

Joint Consultation Paper

Taxonomy-related sustainability disclosures

Question 1: Do you have any views regarding the ESAs' proposed approach to amend the existing SFDR RTS instead of drafting a new set of draft RTS?

We agree with the chosen approach, it is reasonable to optimize the current RTS.

Question 2: Do you have any views on the KPI for the disclosure of the extent to which investments are aligned with the taxonomy, which is based on the share of the taxonomy-aligned turnover, capital expenditure or operational expenditure of all underlying non-financial investee companies? Do you agree with that the same approach should apply to all investments made by a given financial product?

We think that consistency of approach is necessary for all the investments of each single product. In recent years, we have seen a continuous proliferation of rules concerning sustainability disclosure. It is necessary to streamline the process, starting from the environmental topic and then extending to social and governance issues. Compliance to rules is complex, costly and could be a burden for intermediaries and clients. The objective that we should aim at is simplicity and easing, otherwise the risk we run is that we won't be able to implement the new provisions. Responsibility is in the hands of who produces, the Asset manager verifies that what the producer states is true, whoever distributes must be able to explain to clients all the relevant elements, and clients must be able to understand clearly. What is envisaged by authorities is the basis for an unmeasurable increase in costs. We invite you to overhaul the identified parameters.

Question 3: Do you have any views on the benefits and drawbacks of including specifically operational expenditure of underlying non-financial investee companies as one of the possible ways to calculate the KPI referred to in question 2?

It is necessary to foresee an objective and standardised datum, identified by the producer, that is then inserted in the reclassification of the balance sheet. Aggregate data have to be provided in a homogeneous way. It is necessary that the cost sustained by the undertaking is evident in order to comply with the rules. We suggest a standard amendment of the European balance sheet that consists in inserting specific, explicit cost and revenue items that take into account these new parameters.

Question 4: The proposed KPI includes equity and debt instruments issued by financial and non-financial undertakings and real estate assets, do you agree that this could also be extended to derivatives such as contracts for differences?

No, we disagree. Derivatives cannot be treated like some other instruments, considering their variability. KPI could be misleading since it is meant to hedge an underlying asset that could be non-coherent with sustainable targets.

Question 5: Is the use of “equities” and “debt instruments” sufficiently clear to capture relevant instruments issued by investee companies? If not, how could that be clarified? Are any specific valuation criteria necessary to ensure that the disclosures are comparable?

Yes, we think that it is clear. No more criteria are needed.

Question 6: Do you have any views about including all investments, including sovereign bonds and other assets that cannot be assessed for taxonomy-alignment, of the financial product in the denominator for the KPI?

Yes, we agree that they should all be inserted.

Question 7: Do you have any views on the statement of taxonomy compliance of the activities the financial product invests in and whether those statements should be subject to assessment by external or third parties?

The documentation involved, as it is proposed, would overlap with other disclosures required by the rules, in particular concerning the PRIIPs’ KID, doubling the documentation currently required to investors, making the efforts made until now by the authorities - in order to provide a single, clear and transparent document for the customer with all the relevant information - useless. We thus think that the proposed documentation should be considered as a standardised integration to the KID, consisting of only one page, available only in a digital format and on the explicit request of the client. We suggest that a specific European certification of ESG parameters for products and services is provided so as to establish sure standards to identify and on which the supervision is performed.

Question 8: Do you have any views on the proposed periodic disclosures which mirror the proposals for pre-contractual amendments?

We do not agree with the proposed method: we think that it is cumbersome, costly, dispersive, and inaccurate in providing the required solution. If inserted into the value chain it would only create additional costs, especially for customers.

Question 9: Do you have any views on the amended pre-contractual and periodic templates?

No, we do not have any other relevant opinion on this matter.

Question 10: The draft RTS propose unified pre-contractual and periodic templates applicable to all Article 8 and 9 SFDR products (including Article 5 and 6 TR products which are a sub-set of Article 8 and 9 SFDR products). Do you believe it would be preferable to have separate pre-contractual and periodic templates for Article 5-6 TR products, instead of using the same template for all Article 8-9 SFDR products?

The models indicated are feasible only via electronic support. We think that the obligation to deliver it to the customer should not be considered, but the final delivery to her/him should be done only on her/his request.

Question 11: The draft RTS propose in the amended templates to identify whether products making sustainable investments do so according to the EU taxonomy. While this is done to clearly indicate whether Article 5 and 6 TR products (that make sustainable investments with environmental objectives) use the taxonomy, arguably this would have the effect of requiring Article 8 and 9 SFDR products making sustainable investments with social objectives to indicate that too. Do you agree with this proposal?

Yes, but our agreement is conditional on all the aforementioned opinions.

Question 12: Do you have any views regarding the preliminary impact assessments? Can you provide more granular examples of costs associated with the policy options?

We agree that a minimum of harmonised rules should be laid down in order to establish a basic level of comparability, leaving room for personalisation depending on the specificities.