

Press Release

The Franco-German Position of IFD and SFB on the SFDR Revision

June 13, 2024

The Sustainable Finance Institute (IFD - Institut de la Finance Durable) and the Sustainable Finance Advisory Committee of the German Federal Government (SFB), within the framework of a partnership established in October 2023, are publishing their first joint position paper. It presents common observations and recommendations to the European Commission regarding the revision of the Sustainable Finance Disclosure Regulation (SFDR).

In general, IFD and SFB welcome the European Commission's deliberations on the revision of SFDR Level 1, which should be part of a broader review of the architecture and content of regulatory texts related to sustainable finance. In this context, the priority should be to ensure better coherence between the texts, improved transparency of data from economic and financial sectors, and access for financial actors and savers to more robust instruments for aligning their financing decisions with sustainability preferences.

As the cornerstone regulation for the sustainable finance policy framework, the SFDR should facilitate the necessary transparency on data points and processes such that they are consistent with other interlinked regulatory demands without creating double or additional reporting requirements. IFD and SFB especially emphasize the importance of aligning the SFDR with the CSRD reporting requirements, for instance by asking that the PAI indicators be aligned with the ESRS requirements to prevent the imposition of additional obligations.

SFB and IFD maintain that the SFDR is suitable in principle to compare financial products and entities on their sustainability credentials. However, the current room for interpretation of concepts and disclosure requirements under the SFDR is perceived to be too broad to allow financial market participants to implement the regulation with confidence. In this context, it is important to emphasize the need for clearer and more consistent definitions and explanations within the regulation. For instance, while the concept of 'sustainable investment' should be clarified, it is essential to explicitly integrate the concept of 'transition' as a central element in investment strategies through clear definitions and objectives.

SFB and IFD are committed to the legislative and regulatory initiatives aimed at ensuring greater transparency and achieving the goals of the European Green Deal. In light of this, they will continue to collaborate on developing effective regulations, and remain open to maintaining a constructive dialogue with legislators, supervisory authorities, market participants, and other stakeholders.

Yves Perrier, President of IFD, *“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.”*

[Read the position paper](#)

About the Sustainable Finance Institute (IFD – Institut de la Finance Durable)

Created in October 2022, the Institute for Sustainable Finance, a branch of Paris EUROPLACE, aims to coordinate, unify, and accelerate the actions 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 private, public, and institutional actors of the Paris financial center and represents the positions of the Paris financial center at the European and international levels.

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