

Sustainability is a global ambition that is now firmly at the core of EU policy making. A new Climate Law will be adopted soon to embed the goal of sustainability in the EU's legal framework while the European Green Deal is an ambitious cross-sectoral plan to transition Europe to Climate neutrality by 2050.

Sustainable finance, involving the integration of environmental, social and governance (ESG) considerations into investment decision making is seen as a key aspect in driving the transition to sustainability.

Policy Context

The EU's original Sustainable Finance Action Plan, adopted only in 2018, is now in the process of implementation. As we pass the March 10 application date of the Sustainable Finance Disclosure Regulation (SFDR), the pace of legislative and regulatory change in the sustainable finance space is only increasing.

The strong political demands for a move to a more sustainable world have been further enhanced by the COVID crisis as policy makers focus on the opportunity to "build back better". Furthermore, we expect the European Commission to publish a Renewed Sustainable Finance Strategy later this year with additional proposed legislative actions.

Irish Funds is keen to ensure that industry is well-positioned to rise to the challenges and harness the opportunities that the sustainable finance agenda presents. We fully recognise the need for and benefit of a regulatory framework for sustainable finance and we have engaged in the intensive EU consultation process around that.

We face challenges with the very ambitious regulatory timelines, substantial compliance efforts and data gaps, all of which we are seeking to constructively address. We are also conscious of the interconnection between the legislative debates on Capital Markets Union, sustainable finance, and digital finance. All of these trends will shape the policy making environment for the foreseeable future.



Working with Sustainable Finance Ireland

A key goal of the Government's **Ireland for Finance Action Plan** is to develop Ireland as a leading global hub for sustainable finance. One of the key actions for 2021 under this strategy involves the development of a Sustainable Finance Roadmap to guide Irish green and sustainable finance activities in the context of the European Green Deal and forthcoming Renewed Sustainable Finance Strategy.

Irish Funds is working with **Sustainable Finance Ireland** and other stakeholders to contribute to the development of this Roadmap to be launched in October during Climate Finance Week 2021. As part of this initiative, we will also work closely with **Sustainable Finance Skillnet**, a public-private sector platform dedicated to the promotion and facilitation of workforce learning in the area of Sustainable Finance within the Financial Services sector.

We are also proud to support **Climate Finance Week**, an annual event run by Sustainable Finance Ireland, which brings together the most senior international decision makers and thought leaders to consider how best to support and accelerate the further growth of sustainable finance.

Key Upcoming Dates

April

- Non-Financial Reporting Directive – legislative proposal
- Delegated Acts integrating sustainability factors & risks under UCITS, AIFMD, MiFID
- Taxonomy Delegated Acts

June

- EU Renewed Sustainable Finance Strategy
- Sustainable Corporate Governance – legislative proposal
- EU Green Bond Standard – legislative proposal

Our actions on Sustainable Finance

The significance, complexity and rapid evolution of the sustainable finance regulatory framework requires industry mobilisation to respond effectively to this ambitious agenda. Our efforts have involved looking at sustainable finance from a range of perspectives, including policy, legal and regulatory, data, product, future services and capabilities, as well as training needs. This has involved workshopping issues, responding to consultations, and engaging with policy makers. Sustainable finance has been one of the key topics in recent meetings we have held with the European Commission, ESMA, Irish Department of Finance and with MEPs in the European Parliament's ECON committee.

Key initiatives to date

Thought Leadership and Publications

- SFDR – post-webinar Q&A – February 2021
- SFDR – preparing for compliance – January 2021
- Irish ETFs – supporting sustainable finance – October 2020
- Comparing international sustainability reporting frameworks – July 2020
- EU Sustainable Finance Regulatory Overview – July 2020
- Building a common EU framework for corporate non-financial reporting disclosures – June 2020
- EU Sustainable Finance Regime: Key Requirements and Timeframes for Funds and ManCos – May 2020

Consultation Responses

- European Single Access Point (ESAP) – March 2021
- European Long-Term Investment Fund (ELTIF) review – February 2021
- IFRS Foundation consultation on sustainability reporting – December 2020
- ESAs consultation on precontractual and periodic reporting templates – October 2020
- ESAs consultation in relation to ESG disclosures – September 2020
- Draft Delegated Acts integrating sustainability into AIFMD, UCITS, MiFID – July 2020
- Renewed Sustainable Finance Strategy – July 2020
- Review of the NFRD – June 2020

Webinars

- SFDR – preparing for compliance – February 2021
- ESG – The Prevailing Wind of Asset Management – October 2020
- The Changing Face of ESG – September 2020
- Sustainability Reporting in Focus – July 2020
- ESG – Putting Theory Into Practice – June 2020
- EU sustainable finance regime - how is industry responding? – May 2020

We will continue to engage on the EU's policy and regulatory agenda with several key publications expected in the weeks ahead.

For more information visit www.irishfunds.ie/sustainablefinance

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