



July 2020

Annex to the Eumedion response to the consultation on the renewed sustainable finance strategy

Eumedion, representing the interests of around 50 Dutch and non-Dutch institutional investors who have more than € 5 trillion assets under management, welcomes the opportunity to provide input for the renewed sustainable finance strategy. In addition to the online questionnaire, we would like to set out in this accompanying document the main and overarching principles that guide our response to the various questions.

Further and continuing development of the sustainable finance strategy is warranted

Eumedion acknowledges the important and continuing role of the financial sector in realising the transition to a sustainable future. We therefore fully support the European Commission in its important task to further develop and refine the EU's approach to promote sustainable financial markets. In our view, an important (if not, the) overarching challenge revolves around the availability of consistent, comparable and reliable company level data.

General policy action is the most direct instrument for sustainable development

Orderly, predictable and well-communicated sustainability objectives that are aimed at the real economy form the most direct policy instrument for a speedy transition to a sustainable economy and society. These objectives should not be limited to climate-related issues. Eumedion has always been of the opinion that sustainability factors should not be considered (and addressed) individually, but always in conjunction. For example, many ecological issues have a social dimension, and good governance is a pre-condition for a company to meaningfully address its ecological and social challenges and opportunities. A too one-sided focus on enforcing environmental goals, also through financial regulation, seriously risks negatively affecting many other urgent sustainability issues.

Harmonisation of financial sector regulation, but preferably not a rule-based approach

Following orderly and predictable general policy action, the financial sector requires harmonisation of the financial sector regulation with these real economy objectives, most notably in terms of standardised and uniform data and non-financial information. Equally important is the full alignment within the financial sector regulation itself, such as between the various disclosure and reporting requirements. Next, since general policy action and according financial sector regulation will in turn be reflected in the investment strategies and risk management of financial institutions, we encourage the European Commission to not follow a rule-based approach for promoting a sustainable financial sector, but most of all to enable the financial sector to fully integrate the material factors of a real world transition into their financial duties in an economically viable way.

Avoid stacking of additional requirements and allow for temporisation

The various initiatives already launched or in the process of implementation will require an extraordinary effort of financial market participants for the years ahead in order to be implemented effectively and efficiently. This means that any further requirements should be prudently temporised, as to allow the various initiatives to prove effective after implementation and for policy actions to align.