

BVI¹ position on the Commission's Call for Evidence regarding simplification of administrative burdens in environmental legislation

We fully support the EU Commission's objective of fostering competitiveness of the European industry and cutting red tape in EU legislation. With regard to the asset management sector, we see the potential of eliminating excessive regulatory burden in the following cases:

- 1. Scope of application of EUDR:** Despite the extensive guidance produced by the EU Commission, the scope of EUDR still appears extremely broad, involving any market participant who makes relevant commodities or products "available on the market", regardless of its position in the supply chain. This means, for instance, that parties like publishers or printing companies sourcing paper for books, newspapers etc. from EU suppliers are subject to full due diligence requirements, even if the supplier further up in the value chain has already conducted due diligence and is able to confirm that the paper stems from deforestation-free sources. Even more astounding, the same due diligence standards seem to apply to any trader or distributor in the downstream value chain, even though they do not make any changes to the printed items for which due diligence assessments already exist.

Such multiplication of due diligence duties results in excessive requirements for market participants not at all involved in the commodities sourcing process. In case of BVI members, it seems to pertain even to fund management companies who make available their legally prescribed documents (like fund rules, sales prospectuses or annual reports) on paper and thus fulfil their legal obligations. At the same time, we do not believe that effective progress in reducing deforestation or forest degradation can be achieved by multiplying due diligence duties across the entire supply chain and creating a "data cemetery". Protection against deforestation is most relevant when sourcing materials at the beginning of the supply chain.

In order to strike the right regulatory balance and account for the proportionality principle while preserving the objectives of EUDR, **we suggest:**

- **focusing due diligence requirements on operators and traders that are the first who place the relevant commodities or products on the EU markets** either by importing them from third countries or by sourcing from EU locations. Those "lead" operators or traders should make the relevant due diligence statement available to the market and any traders or users further down in the value chain should be able to rely on such statement without repeating the due diligence assessment itself.
- reassessing the functioning of this system after a certain observation period, e.g. 3 years.

¹ BVI represents the interests of the German fund industry at national and international level. The association promotes sensible regulation of the fund business as well as fair competition vis-à-vis policy makers and regulators. Asset managers act as trustees in the sole interest of the investor and are subject to strict regulation. Funds match funding investors and the capital demands of companies and governments, thus fulfilling an important macro-economic function. BVI's 116 members manage assets of EUR 4.6 trillion for retail investors, insurance companies, pension and retirement schemes, banks, churches and foundations. With a share of 26%, Germany represents the largest fund market in the EU. BVI's ID number in the EU Transparency Register is 96816064173-47. For more information, please visit www.bvi.de/en.



Moreover, the **review clause for introducing specific obligations for financial institutions in Article 34(4) EUDR should be rescinded**. This clause suggests that EUDR due diligence duties might be envisaged for financial institutions. However, extending such obligations to finance and investing activities would further multiply due diligence duties that already fall on the investee or financed companies operating with EUDR commodities, once again without any added value in environmental terms. For asset managers, such obligations would be not only burdensome but simply unworkable: general-purpose investments in shares and bonds of companies provide access to information at the corporate level, not at the commodity-specific level required for the EUDR due diligence.

The financial sector is already comprehensively regulated under the EU's sustainable finance framework, including the SFDR, the Shareholders' Rights Directive and sectoral rules e.g. in UCITS Directive and AIFMD. This has been acknowledged in the pending negotiations on Omnibus I by the proposal to delete the review clause on downstream financial services from the CSDDD framework. There is no reason for EUDR to take a different approach.

2. **Appropriate delineation between EU sustainable finance rules and the Green Claims**

Directive: In the context of the Green Claims Directive currently under negotiation, **we urge the EU Commission and the co-legislators to maintain a full exemption from scope for financial products and services subject to EU sustainable finance rules**. Asset managers and investment funds are, like many other financial market participants, already bound by regulatory standards aiming at protecting investors and other consumers from undue ESG-related claims:

- For financial products, disclosure of ESG-related characteristics is extensively regulated by SFDR. The applicable rules include standardised templates for pre-contractual and periodic reporting about relevant ESG credentials and the provision that marketing communications must not contradict the legally prescribed disclosures. Combined with the general requirement for fair, clear and not misleading information enshrined in the relevant sectorial rules, the EU regulatory framework already ensures accurate representation of ESG-relevant product features.
- As the competent authority for securities supervision, ESMA has articulated supervisory expectations as regards fair sustainability claims. In 2022, ESMA issued a [supervisory briefing](#) on sustainability risks and disclosures in the area of investment management that was meant at promoting common supervisory approaches. This guidance has been further enhanced by a recent "[Thematic note](#) on fair, clear and not misleading sustainability claims" from 1 July 2025.
- After two years of research, all three ESAs came up with extensive reports on greenwashing in their respective areas of competence in June 2024. The ESMA report finds little evidence of actual greenwashing occurrences in the market, acknowledges that NCAs are already taking steps to prioritise supervision of sustainability-related claims and sets out recommendations how to further strengthen the supervisory practices.