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Sustainable finance For a more efficient European regulation

The European Commission is consulting on a [renewed sustainable finance strategy](#). The French asset managers welcome this new step towards developing sustainable finance at the European level.

Following COP 21 in 2015, France ramped up **its initiatives for investment to support the transition towards a more sustainable economy, pre-empting** the Commission Action Plan's objectives.

Since 2015 and the Climate Transition Act, French asset managers and investors have the obligation to disclose their ESG practices. Both French Greenfin and SRI labels are currently leaders in Europe, with more than 400 SRI-labelled funds.

As at end 2018, Responsible Investment represents, across all approaches, 40 % of total Assets under Management in France, for around **€1 500 billion**.

AFG is fully committed to this action. Notably, it published its [Guide on best practices](#) for developing a coal withdrawal strategy in March 2020, to provide French asset management companies with a single reference tool at both European and international levels.

The Commission Action Plan on sustainable finance, published in March 2018, offered ambitious legislative proposals, among which no less than 5 regulatory initiatives currently in their implementation phase.

AFG welcomes this momentum towards developing sustainable finance in Europe. However, it stresses the necessity for legislators to consider the articulation between the texts currently being prepared and the upcoming initiatives. Investors will need standardised, accessible, and audited data on both companies and projects to analyse their sustainability risks, assess their alignment with a more sustainable economy, and disclose this information to their clients.

Previously, European regulatory initiatives focused on environmental and climatic aspects. **AFG calls for also taking into account Social and Governance issues**, which are key factors to develop a balanced sustainable finance based on the E, S, and G pillars. Both current sanitary crisis and forecasted economic crisis' scale confirm the urgency of this rebalance towards social issues.

Finally, sustainable finance cannot fully develop without strengthening investors' **financial education**. As highlighted in AFG's [White Paper on Financial Education](#), published in September 2019, it is important European savers have the necessary information to empower them and guide their savings management decisions.

AFG will be the voice of French asset managers in responding to the Commission, and hopes that it will take into account the current exceptional context, and set a deadline lenient enough to allow our industry to attentively examine these proposals.

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The *Association Française de la Gestion Financière* (French Asset Management Association - AFG) represents and promotes the interests of third-party portfolio management professionals. It brings together all asset management players from the discretionary and collective portfolio management segments. These players manage more than €4,000 billion worth of assets, i.e. a quarter of the asset management market in continental Europe.

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