



CFA Institute Survey Report on the ESG Regulatory Framework in the EU

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Introduction

The European Commission Action Plan on Sustainable Finance, announced in 2018, has been one of the main priorities of the European Commission agenda for the past six years. The plan had the ambitious objective of reorienting capital flows toward a more sustainable economy and, in general, ensuring that the finance sector plays a key role in the achievement of the Paris Agreement goal of limiting global warming less than 2 degrees Celsius.

Since 2018, the European Union has adopted the Sustainable Finance Disclosure Regulation (SFDR), the Taxonomy Regulation, and the Corporate Sustainability Reporting Directive (CSRD), while the European Securities and Markets Authority (ESMA) has delivered several technical standards and guidance documents related to the aforementioned pieces of legislation, as well as a report on greenwashing (ESMA 2023).

In 2021, CFA Institute conducted a global survey of its members on the latest environmental, social, and governance (ESG) matters (CFA Institute 2021). The questionnaire focused on the incorporation of ESG factors into investment analysis and decisions as well as the development of sustainability reporting standards for publicly traded companies. The survey results showed that most global investors believe that ESG incorporation should not be mandated by regulators but instead should be driven by customers and their investment managers. Furthermore, investment managers should prioritise financial materiality in any decision regarding the integration of ESG issues into their investment performance.

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The European Sustainability Reporting Standards (ESRS), developed by the European Financial Reporting Advisory Group (EFRAG), are currently in force. These standards apply to all companies that are subject to CSRD, and they cover ESG issues. The standards follow the double materiality principle, requiring companies to report financial risks and opportunities stemming from sustainability issues and the impact of company activities on society and the environment. In 2023, the International Sustainability Standards Board (ISSB), a recently established standard-setting body, issued sustainability-related financial disclosure standards, which were endorsed by the International Organization of Securities Commissions (IOSCO).¹ The goal of such standards is to facilitate the harmonisation of a global framework on sustainability disclosures.

EFRAG and the European Commission have claimed a high level of interoperability between the ESRS and the ISSB standards. This alignment is expected to prevent unnecessary double-reporting by European companies.

Steering good corporate governance practices in the EU poses a particular challenge for the European Commission and the European Supervisory Authorities (ESAs). Traditionally, corporate governance falls within the jurisdiction of EU member states and is regulated under their respective company laws. Consequently, EU regulators have faced constraints in shaping better corporate governance standards. Nevertheless, EU institutions took a step forward with the introduction of the Shareholder Rights Directive II (adopted in 2017), which sets out EU rules on the protection of shareholders and their rights. However, enhanced measures facilitating cross-border engagement and ensuring greater investor protection in the EU are still needed.

Given these significant regulatory developments in the EU, in December 2023, CFA Institute undertook a new survey on the current and future direction of the EU regulatory policy on ESG investing. The goal is to gain deeper insights from

¹See the ISSB standards at www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/.

CFA Institute members in the EU on the perceived benefits and challenges of the EU legislation on sustainable finance, to propose solutions to address ESG risks and issues, and to offer regulatory recommendations to enhance ESG regulatory measures without weakening investor protection.

Key Findings

- EU legislative efforts on sustainable finance and the growing demand from European investors of sustainability investments have been the key drivers pushing asset managers to increasingly incorporate ESG factors into their investment strategies.
- The lack of reliable ESG data, the substantial costs for the collection of such data, and the need for personnel training on ESG incorporation and sustainability thinking represent the main challenges to implementing the SFDR and the EU Taxonomy for asset managers and companies.
- The excessive volume and intricacies of sustainability information are confusing retail investors, making it difficult for them to use such information to make sound investment decisions. The complexity of sustainability reporting is expected to increase significantly in 2025, when larger European issuers will begin reporting under the ESRS framework.
- EU legislators should focus on clarification of the language and terminology used in Articles 8 and 9 of the SFDR to enhance the quality of ESG disclosures and reduce the perception of greenwashing.
- The main challenges related to the EU Taxonomy Regulation are the complexity of disclosure information and the lack of qualitative and comparable ESG data. These issues are the primary obstacles to achieving the regulation's objectives and its effective implementation.
- ESG ratings are not considered helpful for investors because of the significant variance in outcomes and lack of trust in their methodologies.
- To mitigate greenwashing risks, global regulators could collaborate to find alignment on a common definition of sustainability and the compatibility of disclosure requirements. Furthermore, requiring full transparency of ESG ratings and methodologies and better clarifying key concepts within the EU sustainability-related rules can help reduce the perception of greenwashing.

Policy Recommendations

- To better succeed in the goal of redirecting capital flows toward sustainable activities, EU regulators should continue to drive the international agenda on sustainability. They should focus, however, on developing more tailored transition legislation concerning ESG disclosure requirements and taxonomies to ensure alignment with financial market participants' needs.

- EU regulators should further provide clear and consistent ESG terminology throughout the entire legislative framework on sustainable finance. Clearer definitions would contribute to promoting consistency in the implementation of ESG-related legislation and minimising diverse interpretation of rules and standards.
- Within its framework on sustainable finance, EU regulators should increasingly take into consideration the significant challenge posed by unreliable ESG data and the associated costs for data collection and training of staff. Such issues are currently limiting compliance with the present disclosure requirements outlined under the EU legislative framework on sustainable finance.
- In the context of the ongoing review of the SFDR, the European Commission should better clarify the fund categorisation system for the disclosure requirements under Articles 8 and 9 of the regulation. A clearer approach could reduce the complexity of ESG disclosures for investors and mitigate greenwashing risks.
- Finally, EU regulators should address the complexity of ESG ratings and the divergent methodologies used by providers. The introduction of disclosure requirements, as foreseen by the proposed regulation on ESG rating activities, is likely to increase trust in ESG rating providers and enhance comparability of their evaluations.

Survey Methodology

A survey was sent to CFA Institute members in EU member states from 5 December 2023 to 15 December 2023. We received 435 valid responses, with a response rate of 2.7%.

Most CFA Institute members who responded to the survey are currently employed in the asset and wealth management sector (58%). The greatest number of responses came from Germany, the Netherlands, Italy, and Greece.

Survey Results

In this section, we discuss the survey responses in detail.

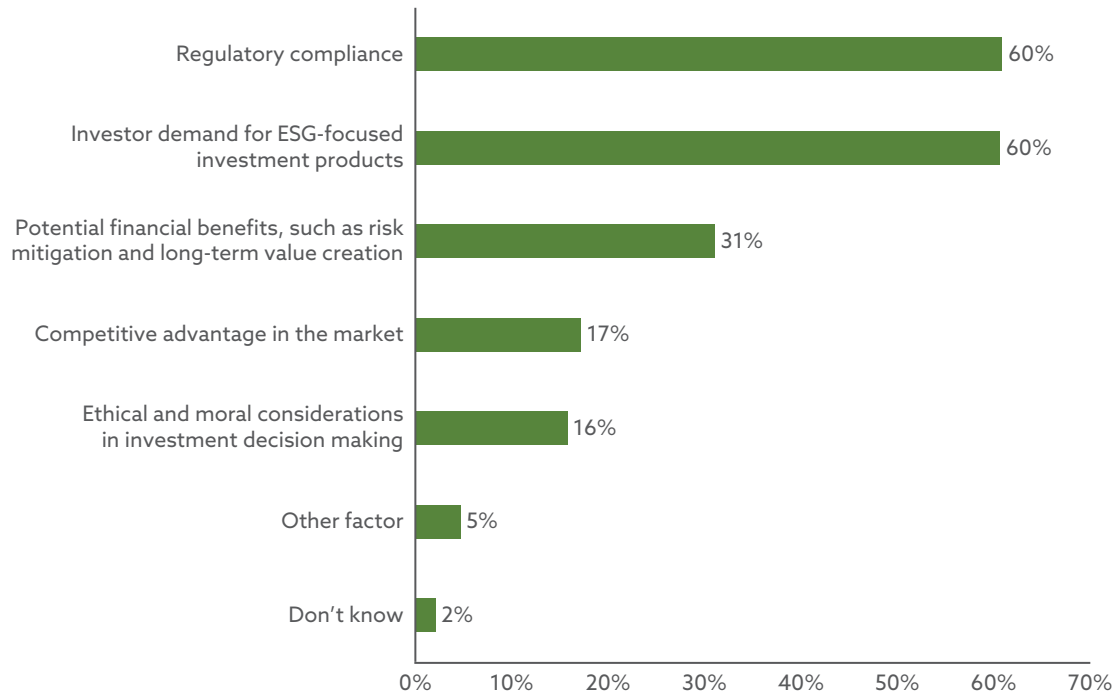
Question 1

The first question of the survey asks CFA Institute members in the EU about primary aspects that are most likely to influence asset managers' decisions to consider ESG information in their investment strategies and products. Responses clearly show that compliance with EU disclosure rules and greater investor demand for ESG-focused investment products (both constituting 60% of the surveyed answers) are the most motivating reasons for investment managers to consider ESG factors (see **Exhibit 1**). These responses are not surprising, considering the well-established EU regulatory framework on

Exhibit 1. Reasons for Considering ESG Factors in Investment Strategies and Products

What are the top two factors influencing asset managers' decisions to consider ESG (environmental, social, and governance) criteria in their investment strategies and products? Please select up to 2.

N = 430



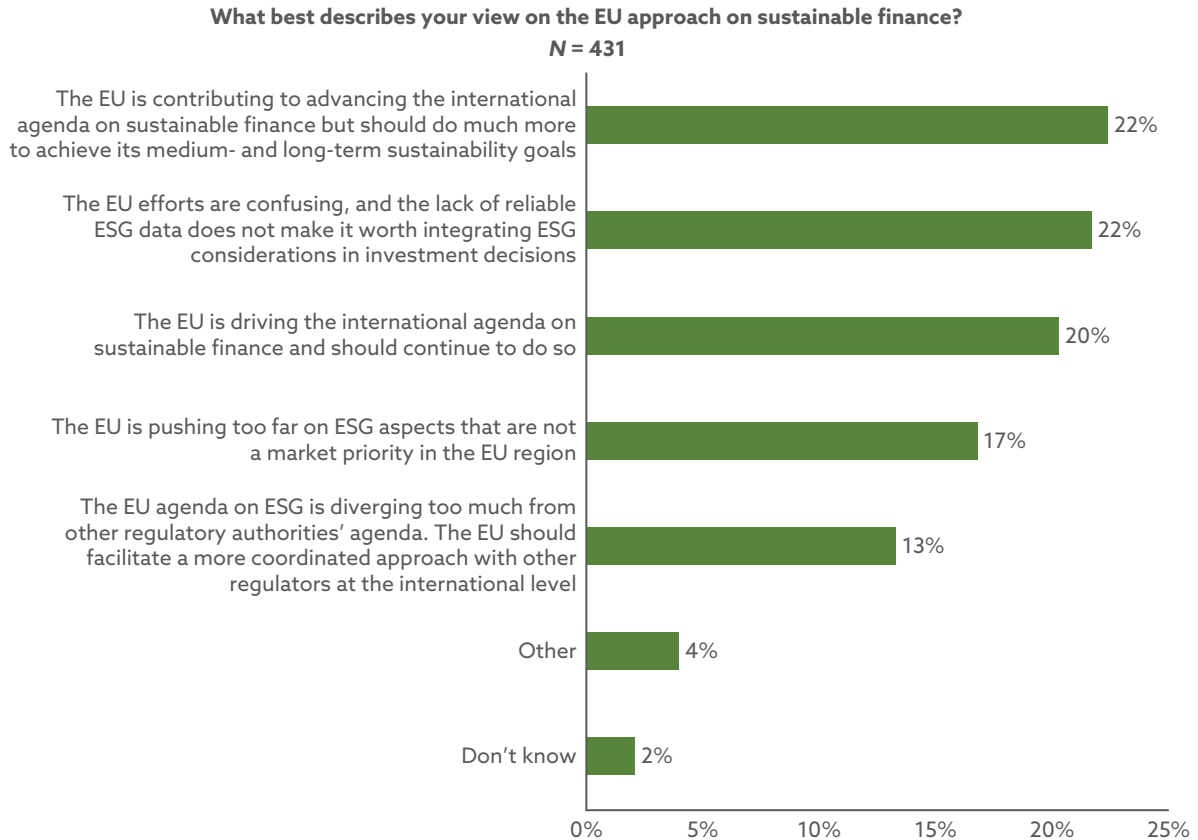
sustainable finance and the growing appetite for sustainability investments, particularly among the new generation of investors in the EU.

Question 2

The next two questions we asked aimed to provide an initial assessment of the EU strategy on sustainable finance. Question 2 of the survey, which seeks CFA Institute members' views on the current EU approach, provided mixed results. More than 40% of respondents judge EU regulatory endeavours on sustainable finance in a positive manner. In particular, as shown in **Exhibit 2**, 22% of respondents believe that the EU is promoting and advancing the international agenda on sustainable finance but that it should be more ambitious in order to achieve medium- and long-term sustainability goals. Another 20% of respondents advocated for the EU to continue to steer the international agenda on sustainable finance.

Conversely, a significant proportion of CFA Institute members expressed criticism about the EU regulatory approach. Specifically, 22% of respondents

Exhibit 2. Views on the Current EU Approach on Sustainable Finance



reported that the EU's efforts are confusing and the lack of reliable ESG data makes integrating ESG factors and considerations in investment decisions not worth the effort. The implementation of the CSRD and the application of ESRS, however, are expected to enhance the availability of reliable ESG data.

Finally, an additional 17% of respondents remarked that the EU's ESG policy goes too far because the issue is not a market priority in the region.

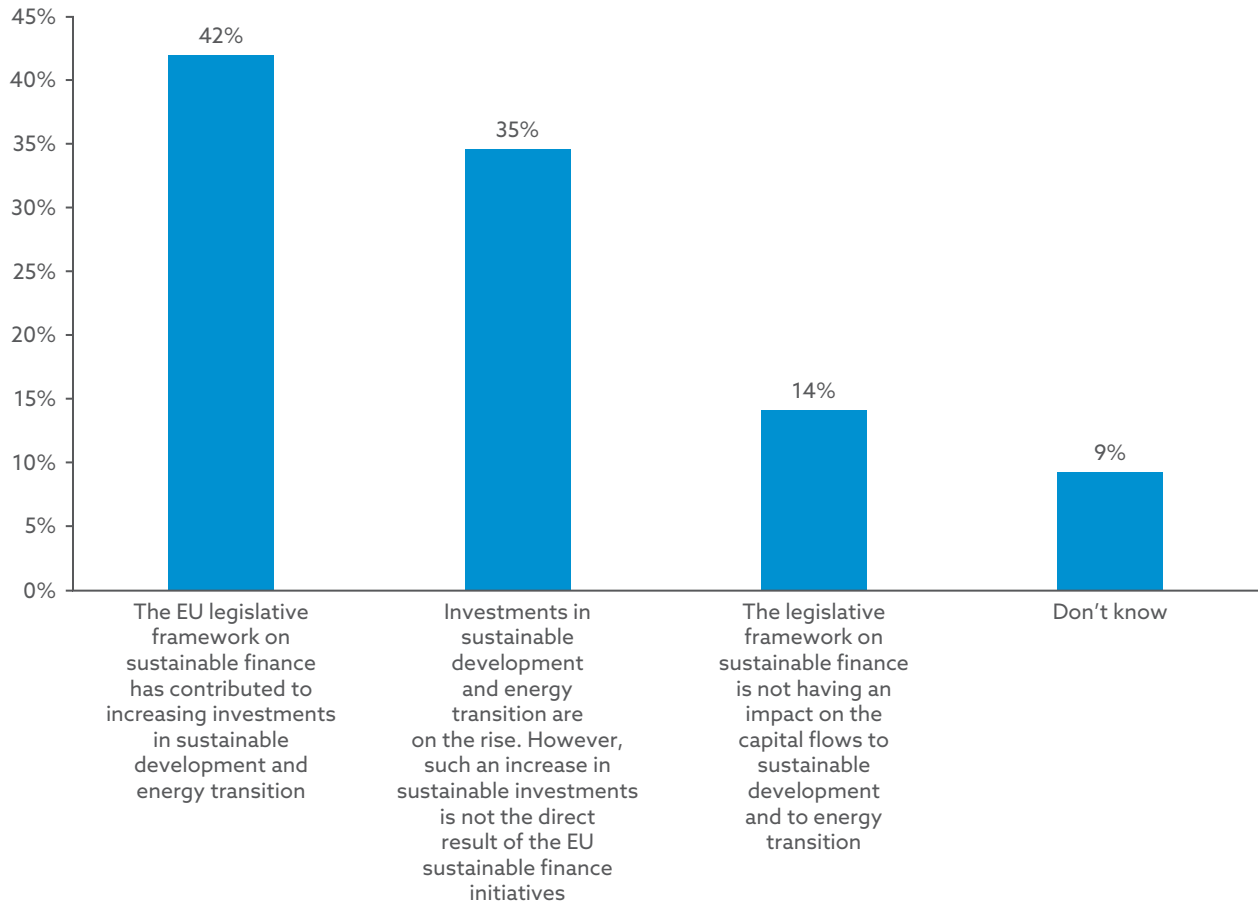
Question 3

Question 3 refers to the impact of the EU sustainable finance regulation on fostering growth in investments associated with sustainable development and energy transition. As shown in **Exhibit 3**, the majority of survey respondents (49%) believe that EU policies are not effectively contributing to achieving the goal of redirecting capital flows toward sustainable investments in the EU. Notably, 35% of respondents acknowledged that investments in

Exhibit 3. Impact of the EU Legislation on Sustainable Finance in Redirecting Capital Flows toward Sustainable Development and Energy Transition

Which best describes your view on how the EU sustainable finance regulation is succeeding in increasing capital flows to sustainable development and to energy transition?

N = 431



sustainable development and energy transition have risen in the EU but believe this increase is not a direct result of the EU policy on sustainable finance. Furthermore, another 14% of respondents were even more critical, saying that the EU legislative framework on sustainable finance has not contributed to the increase in sustainability-related investments.

Nevertheless, a significant proportion of survey respondents (42%) are confident that the rise in EU investments related to sustainable development and energy transition is a direct consequence of the EU's initiatives on sustainable finance.

Question 4

Question 4–9 focus more specifically on the implications of the EU SFDR. Question 4 looks at the biggest hurdles that asset managers have encountered so far in the implementation of the SFDR. As **Exhibit 4** shows, an overwhelming majority of respondents (65%) emphasised that the lack of reliable ESG data represents the main challenge when attempting to comply with the regulation. Other relevant issues have arisen in our survey, including the increasing costs borne by financial markets and financial advisers when collecting ESG data and the shortage of personnel with ESG and data collection expertise, as well as the lack of clarity in the regulation and the ESMA Technical Standards.

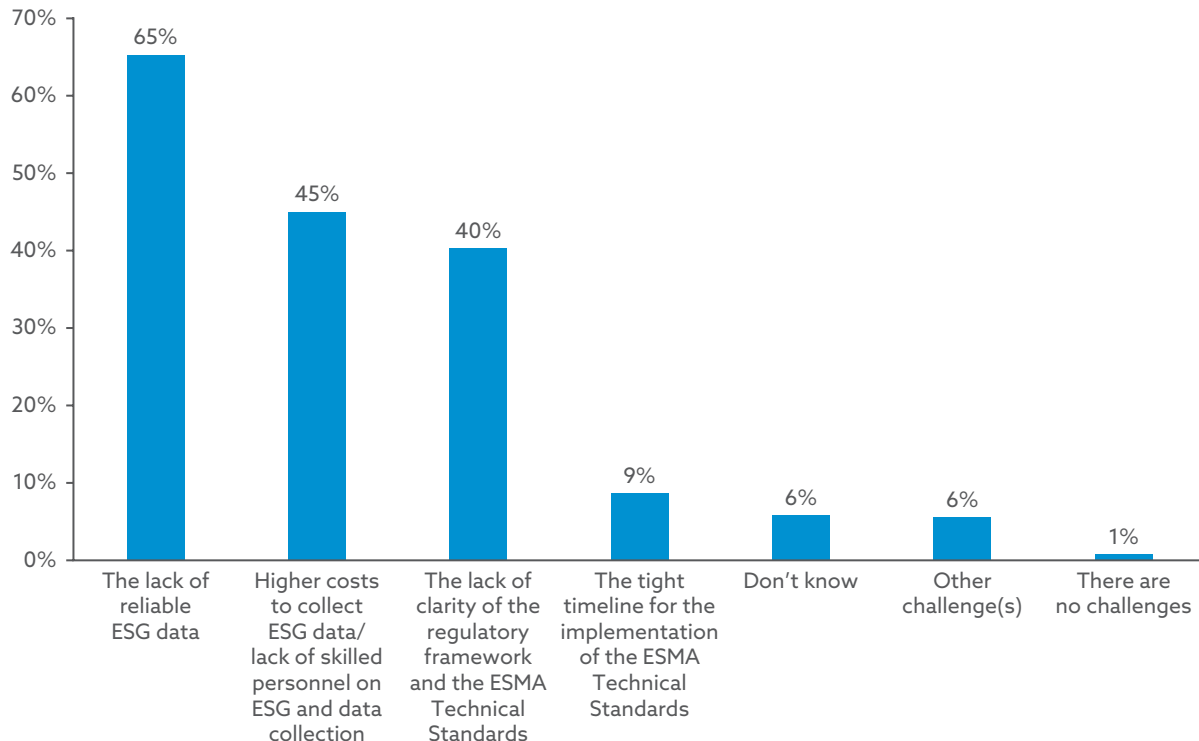
Question 5

Question 5 gives survey respondents the opportunity to provide more details about the seriousness of the aforementioned challenges related to the implementation of the SFDR. Respondents highlighted that ESG data are not yet sufficiently accurate, because different ESG data providers measure these data

Exhibit 4. Challenges in the Implementation of the SFDR for Asset Managers

What are the biggest challenges, if any, for asset managers, in the implementation of the EU Sustainable Finance Disclosure Regulation (SFDR)? Please select up to 2 options that you believe are most challenging.

N = 380



differently. Data are not clearly defined and are subject to various interpretations, leading to a lack of consistency and comparability of information. Furthermore, the large costs related to ESG data collection and training of personnel to build ESG expertise and learn about ESG incorporation pose a significant burden for small companies and asset managers, which face the risk of being driven out of business.

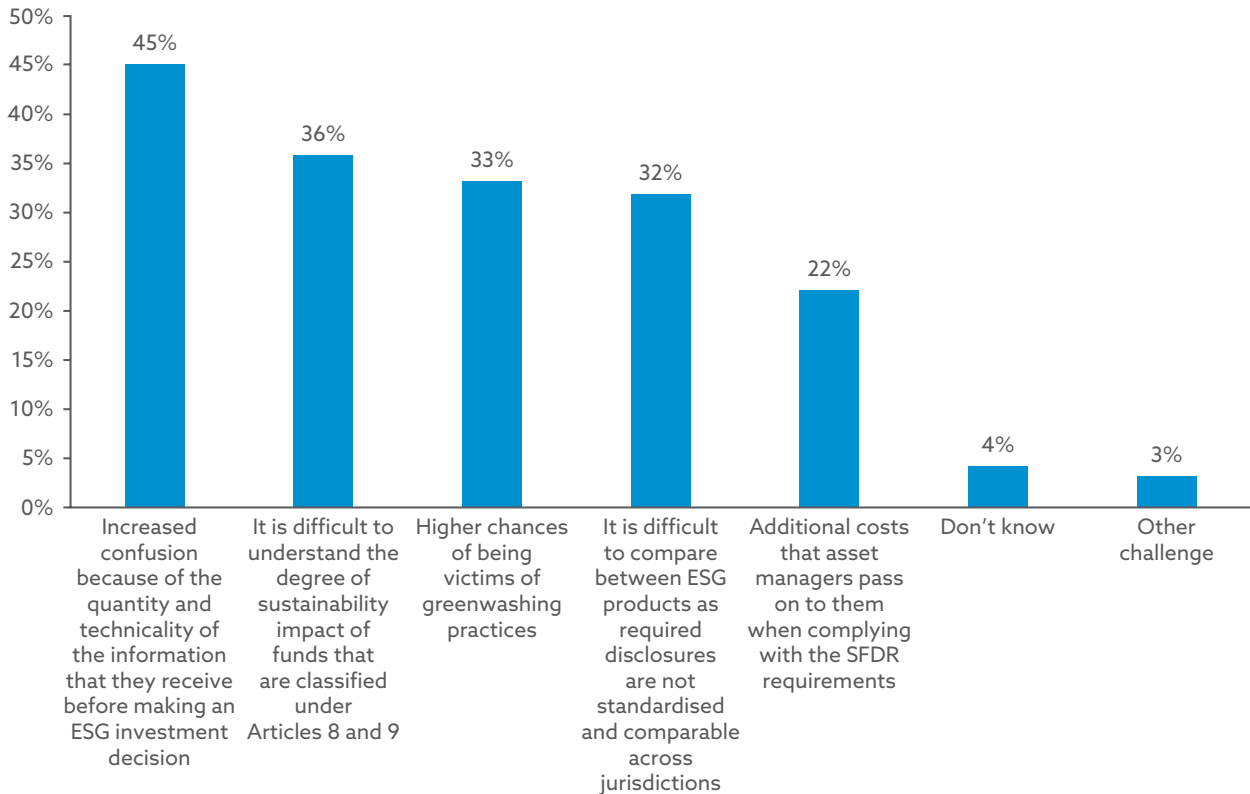
Question 6

Question 6 focuses on the challenges for retail investors with regard to the information disclosed under the SFDR. As **Exhibit 5** shows, a notable 45% of survey respondents indicated that the quantity and complexity of ESG information often lead to confusion among retail investors when making an investment decision. Similarly, a relevant number of members (36%) said that the current regulatory approach based on the disclosure requirements under Articles 8 and 9 of the SFDR is too complex and makes it difficult for investors to fully understand the degree of sustainability impact for funds in which they are considering investing.

Exhibit 5. Challenges in the Implementation of the SFDR for Retail Investors

What are the biggest challenges, if any, for retail investors, in the implementation of the EU SFDR? Please select up to 2 options that you believe are most challenging.

N = 377



Question 7

The survey also examines the advantages of the SFDR framework. Question 7 looks at the greatest benefits of the disclosures mandated under the regulation. As shown in **Exhibit 6**, 30% of survey respondents pointed out that the required disclosures have been stimulating the growth in sustainability investments in the EU, and a notable 24% of respondents highlighted that the framework has yet to generate any benefits.

Other advantages identified by respondents include the enhanced comparability of sustainability information on companies and products across the EU (19%) and the introduction of a clear way for asset managers to categorise their funds based on their level of sustainability (17%).

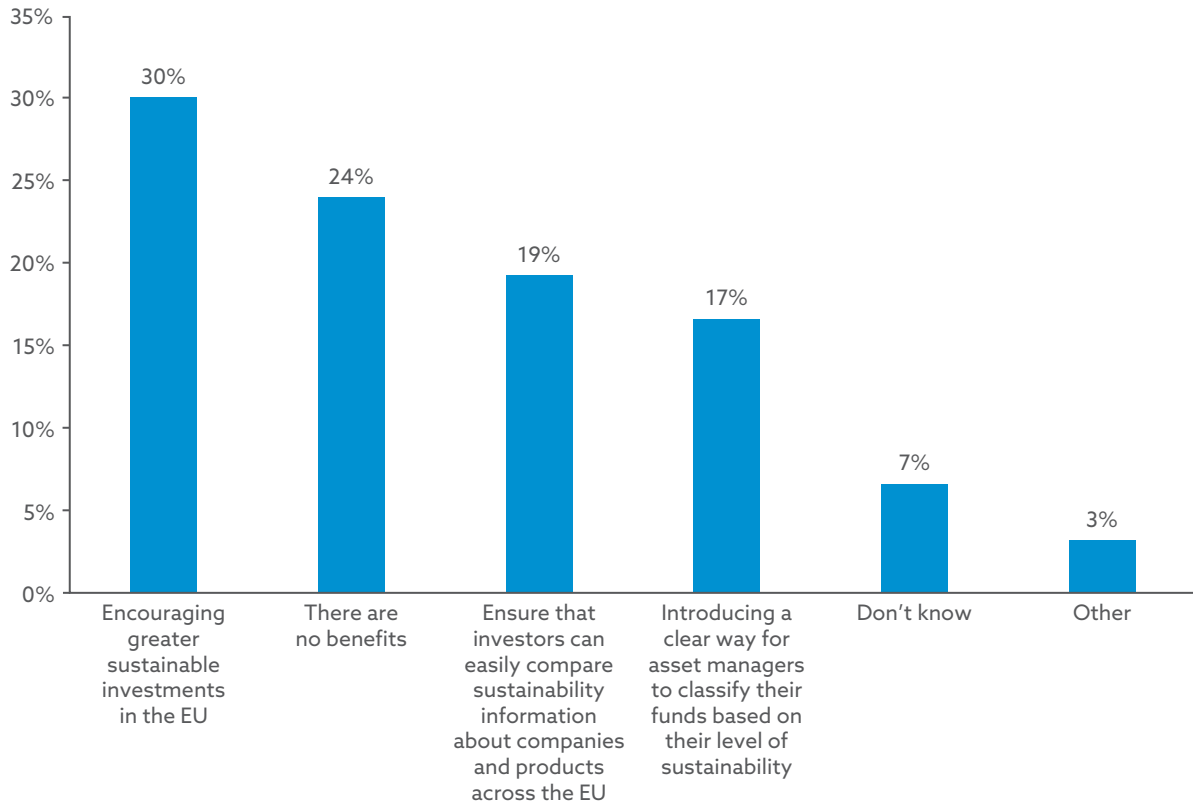
Question 8

Question 8 focuses on the possible legislative review of Articles 8 and 9 of the SFDR. Survey responses show that CFA Institute members advocate

Exhibit 6. Benefits of the SFDR Disclosures

What is the greatest benefit, if any, of the disclosures that are required under the EU SFDR?

N = 378



for important changes to the principles. In particular, as **Exhibit 7** shows, 25% of survey respondents call for an overhaul of the regulatory approach based on Articles 8 and 9 and favour the development of a more refined and precise EU-level categorisation system, with the aim of improving disclosures and mitigating greenwashing practices. In the same vein, 24% of respondents expressed interest in more targeted amendments to Articles 8 and 9 to clarify the fund classification system for both investors and market participants.

Question 9

The last question related to the SFDR looks at the approach CFA Institute should take toward the challenges stemming from the implementation of this regulation. The vast majority of respondents believe that CFA Institute has a role in addressing the challenges resulting from the required disclosures under the SFDR. As **Exhibit 8** shows, 48% of survey respondents would be interested in CFA Institute providing seminars and information sessions, which would be targeted to asset managers, on SFDR technical standards (especially on principal adverse impact indicators). In addition, 41% of respondents suggested that CFA Institute should support local societies in the EU in their advocacy

Exhibit 7. Revision of the Articles 8 and 9 of the SFDR

What approach, if any, should the European Commission adopt for the revision of Articles 8 and 9 of the SFDR?

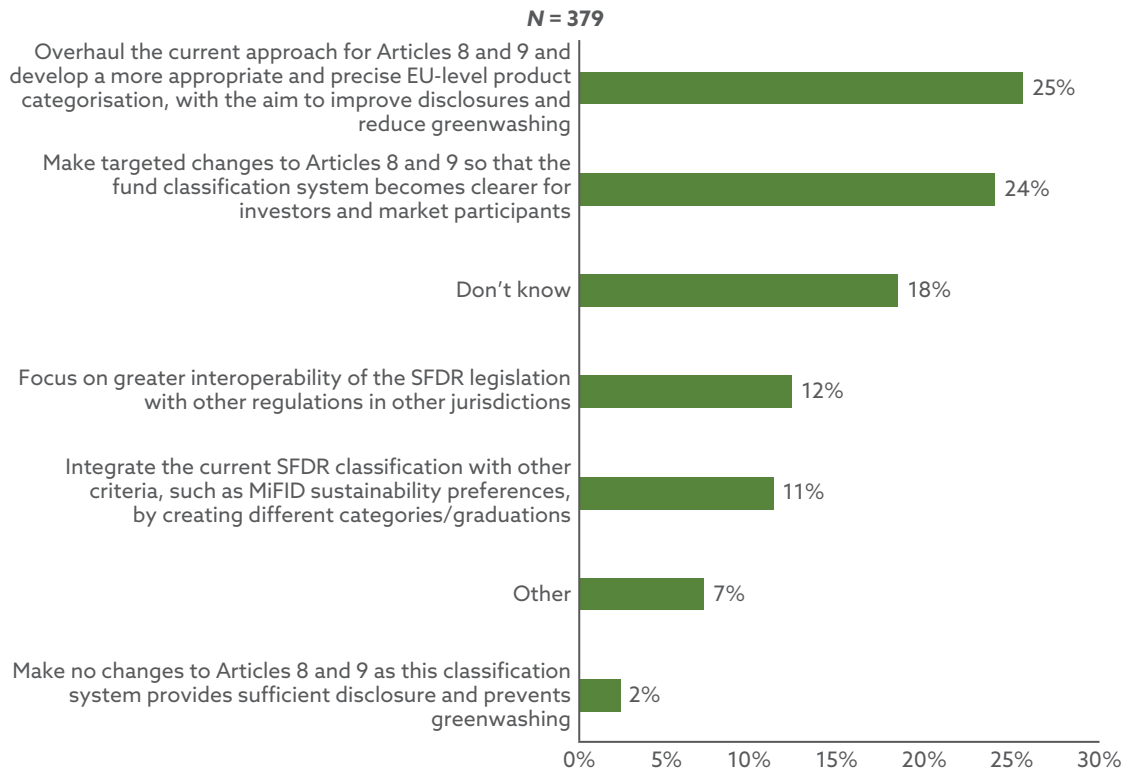
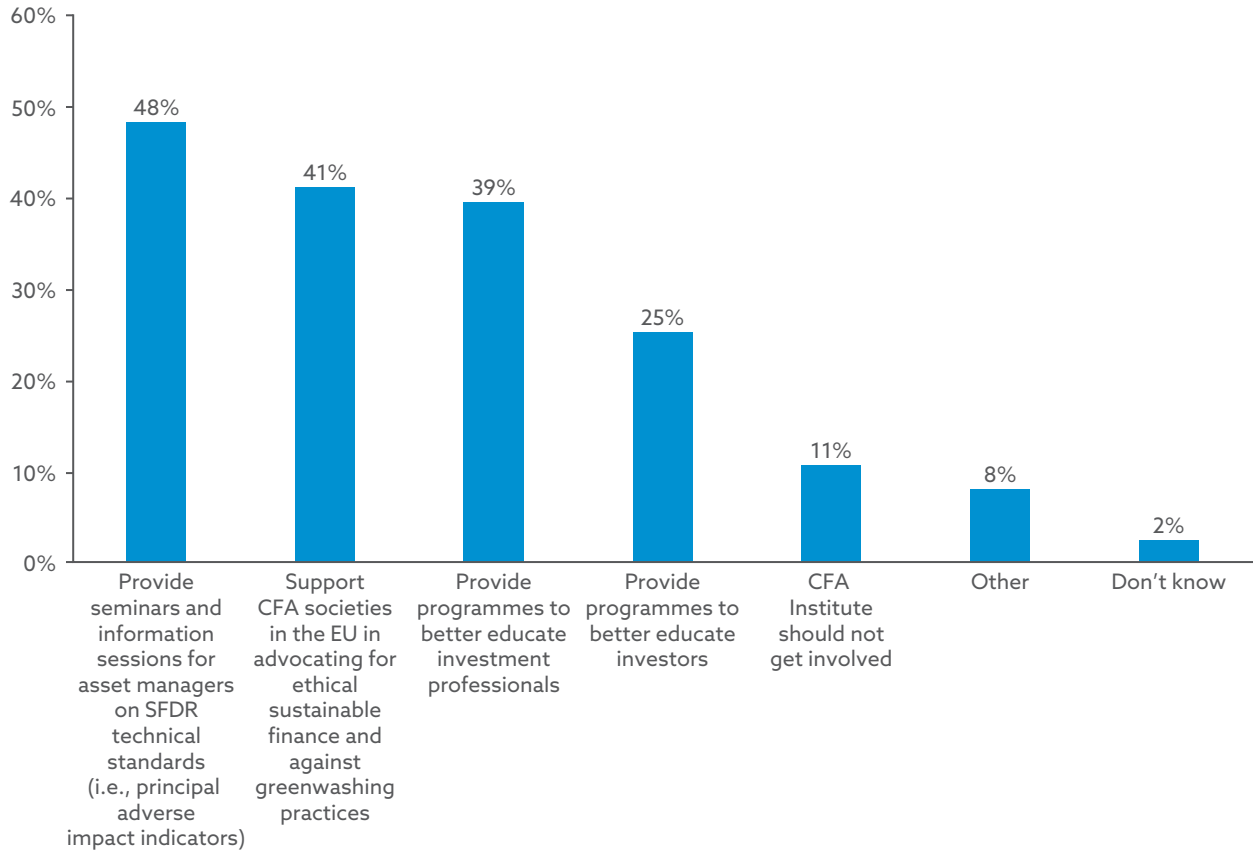


Exhibit 8. The Role of CFA Institute in Tackling SFDR Challenges

How would you like CFA Institute to approach SFDR challenges, if at all? Select all that apply.

N = 379



efforts for ethical sustainable finance and against greenwashing practices. Lastly, 39% of respondents believe CFA Institute should develop and provide educational programmes for investment professionals.

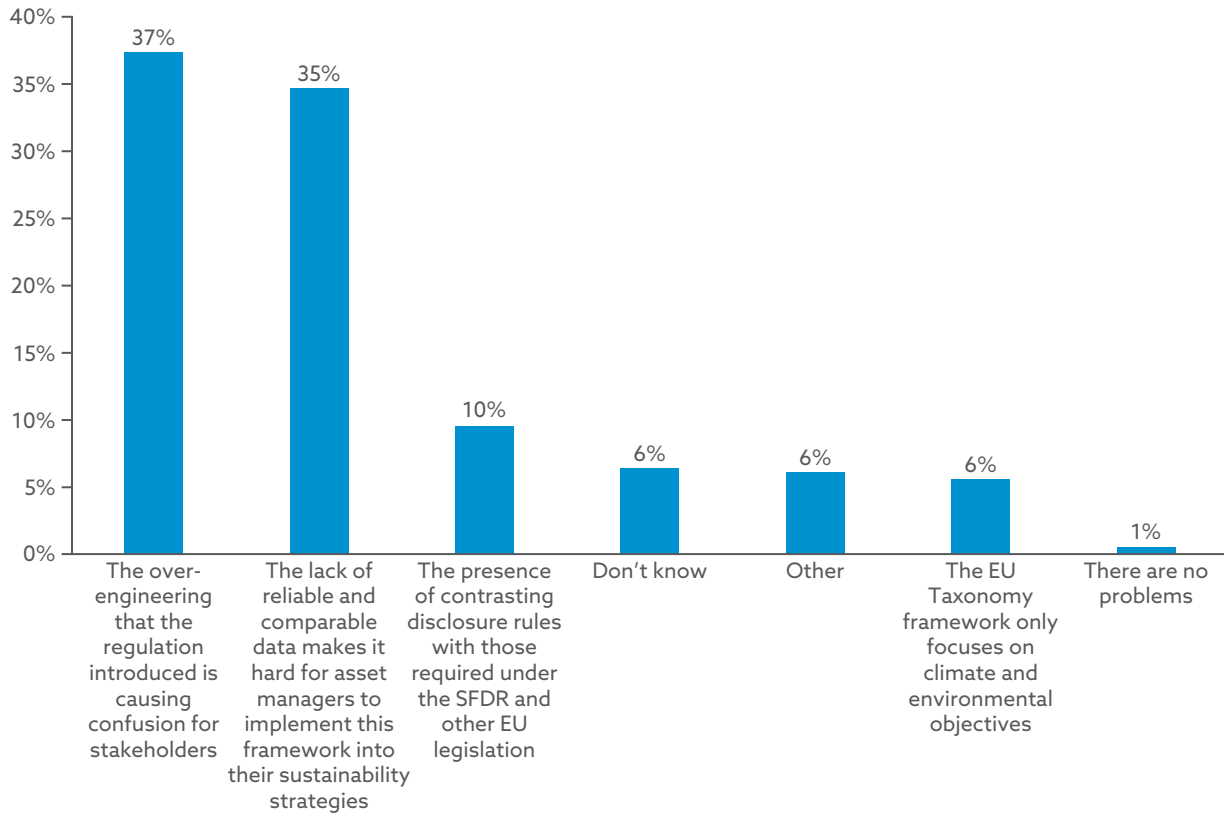
Question 10

Question 10 focuses on the EU Taxonomy Regulation and asks CFA Institute members in the EU about the primary challenges that they perceive regarding the implementation of this legislation. Survey respondents echoed similar implications to those that they raised regarding the SFDR. **Exhibit 9** shows that a significant 37% of survey respondents believe the intricate disclosure rules introduced by the EU Taxonomy has resulted in complexity of information and confusion among investors and stakeholders. Meanwhile, a notable 35% highlight the lack of reliable and comparable data, which makes it challenging for asset managers and other financial market participants to effectively implement this regulation in their sustainability strategies.

Exhibit 9. Challenges in the Implementation of the EU Taxonomy Regulation

In your view, what is the biggest problem, if any, regarding the EU Taxonomy Regulation?

N = 378



Question 11

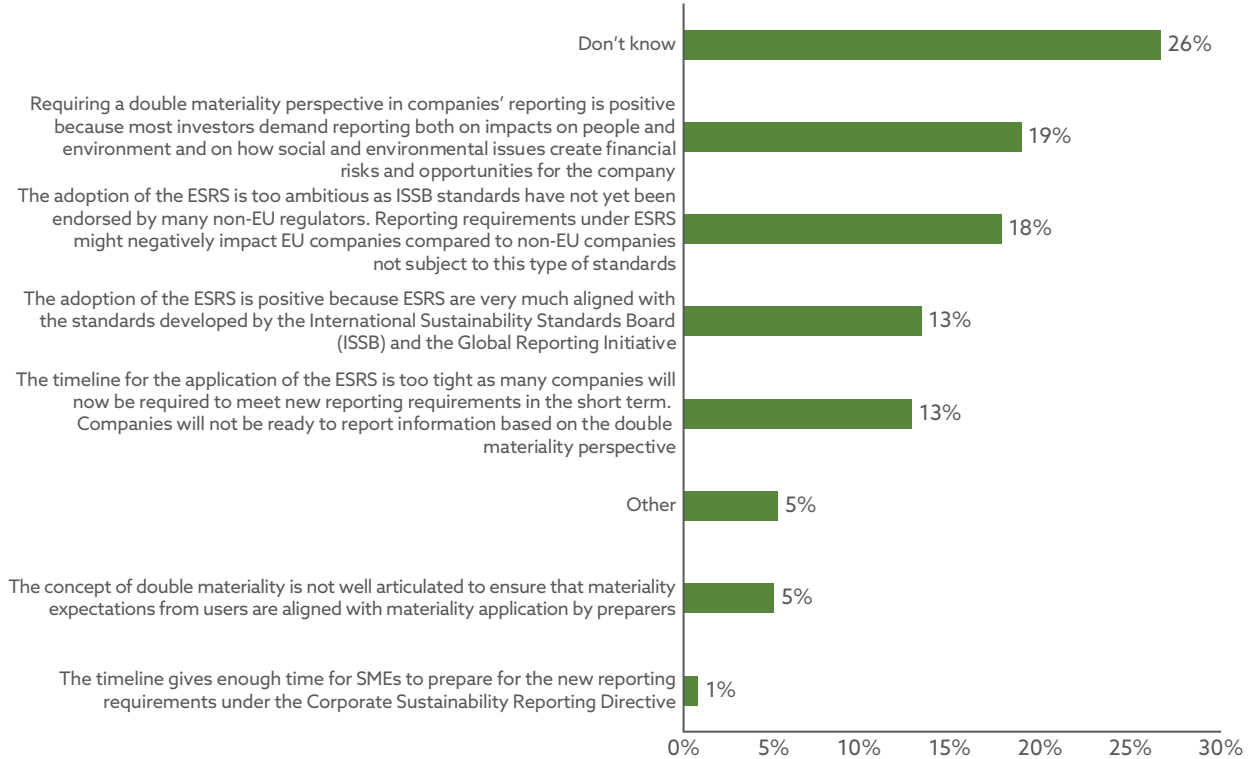
Questions 11 and 12 look at EU rules on corporate reporting of sustainability information. Question 11 focuses on the introduction of the ESRS, which were developed by EFRAG and adopted by the European Commission in July 2023. The ESRS have been established for use by all companies subject to the requirements under the CSRD.

Nearly a third of survey respondents are positive about the adoption of these standards. In particular, as shown in **Exhibit 10**, 19% support the double materiality perspective in corporate reporting, because the majority of European investors demand reporting information both on impacts on people and environment and on how social and environmental issues create financial risks and opportunities for companies. Conversely, 18% of survey respondents expressed concern about the potentially excessive ambition of ESRS relative to standards outside the EU. Stringent reporting requirements under ESRS might have a negative impact on EU companies compared with non-EU companies that are not subject to similar reporting obligations.

Exhibit 10. Views on the Adoption of ESRS

On 31 July 2023, the European Commission adopted the European Sustainability Reporting Standards (ESRS), which will be mandatory for some companies (i.e., large listed companies and large entities with more than 500 employees) from financial year 2024. Which best describes your view on the adoption of these standards?

N = 364



Question 12

Question 12 asks for the opinion of CFA Institute members in the EU on the requirement of seeking limited assurance of the nonfinancial information required under the CSRD. The directive refers to limited assurance as those engagements that have a conclusion that is provided in a negative form of expression by stating that no matter has been identified by the practitioner to conclude that the subject matter is materially misstated. Reasonable assurance, instead, requires more detailed procedures, including consideration of internal controls of the reporting undertaking and substantive testing (European Parliament and Council of the European Union 2022).

All companies falling under the scope of the CSRD are required to seek limited assurance of the compliance with the sustainability reporting standards. The European Commission will make an assessment in the near future to determine when it is feasible to move from limited assurance to reasonable assurance. After this assessment, the European Commission is planning to

develop standards for limited assurance by 1 October 2026 and for reasonable assurance by 1 October 2028.

Although more than a third of survey participants preferred to not provide an opinion on the requirement of limited assurance under the CSRD (see **Exhibit 11**), a significant proportion of respondents (25%) believe that the EU approach is appropriate. They argue that limited assurance on sustainability reporting can be used in the short term, but they advocate for reasonable assurance to be mandated at a later stage.

Question 13

Questions 13 and 14 focus on the issue of greenwashing practices. Question 13 asks how concerned CFA Institute members in the EU are about the risk of greenwashing in the EU fund industry. An overwhelming majority of survey respondents are worried about greenwashing practices in the sector; in particular, 43% expressed a high degree of concern regarding such risks (see **Exhibit 12**). Only 9% of respondents were not worried about greenwashing.

Exhibit 11. Views on the Requirement of Seeking Limited Assurance on Nonfinancial Information

Which best describes your view on the requirement of seeking limited assurance of the nonfinancial information required under the Corporate Sustainability Reporting Directive (CSRD)?
N = 362

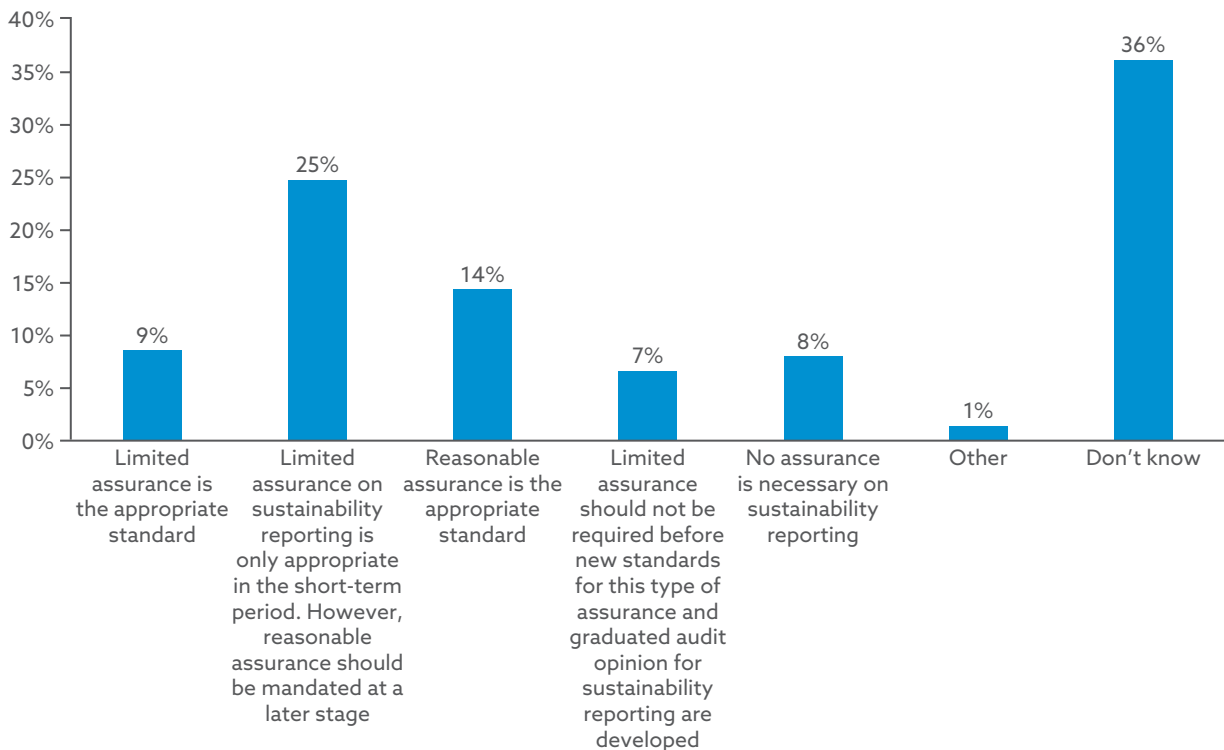
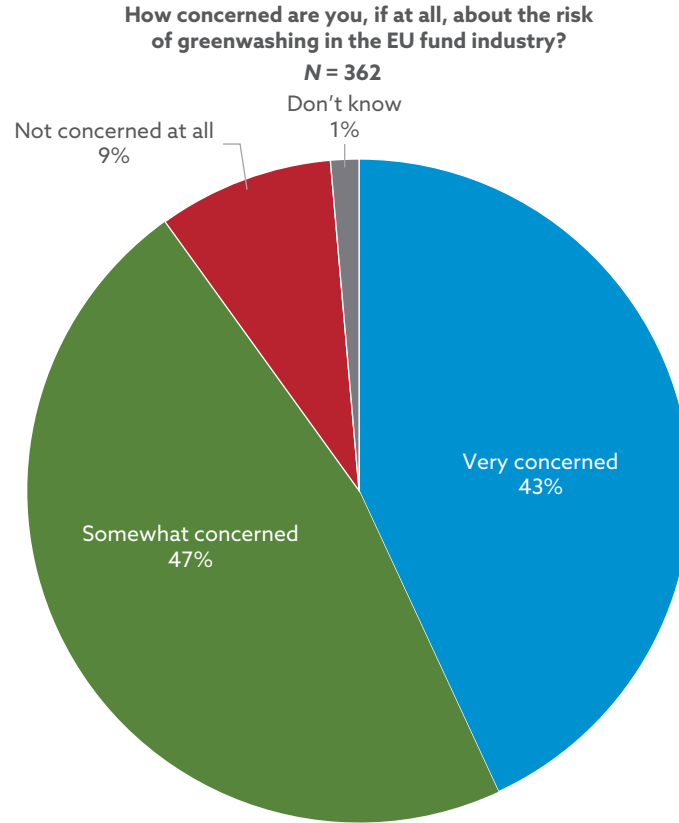


Exhibit 12. Sentiments about the Risk of Greenwashing in the EU Fund Industry



Question 14

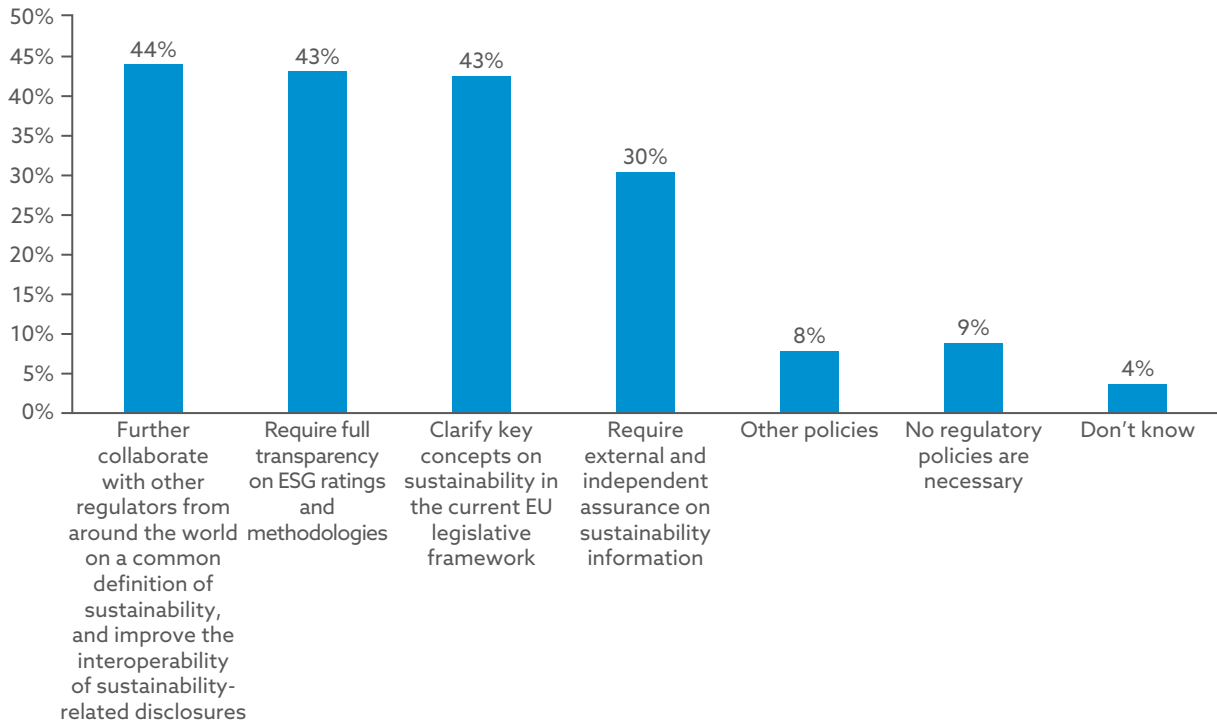
Question 14 delves into potential policies that EU regulators could put in place in an attempt to reduce greenwashing practices in the region. Three predominant approaches emerge from the responses. The first emphasises the need for enhanced collaboration and engagement practices between EU policymakers and regulators. This collaboration should aim to align jurisdictions toward a common definition of sustainability and improve the interoperability of sustainability-related disclosures. The second approach is for regulators to require full transparency on ESG ratings and methodologies. The third proposed policy would be to provide clarification on key sustainability concepts concerning the current EU legislative framework.

Furthermore, as shown in **Exhibit 13**, a notable 30% of survey respondents said that EU regulators also should require external and independent assurance for sustainability information provided by companies.

Exhibit 13. Views on Possible EU Policies Tackling Greenwashing Practices

What policies, if any, should regulators put in place in an attempt to reduce greenwashing practices? Select all that apply.

N = 362



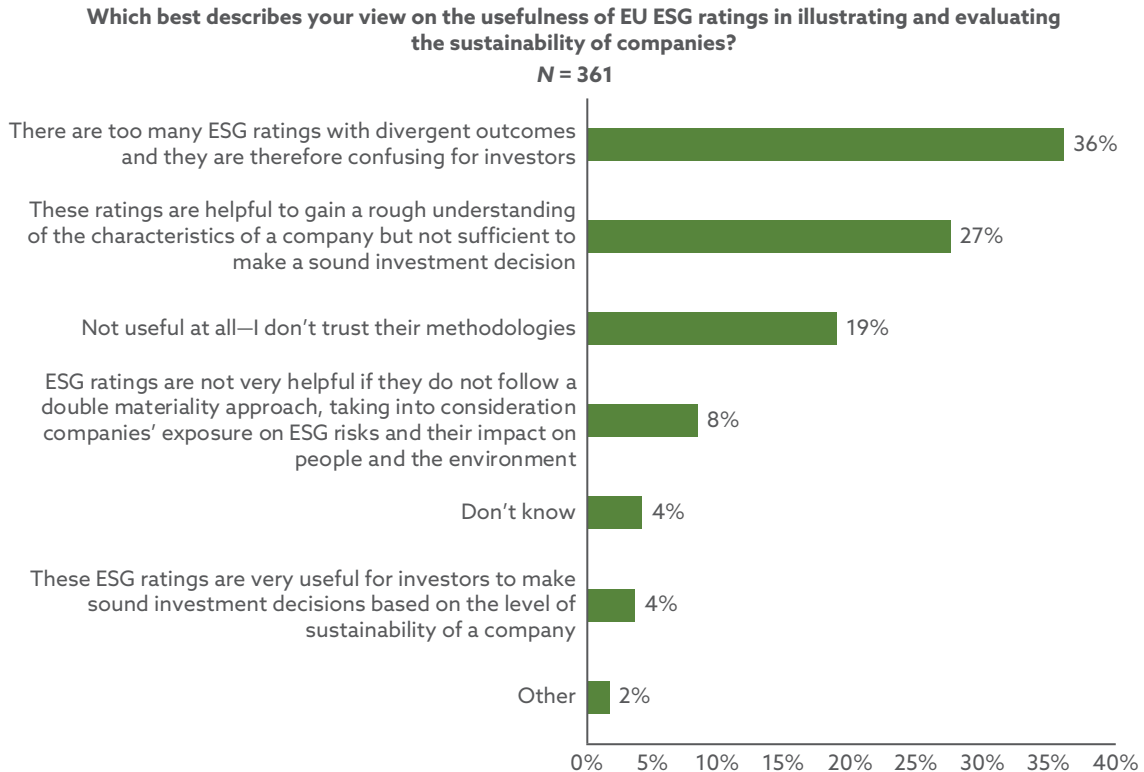
Question 15

Question 15 refers to the provision of ESG ratings in the EU and seeks CFA Institute members' view on the usefulness of such ratings in illustrating and evaluating the sustainability of companies.

As **Exhibit 14** shows, more than a third of survey respondents (36%) expressed concern about the divergent outcomes provided by too many ESG ratings and underlined that such a situation leads to confusion for investors. An additional 19% conveyed a lack of trust in ESG rating providers' methodologies and said that ESG ratings are not useful at all.

Conversely, 27% of members responding to the survey reported that these ratings are helpful because they provide a better understanding of a company's characteristics. They warned, however, that ESG ratings are not sufficiently reliable for investors to make a sound and well-informed investment decision.

Exhibit 14. Views on the Usefulness of ESG Ratings in the Evaluation of the Sustainability Impact of Companies



Question 16

The last question of our ESG survey allows CFA Institute members in the EU to elaborate on their general assessment regarding the implementation of legislation on sustainable finance in the EU.

A significant proportion of survey respondents believe the implementation of the EU rules on sustainable finance represents a step in the right direction. Through requiring disclosure of sustainability policies and their effects on climate and society, the EU legislation has raised awareness about the importance of incorporating ESG factors into investment decisions.

Many respondents, however, highlighted confusion stemming from the growing disclosure of sustainability information, which affects investors, who are increasingly concerned about greenwashing practices. The rapid implementation timeline of the applicable EU legislation has forced companies and asset managers to address the challenge of providing required disclosures amid a lack of reliable and verifiable data. Small entities have been significantly impacted by increasing costs of compliance.

Precise guidance and clarification of key terminology are necessary to make disclosures more meaningful to investors. One area that needs greater clarification is the way sustainable investments made by funds and companies fall within the definition of sustainable investments under the SFDR.

The lack of clear definitions has resulted in asset managers and companies interpreting existing rules and standards in various ways, leading to a diverse implementation of the EU legislation. Poor consistency in the implementation of legislation makes it hard for investors to compare investments and make informed decisions.

Highlight 1. EU Legislative Framework on Sustainable Finance

The EU legislative framework on sustainable finance covers many pieces of regulation, including the SFDR, the EU Taxonomy Regulation, and the Corporate Sustainability Reporting Directive. Legislators are currently finalising negotiations for the new Corporate Sustainability Due Diligence Directive (CSDDD) and the proposed regulation on the transparency and integrity of ESG rating activities.

Sustainable Finance Disclosure Regulation

The SFDR, which has been in effect since 2021, sets out sustainability-related disclosure requirements for financial market participants, including investment firms, other financial service providers, and financial advisers. In particular, the regulation requires them to publicly disclose on their websites information on their policies about the integration of sustainability risks in their investment decision-making process or in their investment advice. Additionally, financial market participants and advisers must publish a statement disclosing whether they consider the principal adverse impact of their investment decisions or investment advice on sustainability factors.

As of 20 February 2023, amendments to the SFDR require financial market participants to also disclose the degree of exposure of their portfolios to gas and nuclear-related activities that are regulated under the EU Taxonomy.

In September 2023, the European Commission started a revision process for the SFDR by launching a public consultation on the implementation of the regulation.

Taxonomy Regulation

The Taxonomy Regulation entered into force in July 2020 and has been applicable since January 2022 (only in relation to the environmental objectives of climate change adaptation and mitigation). The regulation introduces

a classification system defining criteria for economic activities that are aligned with EU environmental goals and the objective of achieving net zero by 2050. It also introduces disclosure rules for companies that should report how and to what extent their activities are associated with taxonomy-aligned activities.

Following the adoption of the Environmental Delegated Act in 2023,² organisations that wish to comply with the EU Taxonomy are also required to report on their economic activities' contribution to the objectives of (1) sustainable use and protection of water and marine resources, (2) transition to a circular economy, (3) pollution prevention and control, and (4) protection and restoration of biodiversity and ecosystems. This obligation has applied since 1 January 2024.

Corporate Sustainability Reporting Directive

The CSRD, which entered into force on 5 January 2023, represents the EU legislative framework on nonfinancial reporting for all large companies and listed companies (except for listed micro-enterprises). These organisations are required to report on matters related to environmental protection, social responsibility and treatment of employees, human rights, anticorruption and bribery, and diversity on boards.

The directive also highlights the concept of double materiality, which requires companies to report not only on how sustainability issues affect the firm but also on how company activities impact society and the environment.

EFRAG has developed the European Sustainability Reporting Standards (ESRS), which were adopted by the European Commission in 2023. These common standards are designed to help companies report the required information under the CSRD and facilitate the communication of sustainability information to investors and other users.

ESG Rating Regulation

In February 2024, EU legislators reached an agreement for a new regulation on ESG rating activities. The regulation sets out obligations for financial market participants and financial advisers, who are required to disclose ESG ratings as part of their marketing communications and to also report information about the methodologies used in these ratings on their website.

²See https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L_202302486.

Small and medium-sized enterprises (SMEs) providing ESG ratings have the opportunity to opt in to a lighter temporary regime lasting three years. Such organisations would benefit from supervisory fees proportionate to the extent of ESMA supervision.

The regulation also provides for a separation of ESG rating providers' business and activities and introduces measures to avoid potential conflicts of interest.

Corporate Sustainability Due Diligence Directive

EU legislators are also currently finalising negotiations for the CSDDD. The legislation requires companies to prevent, end, or mitigate their negative effects on human rights and the environment, including slavery, child labour, labour exploitation, biodiversity loss, pollution, and destruction of natural heritage. Companies will need to integrate due diligence practices into their policies and risk management systems and implement a transition plan that makes their business model compatible with the Paris Agreement goals.

The directive would apply to EU and non-EU firms and parent companies with more than 1,000 employees and with a turnover of more than €450 million. It would also apply to franchises with a turnover of more than €80 million if at least €22.5 million was generated by royalties.

Highlight 2. The Role of EFRAG and the Platform on Sustainable Finance

It is also important to acknowledge EFRAG's work on ESRS and the advising function of the Platform on Sustainable Finance.

As mentioned in Highlight 1, EFRAG played an important role in the implementation of the CSRD by developing the ESRS.

In 2020, the European Commission tasked EFRAG with providing technical advice for the elaboration of EU nonfinancial reporting standards, in the context of the revision of the Non-Financial Reporting Directive (renamed as CSRD).

EFRAG consulted a multistakeholder group project task force for the preparatory work of these standards. The group consisted of a wide range of stakeholders, including representatives from the public sector, the private sector, SMEs, and civil society from across the EU.

In 2023, EFRAG released its first set of ESRS, which the European Commission adopted, and three implementation guidance documents aiming to support the implementation of the CSRD and the standards.

Although CFA Institute lauds EFRAG's commitment and its great work in the development of the ESRS, we have concerns about EFRAG's capacity to maintain these standards and effectively address stakeholder questions and concerns. We hope that EFRAG continues to receive the necessary resources to keep carrying out its work and remain independent from the political process, audit firms, and preparers.

The Platform on Sustainable Finance is an advisory body, set up by the European Commission, with the aim to provide recommendations on the implementation and usability of the EU Taxonomy, as well as the development of proposed technical screening criteria. Moreover, the platform advises the European Commission on matters concerning the broader sustainable finance framework.

The group consists of representatives from the financial, nonfinancial, and business sectors; public and international institutions; nongovernmental organisations; academia; think-tanks; civil society; and experts in their personal capacity.

In addition to the work on the EU Taxonomy technical screening criteria, the Platform on Sustainable Finance published various reports, including one on the development of the environmental transition taxonomy and one on the social taxonomy. Furthermore, it provided responses to European Commission consultation documents, including a call for feedback on the draft ESRS delegated acts.

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