

This is where we meet...

Compliance and Sustainability in Sustainable Finance

May 2022– Brenda Kramer

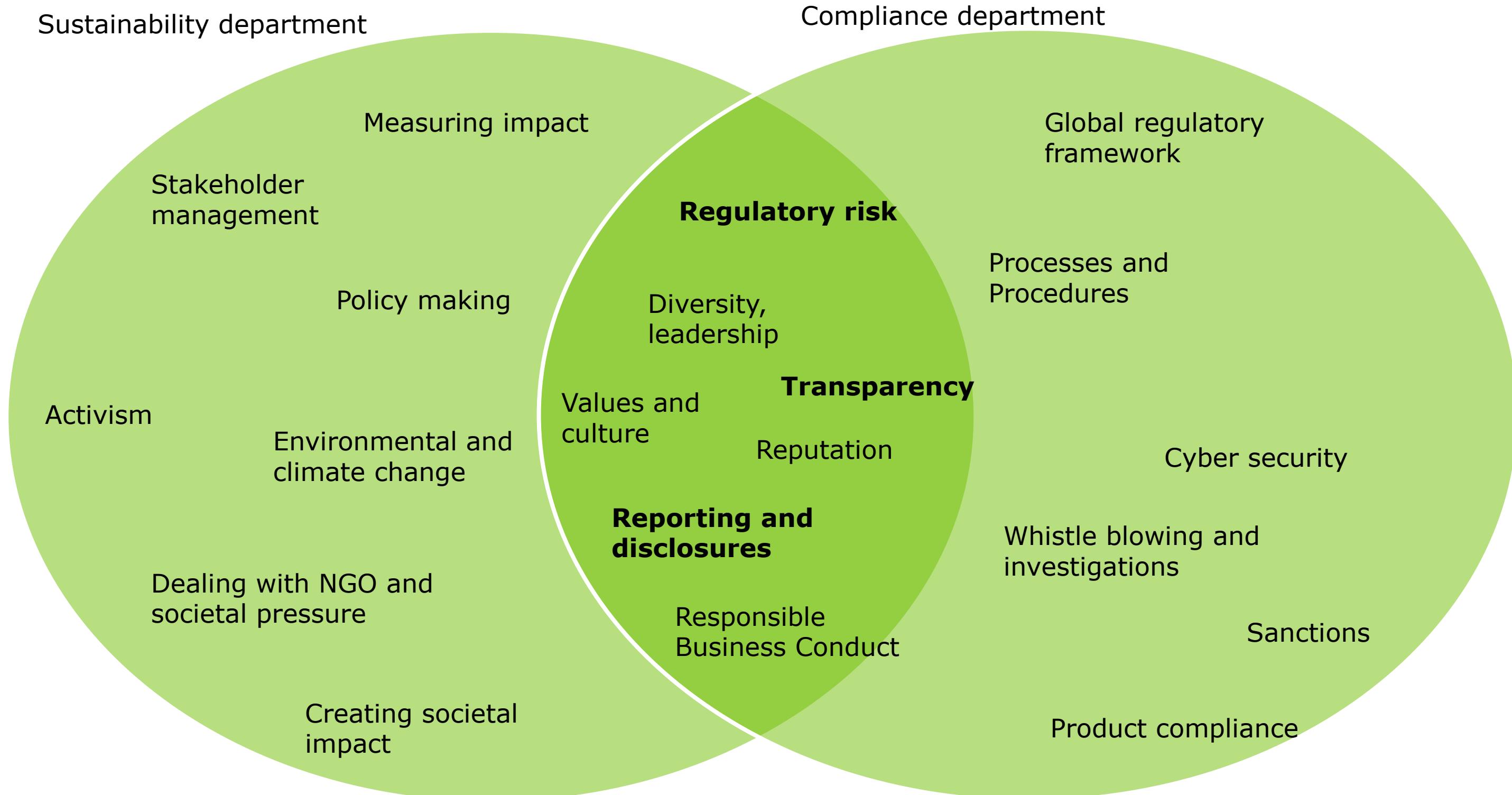
Senior Advisor Responsible Investment | Member of the EU Platform Sustainable Finance



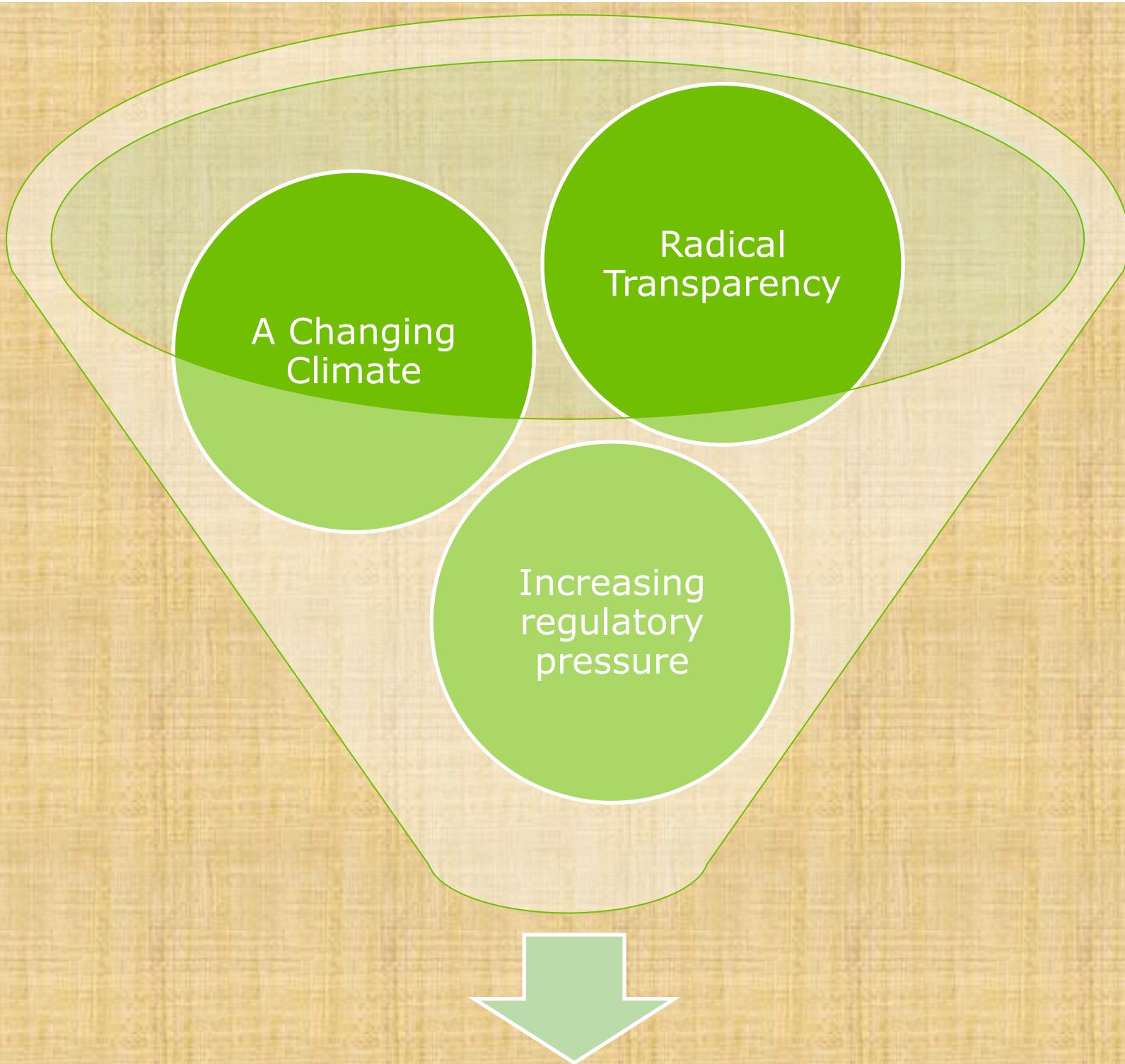
Compliance meets sustainability



This is where we meet...



Three Essential Trends

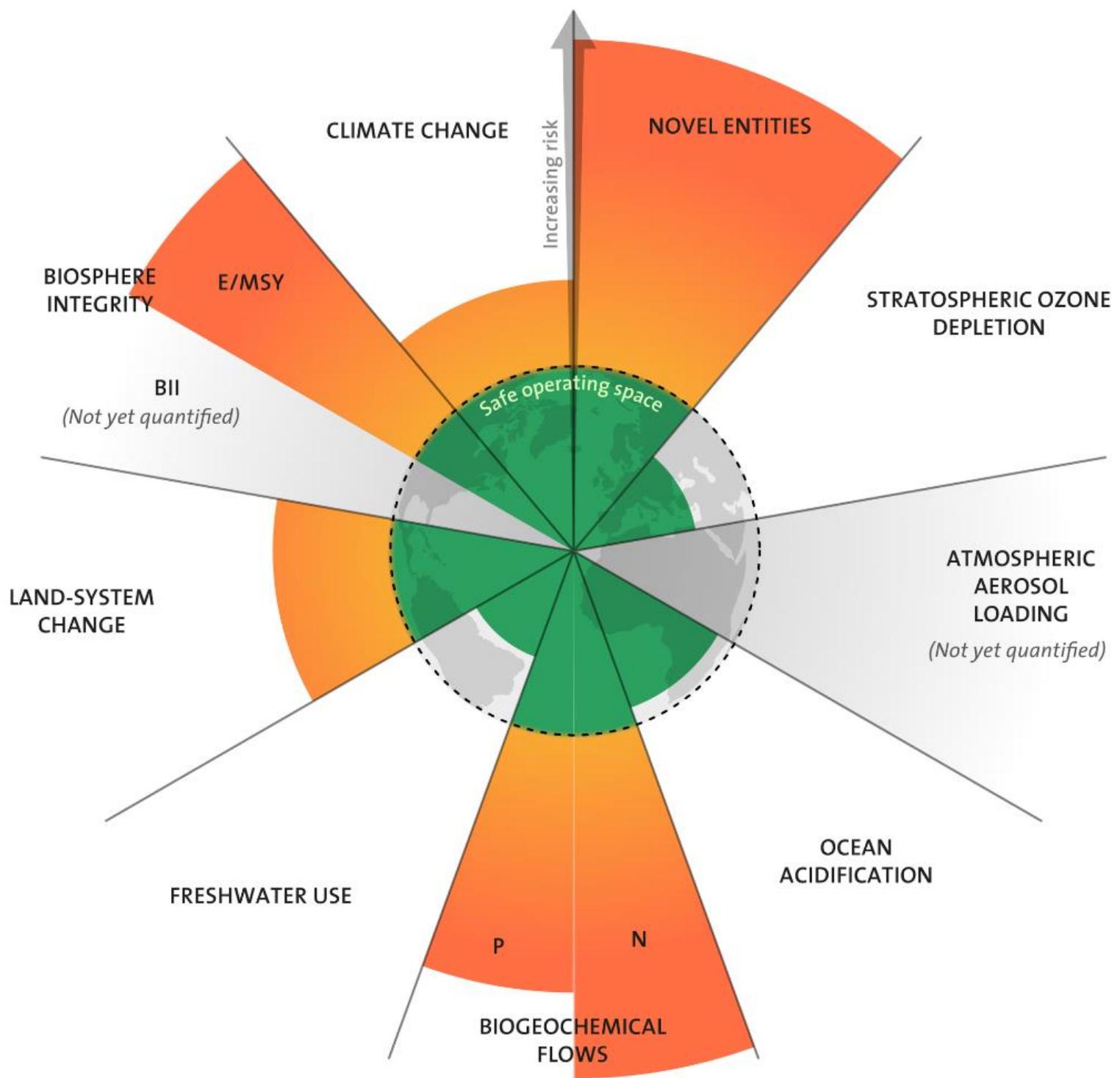


EU Sustainable
Finance

Oops...



A Changing Climate



This is also what drives EU leadership...

"[...]We do this so we can uphold our way of life and upgrade the well-being of our children and grandchildren when it comes to equality, a healthy natural environment, and a thriving, green and inclusive economy. Our task is nothing less than to secure our planet for all people. Europe can and should lead the way."

*Frans Timmermans
Vice-President European Commission*

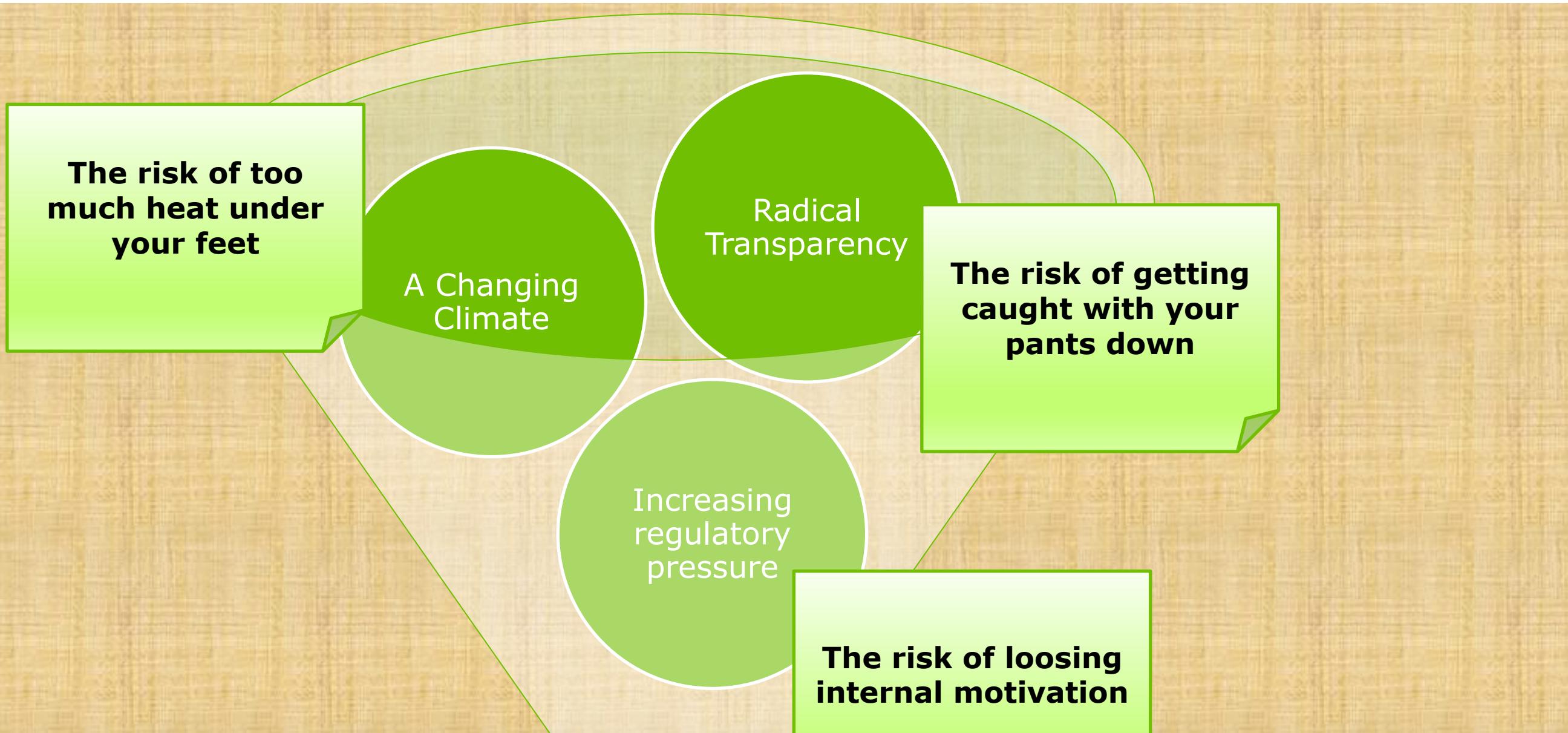
And for which finance is needed



Regulation vs. intrinsic motivation



Three Essential Trends



EU Sustainable
Finance

The EU sustainable Finance Framework.

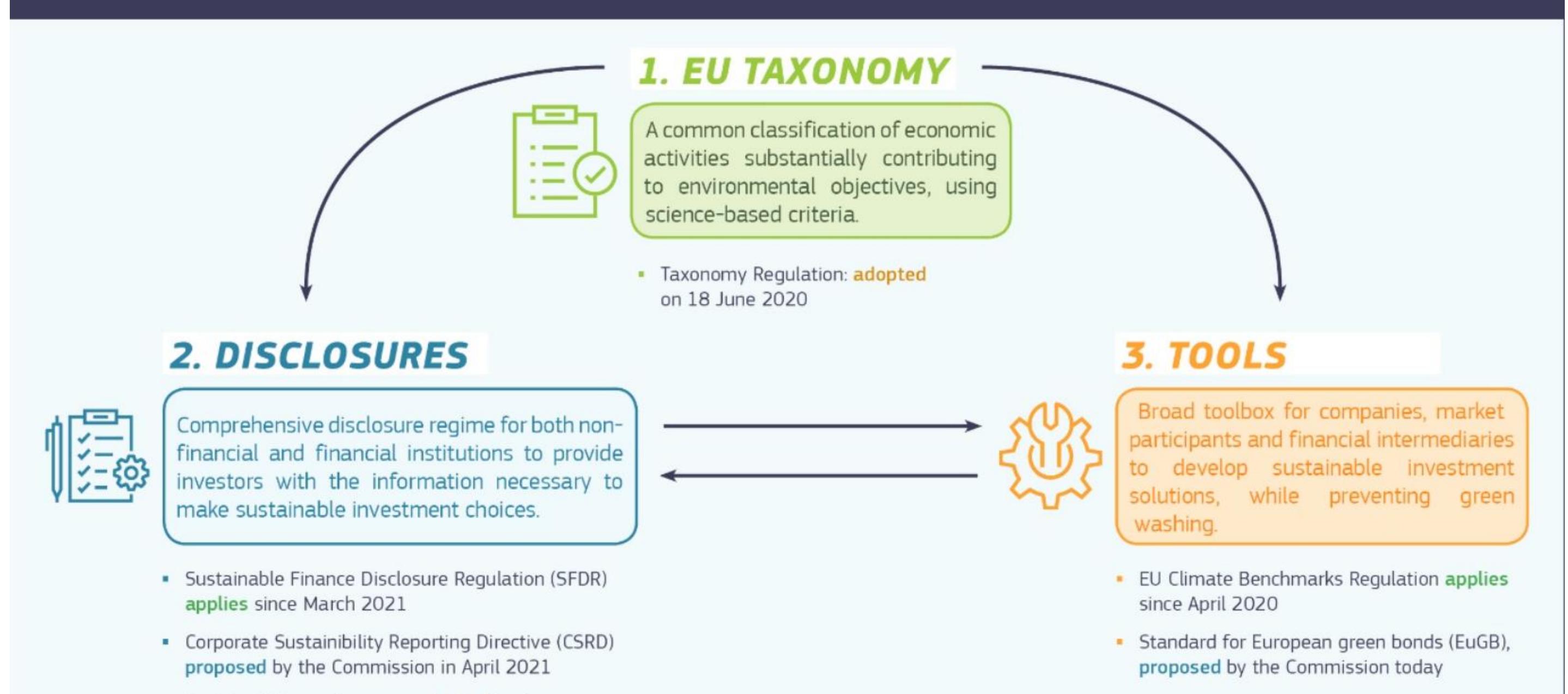
Objectives:

1. Increase transparency and long-termism
2. To reorient capital flows towards climate solutions
3. Mainstream sustainability risk into risk management

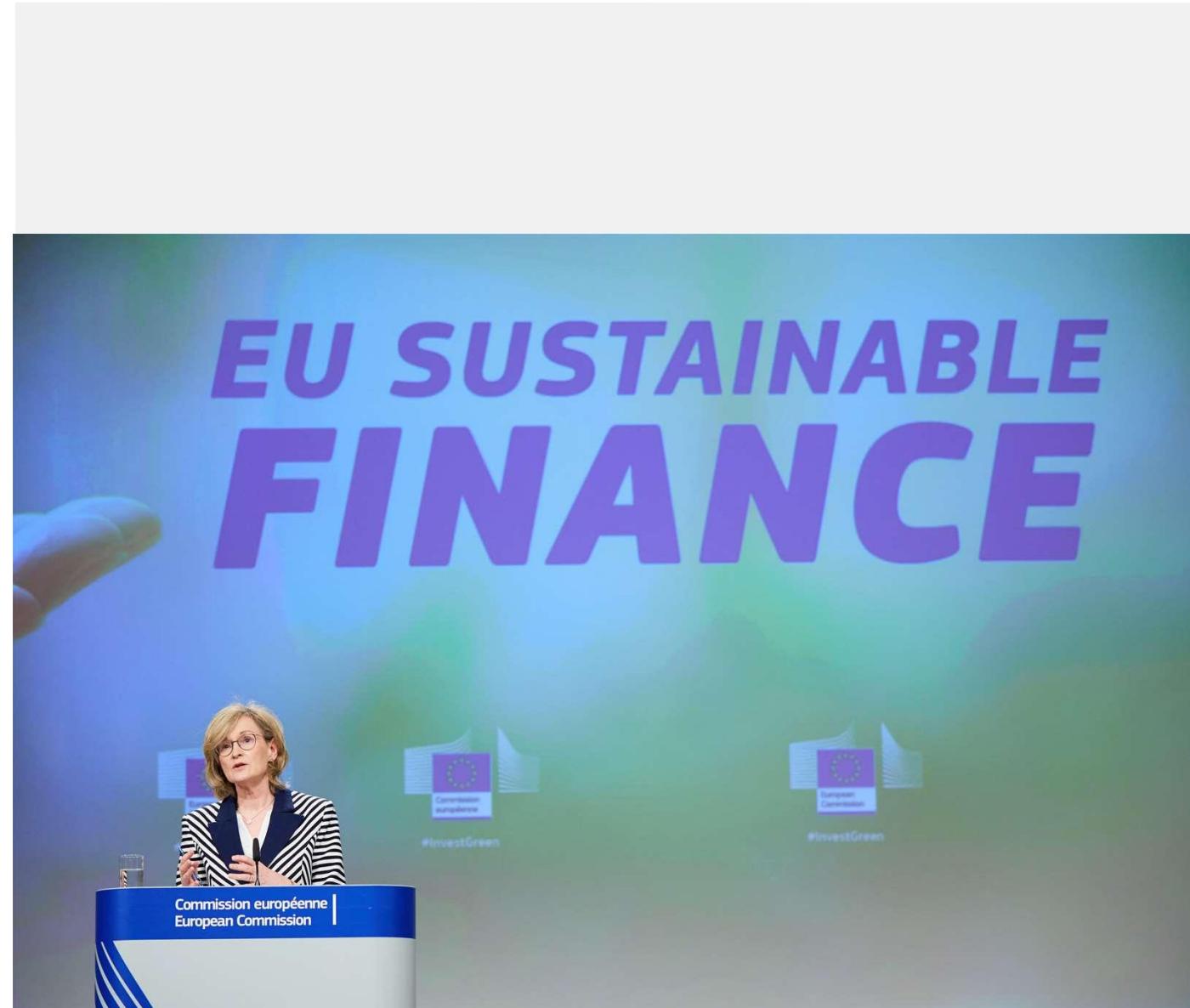


The original EU sustainable Finance Framework.

2018: THE FOUNDATIONS OF THE EU SUSTAINABLE FINANCE FRAMEWORK



The renewed Sustainable Finance Strategy (2021)

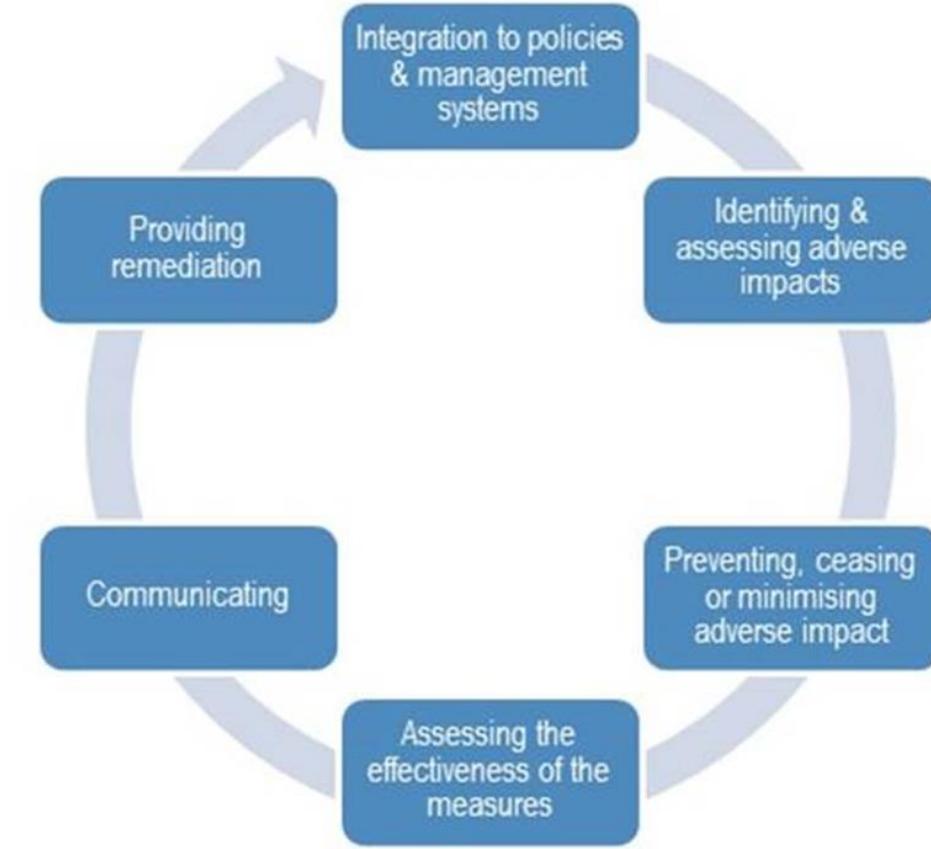


- Better acces to standardized data – A European Single Acces Point (**ESAP**)
- Obligatory Corporate disclosures – Corporate Sustainability Reporting Directive (**CSRD**)
- Corporate Sustainability Due Diligence Directive (**CSDDD**)

Introducing Due Diligence obligations

The CSDD establishes a 'due diligence duty to identify, bring to an end, prevent, mitigate and account for negative human rights and environmental impacts in [companies'] own operations, subsidiaries and value chains.'

Figure 1: The due diligence process should cover the six steps defined by the OECD Due Diligence Guidance



Source: J.P. Morgan, based on the EC

Timelines

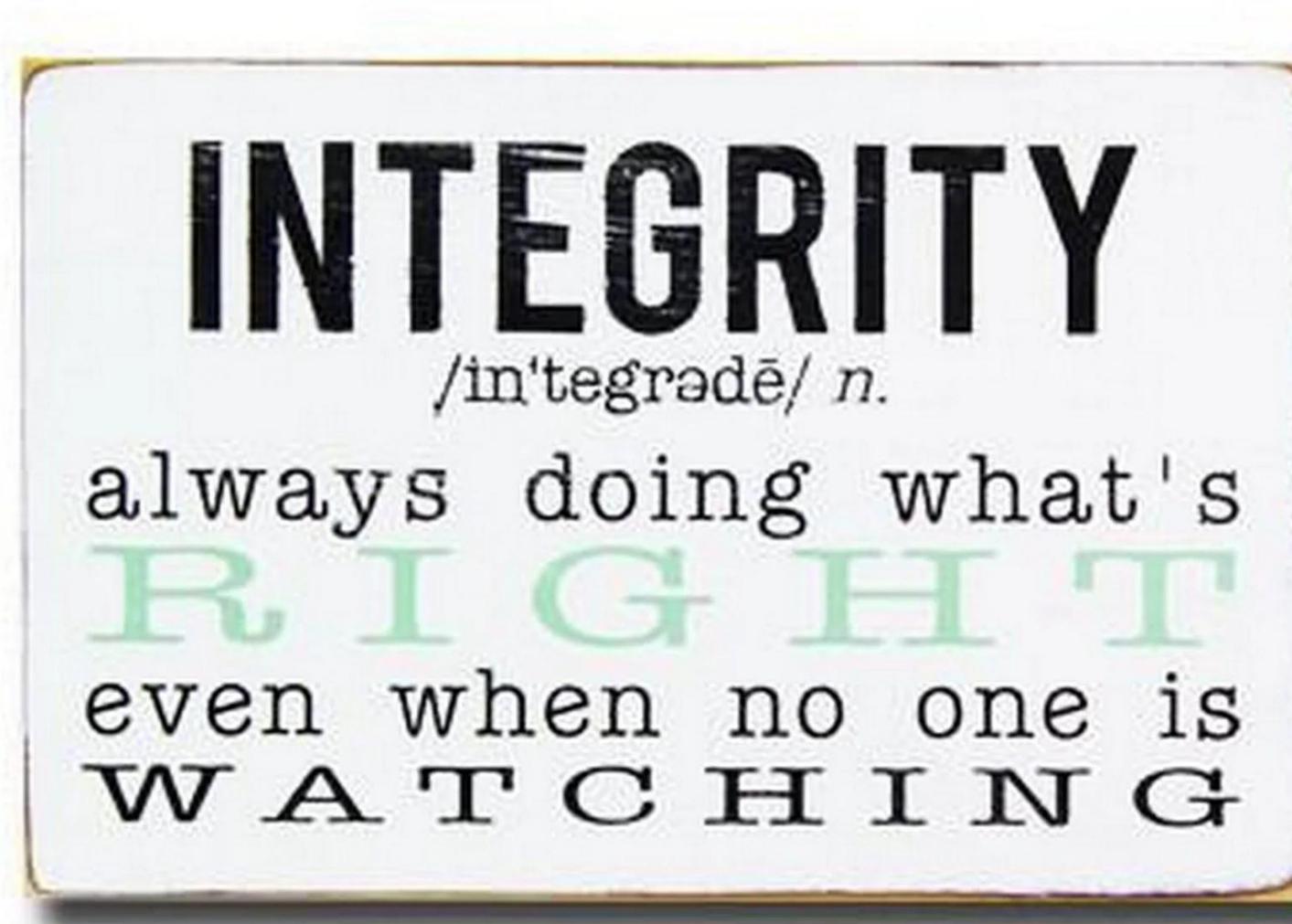


My personal key insights



- Sustainability is never black-and-white
- Concepts and implementation require multi-disciplinary insights
- The transition we are in requires flexibility and accountability
- Keep an eye on the bigger picture

Food for thought.



Checklist to get started

- Get involved in SFDR implementation!
- Check your involvement with CSDDD
- Check involvement with CSRD
- Be aware of the organisations sustainability strategy and client preferences
- Develop a feeling for reporting and data processes
- Set up a dialogue on how to maintain integrity
- Find your own drive and way to contribute to a world in which it is worthwhile getting your pension. (even if it is close...)

Because...



Thank you!



Agenda

1. Sustainability meets Compliance

2. Three essential trends

- Radical Transparency
- A changing climate
- From voluntary standards to regulation

3. The essence of EU regulation

4. Practical questions to get started with



The EU taxonomy

IS	IS Not
A list of economically relevant criteria	A rating of good and bad companies
Flexible for different asset classes	An obligatory investment list
Science based	A judgement on financial characteristics
dynamic	static