

SFB and IFD publish joint statement on the planned review of the SFDR

The German Sustainable Finance Advisory Board (SFB) and the Paris Institute for Sustainable Finance (IFD - Institut de la finance durable) have published a joint statement on the planned review of the Sustainable Finance Disclosure Regulation (SFDR).

Paris and Berlin, June 13, 2024 - The architecture and content of Level 1 of the SFDR are currently being comprehensively reviewed by the EU Commission. As a basis for the review, the EU Commission conducted a consultation until mid-December 2023 and asked stakeholders for feedback. The SFB and the IFD also took part in the consultation.

After completing the consultation, both bodies identified common positions and developed a statement from this, which was submitted to the EU Commission today.

In this statement, the SFB and IFD highlight their joint adaptation proposals, which are aimed at two key improvements:

- I. Creation of a coherent legal framework (logical coherence and avoidance of duplicate and additional reporting requirements);
- II. reducing uncertainties in the interpretation of the SFDR through clearer, market-relevant definitions, not least of the important concept of "transition".

In addition to improving coherence between the existing regulations and the transparency of data from the economic and financial sector, both bodies believe that the review should make it easier for investors to reconcile their financial decisions with their sustainability preferences in a way that is easier to understand.

"The SFDR is a cornerstone of the sustainable finance regulation in Europe to foster the sustainable transformation of the financial and economic system. Practical experience, however, has revealed some deficiencies of SFDR. It is therefore quite significant that we, together with the IFD, have today been able to highlight to the EU commission key proposals for the improvement of SFDR from a broad base of stakeholders in Germany and France.", comments Michael Schmidt, Co-chair of the SFB's working group "Charlemagne".

Yves Perrier, President of the IFD, continues: "The SFDR regulation must stand as a pivotal tool in steering financial flows towards the ecological transition. By enhancing transparency and accountability, it can empower financial market participants to support sustainable activities. It is essential to revise this regulation during the next European term to make it more effective, as recommended by IFD and SFB."

The full text of the joint statement can be found under the following links:

English: <https://sustainable-finance-beirat.de/publikationen/>

French: <https://institutdelafinancedurable.com/en/>

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The Sustainable Finance-Beirat / Sustainable Finance Advisory Committee

The German Sustainable Finance Advisory Committee advises the German Federal Government on sustainability aspects in the financial system. Consisting of 34 experts from the financial sector, the real economy, civil society and academia, and supported by 19 observers, it acts independently. It supports the German Federal Government in the implementation and further development of the German Sustainable Finance Strategy and advises relevant stakeholders on how to position themselves.

The Institut de la Finance Durable

Created in October 2022, “l’Institut de la Finance Durable” / The “Paris Sustainable Finance Institute”, a branch of Paris EUROPLACE, aims to coordinate, federate and accelerate the action of the Paris financial center to achieve the ecological transition and transform the economy towards a low-carbon and inclusive model, aligned with the objectives of the Paris Agreement and the Sustainable Development Goals. It brings together all the private, public and institutional players in the Paris financial center, and represents the financial center's positions at the European and international level. The “Institut de la Finance Durable” is chaired by Yves Perrier.