

HLEG-Questionnaire – Response Deutsches Aktieninstitut

<p>Question 1. From your constituency's point of view, what is the most important issue that needs to be addressed to move towards sustainable finance? (sustainable finance being understood as improving the contribution of finance to long-term sustainable and inclusive growth, as well as strengthening financial stability by considering material environmental, social and governance factors)</p>	<p>We do agree with the goal of the financial reform agenda that a financial system should promote sustainable economic development rather than boom and bust. However, we do not believe that a financial reform is the right legislative measure to promote a sustainable social development with regard to i.e. inequality and exclusion. Regarding the mentioned environmental aspects the question is if these issues would not better be addressed by environmental policy. Mixing goals always leads to less clear policy orientation and ambiguity.</p>
<p>Question 2. What do you think such an EU taxonomy for sustainable assets and financial products should include?</p>	<p>No comment</p>
<p>Question 3. What considerations should the EU keep in mind when establishing a European standard and label for green bonds and other sustainable assets? How can the EU ensure high-quality standards and labels that avoid misuse/green-washing?</p>	<p>In general an EU standard for green bonds seems to be a good idea as it helps to make green bonds comparable for investors. The EU can rely on the already existing Green Bond Principles and the Climate Bonds Standards and does not have to start from zero. In this respect a global standard would even be more preferable, because capital markets as well as environmental problems are global. Another aspect that should be considered is whether the "EU Green Bond label" should be used for projects that aim at improvements in sustainability or whether the label is reserved for firms that have already reached particularly high standards.</p>

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	<p>However, as long as the classification system is only thought to be used as a label for certain green finance projects, we could support that idea. It is however important, that the classification system will not be used for channeling investments or even excluding other forms of investment that does not meet the criteria.</p>
<p>Question 4. What key services do you think an entity like “Sustainable Infrastructure Europe” should provide, more specifically in terms of advisory services and connecting public authorities with private investors?</p>	<p>No comment</p>
<p>Question 5. It is frequently stated that the inherent short-termism in finance, especially financial markets, represents a distraction from, or even obstacle to, a long-term orientation in economic decision-making, including investments that are essential for sustainability. Do you agree with this statement?</p> <p>Yes No Don’t know / no opinion / not relevant</p>	<p>No comment</p>

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<p>Question 5.1. If you agree with this statement, which sectors of the economy and financial system are particularly affected by the 'mismatch of time horizons'? What are possible measures to resolve or attenuate this conflict?</p>	<p>In principle, we agree that long term-investment is desirable, for example if you invest in shares. However, there will always be a need of short term investment as well. We believe that the 'long term vs. short term-debate' should be led from a realistic perspective. Concerning financial reports, for example, it should not be questioned that certain interim information within the financial year is needed in addition to the annual report. Also for reasons of transparency.</p>
<p>Question 6. What key levers do you think the EU could use to best align the investment and analyst community with long-term sustainability considerations in the real economy?</p>	<p>see answer to previous question</p>
<p>Question 7. How can the EU best create a strong and visible pipeline of sustainable investment projects ready for investment at scale?</p>	<p>No comment</p>
<p>Question 8. What are some of the most effective ways to encourage credit rating agencies to take into consideration ESG factors and/or long-term risk factors?</p> <ul style="list-style-type: none"> • Create a European credit rating agency designed to 	<p>Credit rating agencies already today have long term perspectives incorporated in their ratings.</p>

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<p>track long-term sustainability risks</p> <ul style="list-style-type: none"> • Require all credit rating agencies to disclose whether and how they consider TCFD-related information in their credit ratings • Require all credit rating agencies to include ESG factors as part of their rating • All of the above • Other 	
<p>Question 8.1 Please specify what other ways you would deem most effective in encouraging credit rating agencies to take into consideration ESG and/or long-term risk factors.</p>	<p>No comment</p>
<p>Question 9. What would be the best way to involve banks more strongly on sustainability, particularly through long-term lending and project finance?</p>	<p>No comment</p>

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<p>Question 10. What would be the best way to involve insurers more strongly on sustainability, particularly through long-term investment?</p>	<p>No comment</p>
<p>Question 11. What do you think should be the priority when mobilising private capital for social dimensions of sustainable development?</p>	<p>Mobilising capital for social purposes or developments should be a governmental task in the first place.</p> <p>Private households should, of course, be enabled to invest into social and sustainable projects if they wish so.</p> <p>It is, however, not the prime task of capital markets to cater for the channeling of private capital into such projects. Capital markets merely serve the purpose of matching the needs of corporate finance and private or institutional investment.</p>
<p>Question 12. Do you have any comments on the policy recommendations or policy areas mentioned in the Interim Report but not mentioned in this survey?</p>	<p>We believe it is inappropriate that the questionnaire does not address all early recommendations rendered by the task force. The recommendations on enhancing ESG-disclosures are, for example, not subject to the public consultation. This is not understandable.</p> <p>Since 2017 companies are legally obliged to disclose non-financial information. Up to now no report has been published but still the Commission will evaluate the CSR-Directive already in 2018. The HLEG-report asks for even more detailed disclosures because as is stated in the report “high quality integrated reporting on these matters remains far from being mainstream”. This kind of argumentation is puzzling because there is no obligation for companies to deliver integrated reports. Most companies that report non-financial information rely on the comprehensive standard of the Global Reporting Initiative. As the recommendations of the TCFD</p>

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	<p>were published in June 2017 there might still be a need for discussion which recommendations should be followed. If this is settled it would be up to the standardsetters like, for example, GRI to integrate them into standards like the G4. We would disadvise to set up an EU standard.</p>
<p>Question 13. In your view, is there any other area that the expert group should cover in their work?</p>	<p>No comment</p>