

January 2021

DUFAS Position Paper on the European Sustainable Finance Strategy

Management Summary



DUFAS fully supports the European Commission's objective of mobilising and redirecting private capital to meet the EU's climate, environmental, and sustainability commitments.



We support the initiative of the European Commission of the European Sustainable Finance Action Plan as launched in 2018 and its commitment to renew its strategy where this may be appropriate and is helpful in accelerating the energy transition. We strongly believe that Europe could and should perform a global leader's role in the transition to a sustainable society. Please find in this paper our position on the main issues.

Taxonomy

We support the development of the EU Taxonomy. We believe that the EU Taxonomy, which essentially is set up as a common language for environmentally sustainable economic activities, is an important and useful supporting tool for asset managers pursuing environmentally sustainable investments.

ESG disclosures

We support increasing transparency of ESG disclosures in financial products set forth in the EU Sustainable Finance Disclosure regulation (SFDR). This is aimed to prevent 'green washing', whilst at the same time trying to achieve comparability between ESG investment funds and promote the distribution of sustainable investment funds. More in particular for environmentally sustainable investment, we encourage the development of EU Ecolabel for the retail market.

Data

In order to achieve the goals of the European Sustainable Finance Action Plan, it is essential that a sound and robust infrastructure is in place. Such infrastructure is mainly data driven. Without such an infrastructure, we fear that the goals of the European Sustainable Finance Action Plan may not be achieved in the manner and within the timeframe the EU envisages. We call upon the European legislator to give the highest priority to any initiatives and legislation that facilitates the road to a robust data infrastructure, such as the NFRD, crucial for applying the EU Taxonomy and for building transparency and trust to a sustainable society. In that context we are very supportive to the possible set up and creation of an EU wide ESG database.

Sustainability integration

We support the integration of sustainability risks into the risk framework for each UCITS and AIF fund. We believe that sustainability is or should be part of the DNA of each investment fund. At the same time, sustainability preferences of clients should also be part of any distribution model. This in order to encourage the promotion of the distribution of ESG investment funds.

Questions or suggestions?

A lot is happening in the field of sustainability. We are constantly adapting our positions accordingly, where necessary. For questions or suggestions, or our latest opinions on sustainability, please feel welcome to contact Randy Pattiselanno, DUFAS manager strategy & regulatory affairs, at rp@dufas.nl.

