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EIOPA Raises Concerns Over Proposed European Union Climate-Reporting Scope Reduction

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At the recent Sustainable Finance Conference, EIOPA Chair Petra Hielkema cautioned against the European Commission's Omnibus proposal to scale back mandatory sustainability disclosures.

Under the proposal, only about 20% of market participants would be required to report, with the remainder left to disclose voluntarily. Hielkema noted that such an approach risks generating incomplete and inconsistent data, limiting supervisors' ability to assess systemic risks. Reliance on estimates and third-party data, she observed, could weaken supervisory oversight.

She emphasized that consistent and comparable climate-related information is essential to financial stability, and that narrowing the scope of mandatory reporting may create significant supervisory blind spots.

The Omnibus proposal to reduce the companies in scope of legislation, including the Corporate Sustainability Reporting Directive, is currently subject to trilogue negotiations between the European Commission, European Parliament and the Council of the European Union, and its final scope remains to be determined. It remains to be seen whether stakeholder sentiment such as this will influence the outcome of the Omnibus.

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