment Forum

Via Andrea M. Ampère 61/A, 20131 Milano
Via Pasquale S. Mancini 2, 00196 Roma
+39 02 30516 024
info@finanzasostenibile.it
https://finanzasostenibile.it/

A similar analysis applies to the **CSDDD**, which will come into effect in July 2027 and will integrate sustainability reporting rules. The Directive, still to be transposed by Member States, aims to provide clear and consistent rules at the European level so that companies can effectively manage environmental and human rights-related risks and impacts throughout their value chains. One potential area of harmonisation is the **climate transition plans** required by the CSDDD, which the affected companies should report on in accordance with ESRS E1-1 under the CSRD.

Therefore, ItaSIF suggests that the EU Commission and national supervisory authorities support the **full implementation** of the legislative measures in all Member States, followed by an in-depth **cost-benefit analysis** that also considers the positive impacts for all users of sustainability information (institutional and retail investors, data providers, index providers, academia, NGOs).

Following the Lamfalussy architecture, ItaSIF believes it is strategic to address **levels 2 and 3 legislative measures**. The Commission and national supervisory authorities can adopt, adapt, and update technical implementation measures without directly intervening on level 1. Concurrently, during this transitional phase, it is suggested to develop guidelines, clarifications, FAQs, and innovative tools such as the Taxonomy Compass or the EU Taxonomy Navigator.

Finally, **ItaSIF renews its call to align future regulatory interventions with the needs for harmonisation and consolidation**, in coherence with the EU's strategic objectives, such as ecological transition, competitiveness, and reindustrialisation, **without questioning the founding principles of the current legislative framework on sustainability**.