

Call for evidence: On the retail investor journey: understanding retail participation in capital markets

WeeFin's answer – 21/07/2025

WeeFin: Sustainable Finance Expertise

WeeFin is an impact-focused fintech specializing in sustainable finance that works closely with numerous diverse financial institutions (Asset Owners, Asset Managers, Private Equity). WeeFin supports these companies in producing their ESG data and regulatory reporting such as SFDR annexes and EETs. Additionally, WeeFin's teams train these stakeholders on sustainable finance regulations, particularly MIFID II.

This position gives us a precise understanding of the challenges faced by financial institutions and their clients, both in terms of understanding and implementing sustainability concepts (taxonomy, DNSH, PAI, etc.).

Finally, WeeFin is a mission-driven company that aims to raise sustainable finance standards and make them the norm and has committed to becoming the voice of more transparent sustainable finance.

Q34: Have firms observed cases where clients struggle to express their sustainability preferences in a meaningful way? How have these issues been addressed to help retail investors? Please explain and provide practical examples, or evidence drawn from experience, where available.

Sustainable finance today faces a major paradox: regulations designed to improve transparency and protect investors end up creating barriers to entry for these same investors. MIFID II, SFDR, and the associated technical acronyms (PAI, DNSH, taxonomy) have been developed by experts for experts, leaving the end client's understanding behind. Concepts such as "Principal Adverse Impacts" or "Do Not Significant Harm," although fundamental for structuring responsible investment, remain impenetrable for most end investors, with financial advisors sometimes struggling to explain these technical concepts.

The [AMF study](#) on the readability and comprehension of SFDR pre-contractual annexes by retail investors, conducted in 2023, reaches the same conclusions: these documents are considered "discouraging" due to their form (document length) and content (technical terms, lack of simplification).

It therefore appears important to rethink these frameworks with a user-centred approach, prioritizing education over technical exhaustiveness. The revision of SFDR offers this opportunity for simplification. The proposed replacement of the current system with more intuitive categories ("Sustainable," "Transition," "ESG Collection") could constitute a first step toward more intelligible sustainable finance.

To achieve this democratization of sustainable finance, a three-step approach is necessary:

1. **Educate** - Develop enhanced educational approaches that translate technical requirements into clear and understandable language
2. **Simplify** - Streamline reports intended for end investors by retaining only essential information for understanding the fund's ESG strategy (for example, which SFDR category this financial product corresponds to, or which exclusions are implemented) and limit written sections to facilitate investment decision-making by end clients
3. **Maintain and improve ESG KPIs** - While simplifying reporting and key concepts for the public as described above, allow financial professionals to maintain standardized indicators ensuring comparability between financial products, and to continue developing sophisticated, ambitious, and rigorous analysis methodologies

Q35a: Do retail investors find suitability reports helpful in understanding why a specific investment was recommended? In your view, do these reports add meaningful value for clients? Please explain and provide practical examples, or evidence drawn from experience, where available.

The periodic annex detailing the ESG performance of funds is essential to help clients understand how the financial product has aligned with their profiles. However, like the pre-contractual annex, this document currently lacks clarity to enable retail investors to identify financial products suited to their needs.

To address this challenge and maintain this document while making it more intelligible, two priority actions are needed:

1. Select and present the most relevant and understandable indicators for the investor in this reporting, such as concrete CO2 reduction targets for funds focused on ecological transition.
2. Limit the document size to highlight essential information, thus preventing the most important data from being lost in an overly lengthy report.

The concepts currently present in the periodic annex are now used within the MIFID II framework. Indeed, this regulatory framework requires financial advisors to question their clients about technical concepts such as taxonomy alignment, sustainable investment according to SFDR, or consideration of Principal Adverse Impacts (PAIs). When clients express their sustainability preferences, these may prove difficult to satisfy given the characteristics of SFDR funds currently available on the market.

For example, an investor might want a fund consisting of 100% sustainable investments, with 50% taxonomy alignment and incorporating all 14 mandatory PAIs with specific quantitative objectives. However, in 2025, despite regulatory advances, such products do not yet exist. Taxonomy alignment levels generally remain modest for most companies and consequently for financial products.

To address these challenges, the proposals to redesign SFDR annex templates, made by the ESAs in December 2023, seem to be an excellent opportunity to simplify these reports and highlight the essential ESG information of the fund.