

Joint Letter to the Commission on the Revision of the SFDR

May 27, 2025

Dear Mrs. Boussières,

Regarding the recent developments on the SFDR review, we would like to highlight some aspects that are of main importance for us as national supervisors. As the SFDR currently bears significant greenwashing risks and can be burdensome for (retail) investors to digest and for financial market participants to implement, our focus is on the reduction of greenwashing risks, easy-to-understand disclosures and simplification for all parties involved:

- The SFDR 2.0 should implement a framework easy-to-understand and easy-to-implement for all stakeholders: (retail) investors, product manufacturers and distributors and supervisors. In that respect, SFDR 2.0 should create **reliable, clear and enforceable regulatory product categories**.
- The scope of categories should focus on **two main categories with high ESG ambitions**: “sustainable products” and “transition products”, in order to keep the categorisation framework **easy to implement and understand**.
- Taking note of some of the proposals currently on the table, we believe that prudence is very important when discussing a potential third category like the proposed “ESG collection” category. It should not replicate the current system, otherwise the existing challenges with financial products disclosing under Art. 8 SFDR being possibly misleading in their ambitions will not be addressed. Hence, **if such a third category should be implemented, minimum requirements regarding the ESG/sustainability ambitions are of utmost importance and the naming and claiming rules need to be much stricter and limited in comparison with the more ambitious product categories in order to allow for investors to clearly understand the limited ambition of the respective product**.
- All categories should be **based on objective minimum criteria** in order to:
 - restore trust in the market that a financial product claiming to be “sustainable” or “transition” actually deserves such claim;
 - enable (retail) investors and distributors to compare products belonging to the same category or across categories and support an easy selection of appropriate products.
- Such minimum criteria would **reduce disclosure burden on product categories**: the more objective the criteria, the shorter the disclosure.
- The requirements for integrating sustainability preferences according to MiFID II/IDD are inconvenient to help customers to decide on the financial products which fit best. The product categories designed under **SFDR need to be reflected in the light of sustainability preference requirements of IDD and MiFID II. At the same time, they should be made easier to understand**.
- In order to achieve a product category regime, which is appropriate for the target groups, **we strongly encourage testing of the potential future product categories with retail investors and market participants**.

Thank you for taking our considerations into account.

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