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IFD RESPONSE TO THE EUROPEAN COMMISSION'S CALL FOR EVIDENCE ON THE SFDR REVISION

28 May 2025

The “Institut de la Finance Durable” (IFD) supports the orientations proposed by the European Commission in its call for evidence on the SFDR revision. These orientations are consistent with the positions previously expressed by IFD, especially in its [response](#) to the targeted consultation on the implementation of SFDR of December 2023, and in its [joint position](#) with Paris Europlace published in May 2025 on the simplification omnibus package. Through this paper, IFD reaffirms some key principles that should drive the SFDR revision.

Simplifying and focusing on meaningful data points

IFD supports the rationalization and the simplification of the information to be provided in the framework of the SFDR. The amount of information to be disclosed needs to be reassessed in order to focus on the most relevant data - those that are the most robust and whose usefulness is recognised by financial market participants, as well as those that are understandable by the end customer.

Aligning regulations across the financing value chain

It is essential for the revision of the SFDR regulation to fully align with the CSRD and its associated delegated act, considering the ongoing changes in the Omnibus context, to ensure consistency in requirements for issuers and investors.

More generally, the European Commission should conduct a thorough analysis of inconsistencies and divergences among various European texts related to sustainable finance to achieve more aligned frameworks. Specifically, better coherence should be ensured between the SFDR regulation and the European Taxonomy, the CSRD directive (including the ESRS), as well as the Benchmark Regulation (BMR). A good alignment between SFDR product categorization and the MiFID II/IDD/PRIIPS framework is also crucial.

Failing that, any removal of corporate reporting requirements beyond what would continue to be necessary to meet these financial regulations would result in multiple bilateral requests for data, which would lead to the opposite of the desired simplification for companies and investors.

Furthermore, consistency of various pieces of regulation is also important concerning the scope of financial products covered. The misalignment of SFDR with other texts such as IDD/MiFID and PRIIPS, for products that could be equivalent investment for retail clients, is likely to distort the allocation of investment. This issue should be addressed by the European Commission.

Clarifying key concepts and definitions

To accelerate responsible investment, it is essential to create conditions for trust, which requires clarification and simplification of concepts. Definitions must be aligned promptly across different texts.

The concept of 'sustainable investment' on which the SFDR is based appears too general. This definition should be reconsidered, and the concepts used by the SFDR should be appropriate to properly guide financial market actors. A more suitable concept should be based on binding and measurable objectives for each financial product.

Moreover, the concept of 'transition' is not clearly included in the SFDR. 'Transition' is a central concept that should be explicitly integrated into investment strategies through clear definitions and objectives.

Defining a clear and operational categorization of sustainability-related financial products

While IFD is generally supportive of the Commission's proposition to establish some categories reflecting different sustainability objectives (based on the three examples mentioned in the call for evidence), some important aspects of this categorization should be considered during its elaboration. The definitions of the categories must be adapted to the specificities of all kinds of financial products — including unlisted funds, structured products or insurance products such as euro funds. The system should include binding and measurable sustainable objectives for all ESG products with a careful balance between rigor and flexibility in order to avoid the risk to define niche categories. The criteria should reflect the reality of the current situation of economic actors, while ensuring that sustainability objectives are achieved in the medium to long

term. This would ensure a practical universe of investment and enable financial institutions to support their customers and counterparties in the ecological transition, regardless of their starting point. Finally, the categories must be defined in such a way as to be comprehensible to the end customer and not to be confusing with regard to market practices that have emerged in recent years. Where appropriate, a correspondence with previous categories could be provided.

About the Sustainable Finance Institute - IFD

The Institut de la Finance Durable (Sustainable Finance Institute – IFD) was established in Paris in November 2022, as a part of Paris Europlace, following the first steps accomplished by Finance for Tomorrow. The objective is to promote Green and Sustainable Finance at the national level as well as at the European and international levels. The IFD gathers all stakeholders: representatives of Public Authorities, Corporates, Financial Institutions and experts. It monitors, in cooperation with the French Treasury, the agenda of the CFTE (Comité de place pour le Financement de la Transition Ecologique), a dedicated committee chaired by the French Finance Minister.