

Slovak Association of Fund Management Companies would like to send respond with answers and comments to some points of suggestion regarding Consultation on integrating sustainability risks and factors in the UCITS Directive and AIFMD.

To Organizational requirements (Q2 and next questions)

In point 22 is stated: „It is important that authorized entities employ individual(s) that possess the relevant skills, knowledge and expertise in sustainability risks“ in connection to human and technical resources.

We do not agree with an obligation of an asset management company to appoint a new function who has to consider ESG criteria. In our opinion ESG criteria is globally important but we think that the ESG risk consideration has to be performed on voluntary basis of the company and we also do not agree to involve integration of sustainability risk and factor to control programs of Compliance function and Internal audit. In our opinion, the compliance and internal audit function have a different scope of work and different role in asset management companies. (regarding to point 27).

To risk consideration (Q5 and next questions)

Generally, the obligation to consider mentioned criteria as defined for example in points 27 or 33, such as perform a formalized assessment on sustainability risk and their materiality, taking into account several aspects such as identification of sustainability factors linked to the positions managed can increase the administrative burden on the side of asset management companies. We propose to assess mentioned risk on voluntary basis and take into account the principle of proportionality. The main role of asset management companies is to manage client money based on the principle of best interest of clients and fiduciary duty. The consideration of ESG criteria can interfere the primary mission of the company. In addition, we highlight the threat of incorrect definitions, setting and threat of incorrect evaluation of mentioned criteria, which can cause the irregularities in individual countries.

To point 31 (the principle of proportionality)

It is very important to highlight a proportionality. A member states have to assess the impact of mentioned requirements and set it up to their own environment with view of size, nature, scale and complexity of asset management companies (regarding to point 31).