



ECB Opinion CON/2025/10 on CSRD Scope Reduction in Omnibus Proposal



European Central Bank (ECB) Issues Strong Warning on CSRD Scope Reduction in Omnibus Proposal

On 8 May 2025, the European Central Bank (ECB) issued its formal opinion on the proposed amendments to EU legislation concerning corporate sustainability reporting and due diligence requirements. The opinion responds to the European Commission's Omnibus Directive proposal, which includes a controversial 80% reduction in the scope of the Corporate Sustainability Reporting Directive (CSRD).

Context and Legal Basis

The ECB's opinion responds to two interlinked legislative initiatives by the European Commission:

- ★ A Postponement of the application dates for certain sustainability reporting and due diligence requirements.
- ★ Amendments to existing EU directives (notably Directives 2006/43/EC, 2013/34/EU, 2022/2464, and 2024/1760).

The proposed scope reduction would significantly limit the number of companies required to disclose sustainability information and potentially excluding a large share of non-listed and medium-sized enterprises that currently fall within CSRD's expanded reach.

Key Takeaways from the ECB Opinion

- ★ **Support for Streamlining:** The ECB acknowledges the need to simplify sustainability reporting, particularly for smaller firms, to reduce administrative and compliance costs. However, it cautions that such simplification should not undermine the EU's overarching sustainability objectives.
- ★ **Data Quality and Availability:** High-quality, comparable, and timely ESG data is essential for monetary policy, financial stability, and prudential supervision. The ECB emphasizes alignment with international frameworks such as the European Sustainability Reporting Standards (ESRS), Global Reporting Initiative (GRI), Task Force on Climate-related Financial Disclosures (TCFD), and the International Sustainability Standards Board (ISSB).
- ★ **Supervisory Implications:** ESG disclosures are becoming increasingly relevant for bank supervision. The ECB supports integrating ESG risks into supervisory frameworks.
- ★ **Implementation Timeline:** While realistic timelines are important, the ECB cautions against excessive delays that could hinder progress on sustainability.

What This Means for Financial Institutions

- ★ **Banks face increasing pressure** to obtain in-depth sustainability data to meet evolving disclosure requirements. The ECB's opinion makes clear that supervisory expectations are moving forward regardless of legislative scope reductions.
- ★ This challenge goes **beyond compliance**, touching on:
 - Future-proofing risk management,
 - Aligning with supervisory expectations,
 - Building and maintaining trust with key stakeholders, including regulators, investors, clients, and the broader public.
- ★ The ECB's opinion emphasizes the need for banks to:
 - **Upgrade internal processes**, including data governance and IT systems,
 - **Enhance ESG reporting capabilities** to ensure accuracy, consistency, and regulatory alignment.
- ★ These improvements are **crucial for informed strategic decision-making** in a changing ESG landscape.

How NORRIQ Financial Services Can Help

At **NORRIQ Financial Services (NFS)**, we understand the complexity of ESG integration.

We support banks and financial institutions in:

- **Integrating ESG data into reporting frameworks**, ensuring alignment with regulatory and market standards.
- **Change management and remediation**, helping institutions adapt their internal processes and systems.
- **Developing ESG roadmaps**, tailored to each organization's maturity and strategic goals.

As the regulatory landscape evolves, proactive adaptation is key. We are here to guide financial institutions through this transformation – ensuring compliance, resilience, and long-term value creation.





Your Business - Simplified

NORRIQ Financial Services is set in the world to build lasting partnerships based on trust and innovation. We prioritize customer-driven excellence by tailoring solutions, delivering exceptional service, and staying at the forefront of the industry through our passionate team and deep market expertise.

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