EUROPEAN COMMISSION DIRECTORATE-GENERAL FOR FINANCIAL STABILITY, FINANCIAL SERVICES AND CAPITAL
Financial markets
Asset management

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Robeco has been integrating relevant sustainability factors in all aspects of its investment strategies, client solutions and organization, for decades.

Robeco appreciates the opportunity to review EU legislative frameworks on a regular basis to make sure that they remain fit for purpose. In the case of SFDR this has been an on-going process since its introduction. Adjustment of the legislative texts via level 2 and 3 measures as well as Q&As measures has not stopped since the initial adoption in 2019. Indeed, we saw the most recent update last week with ESMA's final report on the SFDR RTS.

These constant changes have resulted in an constantly evolving regulatory framework, that is interpreted divergently by some NCAs.

Significant efforts have been spent on adhering to SFDR, particularly on creating and updating legal documents. Although we believe that SFDR has caused a significant shift in the investment industry, making the sustainability intentions of products clearer to investors, we believe that SFDR could be further strengthened.

While SFDR has brought benefits, we encourage further steps to enable that investors have simple and comparable sustainability information. This also to accelerate channeling capital towards a more sustainable economy.

Our main points are on the consultation are (see our detailed views in attached response)

- **Streamlining entity-level disclosures**

Investors are mainly interested and focused in the sustainability related disclosures for financial products offered by financial market participants, not in the financial market participants itself. Therefore we propose to remove PAI entity level disclosure from SFDR. This would also help to avoid duplication with CSRD corporate reporting requirements, that includes the double materiality principle.

- **Differentiate disclosure for retail products and professional products/services**

For retail investors it is important to have simple, template-based sustainability information. As part of this simplification, we encourage the EC to reconsider the need for more detailed disclosures available on the website (10 SFDR) in addition to the precontractual templates.

For institutional clients this is less important. For these clients flexibility in communication helps to serve their interest. They are equipped with more expertise and resources, moreover they require detailed data and additional metrics to align sustainability investment strategies with their sustainability preferences.

- **Reform article 8 and 9 classification towards a system of sustainable retail labels**

We would support a voluntary retail product labelling driven by intentionality and clear, objective qualifying criteria. This should include a label for sustainable transition products, a category which is currently not facilitated by SFDR. The concept of 'transition' should not only be limited to climate transition but should also capture other environmental and/or social aspects. We endorse the following proposed product categories:

1. products that positively contribute to environmental/social objectives - ***sustainable impact***

2. products with the intention of transitioning – ***sustainable transition***

3. Products adhering to a credible standard of environmental and/or social sustainability specific sustainability-related theme – ***sustainable focus***

It is critical to ensure that the labels are coherent and compatible with international frameworks, e.g. the UK, the US, Singapore and Hong Kong as far as possible.

- Align sustainable reporting regimes of investee companies and asset managers

We consider the current discrepancy in disclosure requirements between investee companies under the CSRD and asset managers under the SFDR a point of concern. Unlike investee companies, which are only required to disclose indicators they deem material, asset managers are required to disclose all mandatory indicators under the SFDR. We advise to streamline materiality-based disclosure approach between CSRD and SFDR.

- **Retain some SFDR concepts investors are already familiar with**

Abandoning all established concepts might hamper the credibility of the EU sustainable finance regulatory framework. Leveraging elements of the current regime, particularly the Principle Adverse Impact (PAI) indicators holds merit. Furthermore, certain concepts that current exist within SFDR, like sustainability risks and sustainable investments, could be recalibrated to complement the categorization regime.

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