

Response form for the Joint Consultation Paper concerning ESG disclosures





Responding to this paper

The European Supervisory Authorities (ESAs) invite comments on all matters in this consultation paper on ESG disclosures under Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial sector (hereinafter “SFDR”) and in particular on the specific questions summarised in Section 3 of the consultation paper under “Questions to stakeholders”.

Comments are most helpful if they:

1. contain a clear rationale; and
2. describe any alternatives the ESAs should consider.

When describing alternative approaches the ESAs encourage stakeholders to consider how the approach would achieve the aims of SFDR.

Instructions

In order to facilitate analysis of responses to the Consultation Paper, respondents are requested to follow the below steps when preparing and submitting their response:

- Q1** Insert your responses to the questions in the Consultation Paper in the present response form.
- Q2** Please do not remove tags of the type <ESA_QUESTION_ESG_1>. Your response to each question has to be framed by the two tags corresponding to the question.
- Q3** If you do not wish to respond to a given question, please do not delete it but simply leave the text “TYPE YOUR TEXT HERE” between the tags.
- Q4** When you have drafted your response, name your response form according to the following convention: ESA_ESG_nameofrespondent_RESPONSEFORM. For example, for a respondent named ABCD, the response form would be entitled ESA_ESG_ABCD_RESPONSEFORM.
- Q5** The consultation paper is available on the websites of the three ESAs and the Joint Committee. Comments on this consultation paper can be sent using the response form, via the [ESMA website](#) under the heading ‘Your input - Consultations’ by **1 September 2020**.
- Q6** Contributions not provided in the template for comments, or after the deadline will not be processed.

Publication of responses

All contributions received will be published following the close of the consultation, unless you request otherwise in the respective field in the template for comments. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure. A confidential response may be requested from us in accordance with ESAs rules on public access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by ESAs Board of Appeal and the European Ombudsman.

Data protection

The protection of individuals with regard to the processing of personal data by the ESAs is based on Regulation (EU) 2018/1725¹. Further information on data protection can be found under the [Legal notice](#) section of the EBA website and under the [Legal notice](#) section of the EIOPA website and under the [Legal notice](#) section of the ESMA website.

¹ Regulation (EU) 2018/1725 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC, OJ L 295, 21.11.2018, p. 39.

General information about respondent

Name of the company / organisation	Febelfin vzw/asbl, Belgian Financial Sector Federation
Activity	Banking sector
Are you representing an association?	<input checked="" type="checkbox"/>
Country/Region	Belgium

Introduction

Please make your introductory comments below, if any:

<ESA_COMMENT_ESG_1>

The Belgian financial sector strongly support the spirit and objectives of the Sustainable Finance Disclosure Regulation. We are convinced of the importance and necessity of more standardized and more extensive sustainability-related disclosures by financial sector actors and by companies in general, including the idea of double materiality.

We are aware that this will require significant efforts and resources from these institutions. The Belgian financial sector however is committed to take up this challenge.

The Belgian financial sector has already taken an initiative with the development of the 'Towards Sustainability' quality standard and label for sustainable and socially responsible financial products (www.towardsustainability.be). This non-profit initiative is managed and supervised by an independent agency and has as objectives to grow and safeguard the quality and integrity of the market of sustainable financial products on the one hand, and to provide more transparency and guidance to retail and institutional investors on the other hand.

The quality standard is a normative framework that stipulates a number of criteria which a product that claims to be sustainable should minimally meet. At the same time it encourages product managers to go beyond these minimal criteria and be more ambitious. The minimal criteria concern ESG due diligence processes, sustainability policies and screening criteria, exclusion of harmful activities and transparency. Since its launch in 2019 more than 420 products, including investment funds, index products, insurance funds and savings products, have obtained the label amounting to more than 190 billion EUR that is managed respecting the criteria of the 'Towards Sustainability' quality standard. More than 70 financial institutions from over 10 countries are currently involved in the Towards Sustainability initiative, making it the most comprehensive and inclusive labelling initiative for financial products in Europe.

The 'Towards Sustainability' quality standard is currently being reviewed with as one of the objectives to integrate the relevant provisions of the SFDR and Taxonomy Regulation.

Concerning the current consultation paper, Febelfin concurs with the response of the European Banking Federation EBF and we will not duplicate all the EBF's comments here. However, we would like to provide additional feedback on the issues we feel strongly about.

Before giving feedback to the specific questions, we would like to communicate a number of general concerns. The ESAs clearly acknowledge that data availability will be a major issue, certainly in the initial phase when companies and data providers are not able yet to provide sufficiently detailed and standardized ESG information to financial market participants. This lack of availability of high-quality data could severely hamper the calculation, usefulness and comparability of the disclosed metrics. Indicators that cannot be consistently calculated and are not based on common methodologies will not give a correct view and may in some cases even be misleading.

An EU ESG data repository that would centralise all company-level ESG data in a uniform format and that would be accessible to all market participants, would help in alleviating the issues of data accuracy and comparability.

It is important to find a balance between detail, materiality and quality of the disclosures. We should avoid creating an overload of information that will not be useful or usable by the intended recipients of the disclosed information. Starting with a shorter list of high quality material, comparable and intelligible E, S and G indicators could benefit the objectives of the SFDR more than starting with a too long list of indicators of uncertain quality. Consumer-testing should be undertaken to ensure disclosures that are useful by different types of clients in their investment decision-making.

The current proposal contains a very detailed list of indicators to be disclosed on the level of the financial market participant. The already mentioned issues of data quality could become especially prominent on this level. Indicators on entity level are effectively an aggregate of the corresponding values of the many financial products managed by the financial market participant. However, indicator values of distinct products may be based on different data sources, estimations and underlying methodologies which could make the entity-level figure a meaningless aggregation of incomparable product-level figures. Even on the product level the aggregation of the indicator values from very diverse underlying investee companies, poses similar problems.

Also, we think that end-investors are mainly looking for transparency on the product level and not so much on the entity level.

Entity level disclosures make most sense when they are of a qualitative nature and focus on the investment policies and ESG due diligence processes of financial market participants; aggregated quantitative indicators risk to be meaningless or misleading.

Finally, we understand that the final RTS will not be ready by end 2020. This makes the timing of March 2021 for the SFDR to go into effect particularly ambitious given the issues of data availability and the time needed by financial market participants and supervisors to update and approve all documents and websites.

We do not think these issues are unsurmountable but they do require a smart and phased approach that is ambitious but at the same time takes into account operational feasibility and proportionality.

<ESA_COMMENT_ESG_1>

- **: Do you agree with the approach proposed in Chapter II and Annex I – where the indicators in Table 1 always lead to principal adverse impacts irrespective of the value of the metrics, requiring consistent disclosure, and the indicators in Table 2 and 3 are subject to an “opt-in” regime for disclosure??**

<ESA_QUESTION_ESG_1>

We think it is indeed useful to have mandatory and optional disclosures based on the quality of specific principal adverse impacts.

However, the materiality of indicators should be taken into account. While some indicators may indeed be considered to always lead to principal adverse impacts, not all indicators are relevant to all financial market participants or products. Mandatory reporting on non-material or relevant indicators could present an unintended unfavourable picture of an entity or product. E.g. having a deforestation policy is not necessarily relevant all investee companies and not having such a policy is not necessarily an indication of an unmanaged adverse impact.

When we asked this question during the open hearing on 2 July 2020, we were referred to the ‘Explanation box’ in the Annex I tables. This explanation box should be used to illustrate the non-materiality or the non-relevance of specific indicators for a given entity (or product). However, a general use of the explanation boxes would make a quantitative comparison of the indicators from different entities (or products) impossible or misleading because each figure would have to be interpreted using a specific explanation.

<ESA_QUESTION_ESG_1>

- **: Does the approach laid out in Chapter II and Annex I, take sufficiently into account the size, nature, and scale of financial market participants activities and the type of products they make available?**

<ESA_QUESTION_ESG_2>

No.

We feel insufficient attention is being paid to the materiality of the indicators in Annex I. While the indicators may always lead to principal adverse impacts, not all indicators are relevant to all financial market participants or products. See question 1.

Also, given the extent and complexity of the indicators, the internal and external resources required to gather the information and the related costs we fear that smaller size financial market participants will bear a proportionally higher burden. To avoid a competitive disadvantage to smaller and more budget constraint participants, a centralized ESG data repository at a European level would be beneficial.

Specifically for portfolio management it remains unclear how the personalized character of this service is taken into account in the disclosure requirements.

<ESA_QUESTION_ESG_2>

- **: If you do not agree with the approach in Chapter II and Annex I, is there another way to ensure sufficiently comparable disclosure against key indicators?**

<ESA_QUESTION_ESG_3>

To avoid issues of data availability, disproportional costs and end-investor usability and intelligibility we propose to start with a limited and feasible number of indicators on the most material environmental and social impacts. These initial indicators could be extended with additional indicators in later revisions. See question 5.

Metrics should not be isolated absolute figures but should illustrate the degree of the impact by making reference to a benchmark and show the evolution of the impact over a period of time.

We repeat that data availability and provision will be key elements. The European Commission should ensure an easy and cost-effective access to the relevant ESG data for all market participants. See question 2.

Consistency between indicators in SFDR and Taxonomy is of course important.

<ESA_QUESTION_ESG_3>

- : Do you have any views on the reporting template provided in Table 1 of Annex I?

<ESA_QUESTION_ESG_4>

We think that the amount of indicators, the level of detail and complexity could make it very hard for non-expert investors to understand the meaning of and the difference between the metrics. See question 5. The materiality of indicators for a given entity or product should be taken into account in the reporting template to avoid giving the impression that material and less material impacts are of equal importance. This could also make the most relevant indicators snowed under. See question 1.

<ESA_QUESTION_ESG_4>

- : Do you agree with the indicators? Would you recommend any other indicators? Do you see merit in including forward-looking indicators such as emission reduction pathways, or scope 4 emissions (saving other companies' GHG emissions)?

<ESA_QUESTION_ESG_5>

No.

A key the objective of the disclosures and of the indicators is to provide end-investors, which are not sustainability experts, with the information needed to understand the ESG impact of financial market participants and especially of the products they consider investing in. We think the proposed number and complexity of many of the proposed indicators may not contribute to that objective, but could on the other hand overwhelm and confuse end-investors.

Special care should be taken on the usefulness and comprehensibility of the disclosures for the intended target audience. Disclosures that are not read or, if read, misinterpreted are not useful. We estimate the disclosure will be more powerful if there is a focus on a set of 5 to 10 indicators. We are afraid that customers will not take the time to scroll through a long list of 32-50 indicators.

The disclosures should be to the point and allow investors to get a correct view of the ESG character of a product. This should be aligned with other policy proposals (e.g. Product Governance requirements draft MiFID II and IDD proposal)

As mentioned above, data availability is a problem in general and especially for some very specific indicators such as 10. Natural species and protected areas; 13 exposure to areas of high water stress and 25. Processes and measures for preventing trafficking in human beings.

To avoid issues of data availability, disproportional costs and end-investor usability and intelligibility we propose to start with a limited and feasible number of indicators on the most material environmental and social impacts:

1. Carbon footprint
2. Carbon intensity
3. [Solid] fossil fuel exposure
4. Total energy consumption from non-renewable sources and share of non-renewable energy consumption
5. Water emissions
6. Board gender diversity
7. Insufficient whistle-blower protection
8. Human Rights Policy
9. Exposure to controversial weapons
10. Anti-corruption and anti-bribery policies

These initial indicators could be extended with additional indicators in later revisions.

To ensure a sensible interpretation of the metrics they should not be isolated absolute figures but should illustrate the degree of the impact by making reference to a benchmark and show the evolution of the impact over a period of time.

We should also consider how an end-investor will interpret or weigh up different indicators against one another e.g. carbon intensity vs anti-corruption policies.

Forward-looking indicators such as emission reduction pathways or scope 4 emissions could be very interesting but we fear that due to lacking data and methodologies it is currently not possible to report on these consistently and comparably. Also, they will make the list of indicators even longer.

Moreover, regarding scope 4 'avoided emissions', the climate impact of consumption is strongly dependent on the energy source and on consumer behaviour, so figures calculated by producers are indicative at most. In the end, what is essential for climate change mitigation are the scope 1, 2 and 3 reductions realised by the entities responsible for the emissions.

<ESA_QUESTION_ESG_5>

- : **In addition to the proposed indicators on carbon emissions in Annex I, do you see merit in also requesting a) a relative measure of carbon emissions relative to the EU 2030 climate and energy framework target and b) a relative measure of carbon emissions relative to the prevailing carbon price?**

<ESA_QUESTION_ESG_6>

Indicators should be comprehensible by the intended audience of the disclosure.

As said before, absolute figures are difficult to gauge without a benchmark, so a relative measure might provide a better picture. However, it should not become too complex and the benchmark should be well chosen and recognisable. In that sense, option a) would be preferable.

But, we should avoid adding additional indicators to the already too long list and focus on the most useful ones.

<ESA_QUESTION_ESG_6>

- : **The ESAs saw merit in requiring measurement of both (1) the share of the investments in companies without a particular issue required by the indicator and (2) the share of all companies in the investments without that issue. Do you have any feedback on this proposal?**

<ESA_QUESTION_ESG_7>

While the combination of both figures might provide for a more correct evaluation of the principal adverse impact, we fear it could become very confusing for a non-expert audience and even lead to wrong interpretations.

<ESA_QUESTION_ESG_7>

- : **Would you see merit in including more advanced indicators or metrics to allow financial market participants to capture activities by investee companies to reduce GHG emissions? If yes, how would such advanced metrics capture adverse impacts?**

<ESA_QUESTION_ESG_8>

No.

We do not see any advantages at this time. While it might in theory give a more correct view, it would become too complex and diffuse the impact of other disclosures

<ESA_QUESTION_ESG_8>

- : **Do you agree with the goal of trying to deliver indicators for social and employee matters, respect for human rights, anti-corruption and anti-bribery matters at the same time as the environmental indicators?**

<ESA_QUESTION_ESG_9>

Yes.

Sustainable investing is more than just environmental investing, so we strongly agree that disclosure of policies about social and employee matters, respect for human rights, anti-corruption and anti-bribery matters are an important.

The disclosure should be balanced, in presentation and in level of detail, between all facets of sustainability (E, S and G) so as not to give the impression that one is more important than another.

<ESA_QUESTION_ESG_9>

- : **Do you agree with the proposal that financial market participants should provide a historical comparison of principal adverse impact disclosures up to ten years? If not, what timespan would you suggest?**

<ESA_QUESTION_ESG_10>

No.

The quality and availability of the data and the methodologies have been in constantly evolving in recent years and will certainly do so in the coming years. We expect that the quality of standards, methodologies and metrics will continue to increase. We find a year-by-year comparison will be most useful, with a history of 5 years at most (but not retroactive). Historical comparisons over longer timespans run the risk of giving a false impression of comparability because the underlying methodologies and data will have changed too much.

<ESA_QUESTION_ESG_10>

- : **Are there any ways to discourage potential “window dressing” techniques in the principal adverse impact reporting? Should the ESAs consider harmonising the methodology and timing of reporting across the reference period, e.g. on what dates the composition of investments must be taken into account? If not, what alternative would you suggest to curtail window dressing techniques?**

<ESA_QUESTION_ESG_11>

We are convinced that financial market participants take disclosure seriously and do not devote their resources to develop “window dressing” techniques.

The composition of investments is variable by nature and any reference date will be somewhat arbitrary. One option might be using metrics on time-weighted portfolios.

More important however, are long term consistency and transparency by the financial market participant about the timing and methodologies.

On the other hand, reporting should primarily focus on the investment policies of financial market participants, which are more stable and give a better picture of the longer term strategy.

<ESA_QUESTION_ESG_11>

- : **Do you agree with the approach to have mandatory (1) pre-contractual and (2) periodic templates for financial products?**

<ESA_QUESTION_ESG_12>

Yes.

We support the idea of fixed and harmonized templates to be used for the different documents of the different product types. This will ensure a level playing field and help the end investor to better compare.

The proposed templates for pre-contractual and periodic reporting documents should be integrated as much as possible in existing templates. It would be advisable to update and extend existing reporting templates or obligations to include non-financial data.

<ESA_QUESTION_ESG_12>

- : **If the ESAs develop such pre-contractual and periodic templates, what elements should the ESAs include and how should they be formatted?**

<ESA_QUESTION_ESG_13>

The template should be sufficiently prescriptive to ensure the objective of harmonization and comparability but should at the same time be sufficiently flexible to allow for different interpretations and implementations of sustainability by different product types.

<ESA_QUESTION_ESG_13>

- **: If you do not agree with harmonised reporting templates for financial products, please suggest what other approach you would propose that would ensure comparability between products.**

<ESA_QUESTION_ESG_14>

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<ESA_QUESTION_ESG_14>

- **: Do you agree with the balance of information between pre-contractual and website information requirements? Apart from the items listed under Questions 25 and 26, is there anything you would add or subtract from these proposals?**

<ESA_QUESTION_ESG_15>

As mentioned before, we should avoid that end-investors will become even more overwhelmed by the amount of information provided to them. There should indeed be a balance between pre-contractual and website information with the more detailed information only to be mentioned on the website, and the pre-contractual information being limited to more high-level information on key characteristics needed to make an informed investment decision.

We believe consumer testing could be very beneficial to determine the right balance of information, the level of detail of the information as well as its optimal location.

These information requirements should also be viewed in light of the adaptations to MiFID II and IDD.

<ESA_QUESTION_ESG_15>

- **: Do you think the differences between Article 8 and Article 9 products are sufficiently well captured by the proposed provisions? If not, please suggest how the disclosures could be further distinguished.**

<ESA_QUESTION_ESG_16>

No.

Aside from the differences in disclosure, we think the distinction between article 8 and article 9 products is not sufficiently clear at all.

Some of the questions that arise are:

- Both art. 8 and art. 9 products can invest in sustainable investments, does this mean that an art. 9 product is always an art. 8 product?
- SFDR art. 2(17) defines sustainable investments. We understand this can mean investments underlying art. 8 or art. 9 financial products or direct investments via a financial instrument (e.g. social or green bond).
 - o Art. 8 product investments contribute to environmental and/or social characteristics. How would direct investments that contribute to environmental and/or social characteristics be qualified (e.g. sustainability-linked bonds or loans with interest rates that depend on ESG evaluation/evolution of the company)? Can these be considered an ESG investment in a MiFID context?
- SFDR art. 2(17) defines sustainable investments referring to economic activities contributing to an environmental or social objective. This could mean that art. 9 products can only invest in companies that perform at least one such contributing activity in their range of activities. We do not read a minimal revenue or other threshold for the contributing activity so that the performing investee company can be considered contributing to the financial product's objective.

- An art. 8 product with 70% sustainable investments and 30% investments with environmental or social characteristics must include the statement that it does not have as its objective sustainable investment. An art. 9 product with 60% sustainable investments does not. This may be confusing for end investors.
- The 2nd technical report with draft proposal for the product scope and criteria of the EU Ecolabel for retail financial products, allows that 40% of the portfolio is invested in companies without any revenue from green economic activities (taxonomy) and without any environmental and/or social characteristics (except for exclusions). Does this mean that an EU Ecolabel product is not an art. 8 nor an art. 9 ESG product?

<ESA_QUESTION_ESG_16>

- **: Do the graphical and narrative descriptions of investment proportions capture indirect investments sufficiently?**

<ESA_QUESTION_ESG_17>

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<ESA_QUESTION_ESG_17>

- **: The draft RTS require in Article 15(2) that for Article 8 products graphical representations illustrate the proportion of investments screened against the environmental or social characteristics of the financial product. However, as characteristics can widely vary from product to product do you think using the same graphical representation for very different types of products could be misleading to end-investors? If yes, how should such graphic representation be adapted?**

<ESA_QUESTION_ESG_18>

Given the large diversity of products and implementation of characteristics, using a same graphical representation can indeed only give a high-level indication of the proportion of assets subject to an ESG assessment which could be misleading for the end investor. Therefore the graphical representation should always be read in conjunction with the narrative explanation and the description of the investment strategy.

Trying to reflect this diversity in the graphical representation may make it overly complex and less useful for end-investors.

<ESA_QUESTION_ESG_18>

- **: Do you agree with always disclosing exposure to solid fossil-fuel sectors? Are there other sectors that should be captured in such a way, such as nuclear energy?**

<ESA_QUESTION_ESG_19>

Yes, but.

We do not see why the disclosure should be limited to solid fossil-fuel sectors only. Given the principal adverse impact of non-renewable energy in general, it would make sense to always disclose exposures to thermal coal, oil & gas, and nuclear energy.

Exposures to other sectors with very high environmental and/or social risks could also be considered for disclosure (mining, weapons, tobacco, alcohol, etc.)

Of course these sectors should be clearly defined, preferably using existing sector classifications, so reporting is consistent between financial market participants.

<ESA_QUESTION_ESG_19>

- **: Do the product disclosure rules take sufficient account of the differences between products, such as multi-option products or portfolio management products?**

<ESA_QUESTION_ESG_20>

At this stage it's still unclear how the disclosure rules will be applied to portfolio management products (especially in discretionary management) and what the impact will be on multi-option products (such as branch 23 insurance product) where the investment options can be very broad which would have a significant impact on the level of information to provide. We do not feel that this would be in any way in the best interest of the investors.

<ESA_QUESTION_ESG_20>

- **: While Article 8 SFDR suggests investee companies should have “good governance practices”, Article 2(17) SFDR includes specific details for good governance practices for sustainable investment investee companies including “sound management structures, employee relations, remuneration of staff and tax compliance”. Should the requirements in the RTS for good governance practices for Article 8 products also capture these elements, bearing in mind Article 8 products may not be undertaking sustainable investments?**

<ESA_QUESTION_ESG_21>

Yes.

We do not see any reason to make a distinction in the good governance requirements between art. 8 and art. 9 products. Taking into account good governance practices is a basic aspect of ESG integration in all ESG products and should not be dependent on whether a product undertakes sustainable investments as defined by the SFDR or not. In the interest of level playing field and meeting client expectations, the good governance requirements should be the same.

<ESA_QUESTION_ESG_21>

- **: What are your views on the preliminary proposals on “do not significantly harm” principle disclosures in line with the new empowerment under the taxonomy regulation, which can be found in Recital (33), Articles 16(2), 25, 34(3), 35(3), 38 and 45 in the draft RTS?**

<ESA_QUESTION_ESG_22>

We can agree with the interpretation of the “do not significantly harm” principle based on the principal adverse impact disclosures on entity-level. However, in line with our general comments, we feel the indicators listed in Annex I should be limited to the most material and relevant indicators to avoid information overload in the pre-contractual documents and keep these useful and comprehensible for end-investors.

<ESA_QUESTION_ESG_22>

- **: Do you see merit in the ESAs defining widely used ESG investment strategies (such as best-in-class, best-in-universe, exclusions, etc.) and giving financial market participants an opportunity to disclose the use of such strategies, where relevant? If yes, how would you define such widely used strategies?**

<ESA_QUESTION_ESG_23>

Yes.

While ESG investment strategies are already interpreted fairly consistently in the market, we feel that a definition by the ESAs could improve comparability and avoid potential window dressing. In drafting, the definitions by Eurosif (<http://www.eurosif.org/responsible-investment-strategies/>) could be used. Financial market participants should have the opportunity to disclose the use of such strategies using the ESA's definitions as this will inform the end-investor of the depth and diversity of ESG implementations in investment strategies.

<ESA_QUESTION_ESG_23>

- **: Do you agree with the approach on the disclosure of financial products' top investments in periodic disclosures as currently set out in Articles 39 and 46 of the draft RTS?**

<ESA_QUESTION_ESG_24>

No.

We do not see much added value in this disclosure for end-investors. In any case, for many product types this information is already available, and sometimes more extensive, in the current annual reports.

<ESA_QUESTION_ESG_24>

- : For each of the following four elements, please indicate whether you believe it is better to include the item in the pre-contractual or the website disclosures for financial products? Please explain your reasoning.
1. an indication of any commitment of a minimum reduction rate of the investments (sometimes referred to as the "investable universe") considered prior to the application of the investment strategy - in the draft RTS below it is in the pre-contractual disclosure Articles 17(b) and 26(b);
 2. a short description of the policy to assess good governance practices of the investee companies - in the draft RTS below it is in pre-contractual disclosure Articles 17(c) and 26(c);
 3. a description of the limitations to (1) methodologies and (2) data sources and how such limitations do not affect the attainment of any environmental or social characteristics or sustainable investment objective of the financial product - in the draft RTS below it is in the website disclosure under Article 34(1)(k) and Article 35(1)(k); and
 4. a reference to whether data sources are external or internal and in what proportions - not currently reflected in the draft RTS but could complement the pre-contractual disclosures under Article 17.

<ESA_QUESTION_ESG_25>

All technical and more detailed information should be provided on the website where there it is possible to present these elements in a comprehensible way. Pre-contractual information should be limited to the essential and more high-level ESG characteristics of the product and refer to the website for more in-depth information.

<ESA_QUESTION_ESG_25>

- : Is it better to include a separate section on information on how the use of derivatives meets each of the environmental or social characteristics or sustainable investment objectives promoted by the financial product, as in the below draft RTS under Article 19 and article 28, or would it be better to integrate this section with the graphical and narrative explanation of the investment proportions under Article 15(2) and 24(2)?

<ESA_QUESTION_ESG_26>

Given the more complex nature of the use of derivatives we think it would be most useful to document it only on the website or to include it in the narrative explanations of the investment proportions.

<ESA_QUESTION_ESG_26>

- : Do you have any views regarding the preliminary impact assessments? Can you provide more granular examples of costs associated with the policy options?

<ESA_QUESTION_ESG_27>

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<ESA_QUESTION_ESG_27>



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