

# EFAMA's reply to European Lab's future projects agenda consultation

30 September 2019

## Information required on proposed projects

1. Please rank the proposed project topics outlined in paragraphs 12 to 36 above by order of priority, and explain your selection with details of the distinct added value you would expect of a potential European Lab project on each topic:

|  | Priority   | Reasoning for your selection and ranking   |
|--|--|--|
| <b>Project 1.1</b> – Reporting on human rights and other social matters in the supply chain  | <input type="checkbox"/> Highest<br><input checked="" type="checkbox"/> Medium<br><input type="checkbox"/> Lower |  |
| <b>Project 1.2</b> – Reporting on human capital management   | <input type="checkbox"/> Highest<br><input type="checkbox"/> Medium<br><input checked="" type="checkbox"/> Lower |  |
| <b>Project 1.3</b> – Reporting on human capital and social capital impacts of climate adaptation and mitigation policies             | <input type="checkbox"/> Highest<br><input type="checkbox"/> Medium<br><input checked="" type="checkbox"/> Lower |  |
| <b>Project 2</b> – Reporting of non-financial risks and opportunities, and linkage to the business model                             | <input checked="" type="checkbox"/> Highest<br><input type="checkbox"/> Medium<br><input type="checkbox"/> Lower | This seems to be most relevant given the obligations on the financial market participants in the various new / upcoming Sustainable Finance rules. |
| <b>Project 3</b> – Reporting on the materiality assessment process and outcomes for Environment, Social and Governance (ESG) matters | <input checked="" type="checkbox"/> Highest<br><input type="checkbox"/> Medium<br><input type="checkbox"/> Lower | This seems to be most relevant given the obligations on the financial market participants in the various new upcoming Sustainable Finance rules.   |

2. Are there other topics that you advise the European Lab to add to its agenda? If so, please provide a description of the topic and the priority you would assign to it:

It would be useful for the EU Lab to focus on research and providing guidance on reporting of information in line with the Sustainable Finance rules that currently is not reported or such reporting is scarce or experimental. For instance, there is a lot of ambiguity around principal adverse impacts of investment decisions on sustainability

factors and how to report such information in line with the Article 3 gamma (to become Art. 4) of the Sustainability Disclosures Regulation (SFDR). In particular, the regulation requires financial market participants to report:

- 1) Information on the identification and prioritization of principal adverse sustainability impacts and indicators, and
- 2) A description of the principal adverse sustainability impacts and of the actions taken and, where relevant, planned. Any guidance on how to deal with this requirement would be helpful.

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