

For immediate release

## EU's ESG transparency plan hindered by financial sector pushback

The European Union's plan to require the financial sector to disclose the adverse impact its investments are having on the environment and human rights is likely to be watered down following pushback from asset managers and their lobbyists.

InfluenceMap analysis shows the sector has already succeeded in getting significant concessions in the number and scope of disclosures that will likely be required for environmental, social and governance (ESG) funds.

Following a consultation process carried out by the European Supervisory Authorities (ESAs), the number of mandatory indicators was reduced from 32 to 18. Primarily, it was social-based indicators that were dropped in the ESA's final proposal.

For instance, some of the proposed indicators that will no longer be mandatory include deforestation, forced labor, and human trafficking.

The financial sector has pushed back on several aspects of the original plan, including:

- The *European Fund and Asset Management Association* (EFAMA) argued for less stringent mandatory indicators, particularly relating to social and employee matters, human rights, anti-corruption and anti-bribery matters. The *Association for Financial Markets in Europe* (AFME) endorsed this response.
- Individual asset managers which proposed reducing the number of mandatory indicators in the ESA's consultation included U.S. asset managers **Vanguard** and **State Street** as well as leaders in the sustainable finance space including **Amundi** and **BNP Paribas Asset Management**.

"The financial sector is displaying a discouraging level of ambition when it comes to the EU's proposed disclosure regulation," InfluenceMap analyst Paula Castro said.

"Despite a recent trend amongst financial institutions calling for renewed focus in the 'S' of ESG following the Covid-19 pandemic, almost all social indicators are no longer mandatory as a result of industry lobbying".

The European Commission is tomorrow (April 21) expected to announce its finalized plan for the Sustainable Finance Disclosure Regulation (SFDR) Level 2 regulation. It is likely to mirror the ESA's recommendations.

**For further information or to arrange interviews, please contact:**

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## **About InfluenceMap**

InfluenceMap is a London-based think tank providing data driven analysis to investors, corporations and the media on issues related to energy and climate change. Our metrics for measuring corporate influence over climate policy are in use by investors, including the global Climate Action 100+ investor engagement process. Our content has been covered widely in global media and is used by campaign groups.