**Reply form**

**on the Joint Consultation Paper on the review of SFDR Delegated Regulation regarding PAI and financial product disclosures**

12 April 2023ESMA34-45-1218

**Responding to this paper**

The ESAs invite comments on all matters in the Joint Consultation Paper and in particular on the specific questions in this reply form. Comments are most helpful if they:

* respond to the question stated;
* indicate the specific question to which the comment relates;
* contain a clear rationale; and
* describe any alternatives the ESAs should consider.

ESMA will consider all comments received by **4 July 2023.**

**Instructions**

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

* Insert your responses to the questions in the Joint Consultation Paper in this reply form.
* Please do not remove tags of the type <ESMA\_QUESTION\_SFDR\_1>. Your response to each question has to be framed by the two tags corresponding to the question.
* 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.
* When you have drafted your responses, save the reply form according to the following convention: ESMA\_CP SFDR Review\_nameofrespondent.

For example, for a respondent named ABCD, the reply form would be saved with the following name: ESMA\_CP SFDR Review\_ABCD.

* Upload the Word reply form containing your responses to ESMA’s website (**pdf documents will not be considered except for annexes**). All contributions should be submitted online at [www.esma.europa.eu](http://www.esma.europa.eu) under the heading ‘Your input - Consultations’.

**Publication of responses**

All contributions received will be published following the close of the consultation, unless you request otherwise. Please clearly and prominently indicate in your submission any part you do not wish to be publicly disclosed. 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 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 ESMA’s 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) 2018/1725[[1]](#footnote-1). Further information on data protection can be found under the [Legal notice](http://www.eba.europa.eu/legal-notice) section of the EBA website and under the [Legal notice](https://eiopa.europa.eu/Pages/Links/Legal-notice.aspx) section of the EIOPA website and under the [Legal notice](https://www.esma.europa.eu/legal-notice) section of the ESMA website.

**General information about respondent**

|  |  |
| --- | --- |
| Name of the company / organisation | German Property Federation (ZIA) |
| Activity | As an umbrella organisation of entrepreneurs and federations, the German Property Federation (ZIA) represents the interests of the property sector along its entire value chain, as well as all its types of uses. Among more than 350 members represented by the ZIA are a large number of financial market participants, including more than 40 AIFM that manage open and closed-end real estate AIF. The SFDR and its continued design is of paramount importance to this significant part of our membership. Accordingly, we pay high attention to the review of the RTS. In the following, we will limit our comments primarily to the questions where we see a specific relevance for real estate funds and their investments in real estate assets. However, we would like to point out in advance the fundamental problem, that many of the requirements - both for the PAI indicators and for the product annexes for funds under Articles 8 and 9 of the SFDR - are in part too one-sidedly tailored to funds that invest in investment companies. The special features of real estate are often not taken into account, so that various requirements cannot be met in practice or their fulfillment leads to misleading or unhelpful statements. |
| Are you representing an association? |  |
| Country/Region | Germany |

**Questions**

1. : Do you agree with the newly proposed mandatory social indicators in Annex I, Table I (amount of accumulated earnings in non-cooperative tax jurisdictions for undertakings whose turnover exceeds € 750 million, exposure to companies involved in the cultivation and production of tobacco, interference with the formation of trade unions or election worker representatives, share of employees earning less than the adequate wage)?

<ESMA\_QUESTION\_SFDR\_1>

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<ESMA\_QUESTION\_SFDR\_1>

1. : Would you recommend any other mandatory social indicator or adjust any of the ones proposed?

<ESMA\_QUESTION\_SFDR\_2>

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<ESMA\_QUESTION\_SFDR\_2>

1. : Do you agree with the newly proposed opt-in social indicators in Annex I, Table III (excessive use of non-guaranteed-hour employees in investee companies, excessive use of temporary contract employees in investee companies, excessive use of non-employee workers in investee companies, insufficient employment of persons with disabilities in the workforce, lack of grievance/complaints handling mechanism for stakeholders materially affected by the operations of investee companies, lack of grievance/complaints handling mechanism for consumers/ end-users of the investee companies)?

<ESMA\_QUESTION\_SFDR\_3>

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<ESMA\_QUESTION\_SFDR\_3>

1. : Would you recommend any other social indicator or adjust any of the ones proposed?

<ESMA\_QUESTION\_SFDR\_4>

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<ESMA\_QUESTION\_SFDR\_4>

1. : Do you agree with the changes proposed to the existing mandatory and opt-in social indicators in Annex I, Table I and III (i.e. replacing the UN Global Compact Principles with the UN Guiding Principles and ILO Declaration on Fundamental Principles and Rights at Work)? Do you have any additional suggestions for changes to other indicators not considered by the ESAs?

<ESMA\_QUESTION\_SFDR\_5>

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<ESMA\_QUESTION\_SFDR\_5>

1. : For real estate assets, do you consider relevant to apply any PAI indicator related to social matters to the entity in charge of the management of the real estate assets the FMP invested in?

<ESMA\_QUESTION\_SFDR\_6>

We strongly oppose the application of the social PAI indicators to the entity in charge of the management of the real estate assets the FMP invested in (usually the asset management company (AIFM) itself).

Their application would represent a systematic break in several respects.

First of all, it would not be consistent if, for a manager of real estate funds, PAIs had to be reported at the management level, while for managers of funds investing in companies (e.g. UCITS), PAIs had to be determined at the level of the investee companies. Such an approach would lead to an unjustified unequal treatment between two types of fund managers.

Furthermore, reporting at the management level would also not meet the purpose of PAI reporting. PAIs are designed to identify the negative sustainability impacts that occur in the course of investment decisions so that measures and actions are subsequently taken to counteract these negative impacts. Accordingly, for environmental PAIs, the indicators are applied to the property itself. Data collection and the management of countermeasures are also carried out on a property-by-property basis, e.g. by determining the proportion of non-energy-efficient buildings on the basis of the respective energy efficiency classes (cf. PAI (22)).

Moreover, the assessment of PAIs at the level of the AIFM would not be covered by the requirements of the Level 1 Regulation. It is true that PAI-related information obligations are determined at the level of the AIFM according to Art. 4 SFDR. However, this is only an aggregated presentation of the asset-related PAIs at the level of the AIFM. PAIs that originally concern the AIFM itself, on the other hand, are not subject to regulation in the Level 1 Regulation. A legal basis missing in the SFDR cannot be introduced by the RTS.

Regardless of the systematic concerns above, the social PAI indicators which are geared to investee companies reflect parameters that could not be transferred to real estate AIFM in terms of structure and content. The real estate AIFM as a sole administrative organisational unit, regularly lacks the typical characteristics of a investee company in terms of size, number of employees, company structure as well as turnover and profit. As an organisational unit, it also does not have any business relationships that could be categorised according to social PAIs. Due to these non-comparable structures, many of the social PAIs applicable to investee companies would either not fit or have no relevance for the real estate AIFM. This is illustrated by the example of PAI (15) involvement in controversial weapons. It would be inappropriate and absurd to determine whether a real estate AIFM is involved in controversial weapons. The same applies to PAI (14) Accumulated profits in non-cooperative tax jurisdictions and PAI (15) Exposure to tobacco products.

Instead of transferring existing social PAIs for investee companies to the real estate managing unit, in our view it would make more sense to develop independent social PAIs at the asset level, more precisely: for the properties themselves. These could be specifically tailored to the specific characteristics of real estate.

In principle, it is acknowledged that the PAIs for FMPs are generic in nature and should therefore be applied uniformly. However, as social concerns are fundamentally different in terms of the use of the property, the distinction between residential and non-residential should at least be addressed for social PAIs.

Even if a proposal for a concrete differentiation of the social PAIs for real estate requires more in-depth elaboration, a few approaches can be sketched out in the abstract without classifying them concretely into the systematics of the PAIs. For example, at the property level inclusivity as well as renting to social and cultural institutions, connections to public transport, and accessibility to gastronomic offerings and parks could play a role.

We will be happy to provide in the follow-up to the consultation an in-depth elaboration on the social PAIs for real estate.

<ESMA\_QUESTION\_SFDR\_6>

1. : For real estate assets, do you see any merit in adjusting the definition of PAI indicator 22 of Table 1 in order to align it with the EU Taxonomy criteria applicable to the DNSH of the climate change mitigation objective under the climate change adaptation objective?

<ESMA\_QUESTION\_SFDR\_7>

Alignment of the SFDR with the EU taxonomy and the resulting reduction in regulatory complexity is generally viewed positively and supported accordingly.

An argument in favour of alignment is that the current PAI indicator 22 requires stricter requirements to be met than the DNSH criterion for the environmental goal of climate change mitigation in the EU taxonomy. It is hardly plausible that the SFDR sets higher requirements in this respect than the "gold standard" of the EU taxonomy.

Apart from this, we would like to point out that the use of the letter class system within the framework of the EPC causes practical problems in principle, which hampers the determination of the DNSH criterion as well as for the PAI indicator 22. This is since letter classes are not available in some cases (e.g. in Germany for all non-residential buildings).

In addition, letter classes in EPC currently have only limited significance. EPCs are regulated extremely differently within the individual EU states. They contain different national requirements and calculation bases. As a result, they are hardly comparable with each other. Although the EPBD amendment aims to standardise the EPC system across the EU, it is not yet foreseeable how this will be designed in detail and when it will be implemented.

The adoption of the above-mentioned DNSH criterion, which is – like the current requirement –linked to the EPC, would therefore merely perpetuate the existing practical questions in determining the letter classes and the uncertainties associated with the EPBD.

As far as an alignment with the DNSH criterion for the environmental goal climate change mitigation of the EU taxonomy is aspired, it should also be noted that the determination of the lowest 30% according to primary energy demand can - due to a lack of data - hardly be proven at present and is thus unsuitable in practice.

<ESMA\_QUESTION\_SFDR\_7>

1. : Do you see any challenges in the interaction between the definition ‘enterprise value’ and ‘current value of investment’ for the calculation of the PAI indicators?

<ESMA\_QUESTION\_SFDR\_8>

In the following, reference is made to the corresponding interaction between "current value of investment in real estate asset" and "current value of real estate asset" for question 8.

First of all, we suggest that specific definitions for the parameters of the formula in Annex I (41) "current value of investment in real estate asset" and "current value of real estate asset" should be included in order to be able to determine the formula and its individual components correctly for real estate investments as well.

For the draft of the definitions of the individual components, it is important that the quotient consisting of the investment share shown in the numerator and the valuation of the entire property shown in the denominator only changes if the investment share changes as well. Changes in the value of the properties should not affect the reported GHG emissions balance under any circumstances. Furthermore, investments in structural upgrading, such as insulation measures, should be completely excluded from the calculation for the value of the property.

<ESMA\_QUESTION\_SFDR\_8>

1. : Do you have any comments or proposed adjustments to the new formulae suggested in Annex I?

<ESMA\_QUESTION\_SFDR\_9>

In the following, our answers refer only to the formulae redrafted by the review for the opt-in PAIs for real estate under Annex I (41) - (45).

First of all, it should be noted that the precise application of the proposed formulas will be difficult, as the components contained therein are not defined in some cases.

In particular, the following definitions are missing:

PAI indicator (41): "current value of investment in real estate asset" and "current value of real estate asset" (see above).

PAI indicator (42): No calculation method for the "surface area" is given. However, the calculation of the "surface area" for buildings is not assessed uniformly in practice and leads to large deviations depending on the chosen calculation method. Often there is a differentiation between residential and non-residential properties when determining the calculation method. In order to achieve a uniform calculation of the surface area, it is proposed to use the International Property Measurement Standard (currently in the version of the IPMS2). This is known to market participants through the Carbon Risk Real Estate Monitor (CRREM).

PAI indicator (44): There is no reference to when a building is considered "newly constructed" and when a "renovation" is given. If the definitions contained in other regulations - such as the Taxonomy Regulation or the EPBD - should be applied, a reference would be desirable. When existing buildings are renovated, the weight of materials used should at best be determined by approximations.

PAI indicator (45): It remains completely open what is meant by "non-vegetated surface". A reference to an EU law - if one is provided - would also be helpful in order to enable a legally secure application.

<ESMA\_QUESTION\_SFDR\_9>

1. : Do you have any comments on the further clarifications or technical changes to the current list of indicators? Did you encounter any issues in the calculation of the adverse impact for any of the other existing indicators in Annex I?

<ESMA\_QUESTION\_SFDR\_10>

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<ESMA\_QUESTION\_SFDR\_10>

1. : Do you agree with the proposal to require the disclosure of the share of information for the PAI indicators for which the financial market participant relies on information directly from investee companies?

<ESMA\_QUESTION\_SFDR\_11>

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<ESMA\_QUESTION\_SFDR\_11>

1. : What is your view on the approach taken in this consultation paper to define ‘all investments’? What are the advantages and drawbacks you identify? Would a change in the approach adopted for the treatment of ‘all investments’ be necessary in your view?

<ESMA\_QUESTION\_SFDR\_12>

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<ESMA\_QUESTION\_SFDR\_12>

1. : Do you agree with the ESAs’ proposal to only require the inclusion of information on investee companies’ value chains in the PAI calculations where the investee company reports them? If not, what would you propose as an alternative?

<ESMA\_QUESTION\_SFDR\_13>

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<ESMA\_QUESTION\_SFDR\_13>

1. : Do you agree with the proposed treatment of derivatives in the PAI indicators or would you suggest any other method?

<ESMA\_QUESTION\_SFDR\_14>

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<ESMA\_QUESTION\_SFDR\_14>

1. : What are your views with regard to the treatment of derivatives in general (Taxonomy-alignment, share of sustainable investments and PAI calculations)? Should the netting provision of Article 17(1)(g) be applied to sustainable investment calculations?

<ESMA\_QUESTION\_SFDR\_15>

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<ESMA\_QUESTION\_SFDR\_15>

1. : Do you see the need to extend the scope of the provisions of point g of paragraph 1 of Article 17 of the SFDR Delegated Regulation to asset classes other than equity and sovereign exposures?

<ESMA\_QUESTION\_SFDR\_16>

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<ESMA\_QUESTION\_SFDR\_16>

1. : Do you agree with the ESAs’ assessment of the DNSH framework under SFDR?

<ESMA\_QUESTION\_SFDR\_17>

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<ESMA\_QUESTION\_SFDR\_17>

1. : With regard to the DNSH disclosures in the SFDR Delegated Regulation, do you consider it relevant to make disclosures about the quantitative thresholds FMPs use to take into account the PAI indicators for DNSH purposes mandatory? Please explain your reasoning.

<ESMA\_QUESTION\_SFDR\_18>

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<ESMA\_QUESTION\_SFDR\_18>

1. : Do you support the introduction of an optional “safe harbour” for environmental DNSH for taxonomy-aligned activities? Please explain your reasoning.

<ESMA\_QUESTION\_SFDR\_19>

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<ESMA\_QUESTION\_SFDR\_19>

1. : Do you agree with the longer term view of the ESAs that if two parallel concepts of sustainability are retained that the Taxonomy TSCs should form the basis of DNSH assessments? Please explain your reasoning.

<ESMA\_QUESTION\_SFDR\_20>

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<ESMA\_QUESTION\_SFDR\_20>

1. : Are there other options for the SFDR Delegated Regulation DNSH disclosures to reduce the risk of greenwashing and increase comparability?

<ESMA\_QUESTION\_SFDR\_21>

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<ESMA\_QUESTION\_SFDR\_21>

1. : Do you agree that the proposed disclosures strike the right balance between the need for clear, reliable, decision-useful information for investors and the need to keep requirements feasible and proportional for FMPs? Please explain your answers.

<ESMA\_QUESTION\_SFDR\_22>

The real estate sector is responsible for more than 35 percent of greenhouse gas emissions in the EU. Especially for real estate funds with existing properties, detailed information on greenhouse gas emissions is therefore crucial. Tracking decarbonisation pathways is now generally a central part of real estate funds’ investment and sustainability strategy. In practice, the Carbon Risk Real Estate Monitor ("CRREM") tool is mostly used, which offers the possibility to assess the progress of a portfolio's CO2 reduction performance against the reduction targets according to the Paris Agreement. The CRREM tool is also applied to funds that only fall under Art. 8 SFDR. In view of this, we strongly support the introduction of an information obligation with regard to GHG emission reduction targets. We also consider the information obligation to be successful in its concrete form and implementable and balanced with a view to practice.

<ESMA\_QUESTION\_SFDR\_22>

1. : Do you agree with the proposed approach of providing a hyperlink to the benchmark disclosures for products having GHG emissions reduction as their investment objective under Article 9(3) SFDR or would you prefer specific disclosures for such financial products? Do you believe the introduction of GHG emissions reduction target disclosures could lead to confusion between Article 9(3) and other Article 9 and 8 financial products? Please explain your answer.

<ESMA\_QUESTION\_SFDR\_23>

Information on the reduction of greenhouse gas emissions is essential for almost every real estate portfolio (see question 22). Therefore, we consider it appropriate that the obligation is to be applied generally, regardless of whether the fund qualifies under Art. 8 or 9 SFDR. Possible confusion in relation to disclosures under Art. 9(3) SFDR should be solvable through clear explanations.

<ESMA\_QUESTION\_SFDR\_23>

1. : The ESAs have introduced a distinction between a product-level commitment to achieve a reduction in financed emissions (through a strategy that possibly relies only on divestments and reallocations) and a commitment to achieve a reduction in investees’ emissions (through investment in companies that has adopted and duly executes a convincing transition plan or through active ownership). Do you find this distinction useful for investors and actionable for FMPs? Please explain your answer.

<ESMA\_QUESTION\_SFDR\_24>

The guidelines only partially fit for real estate investments. Divestment and reallocation strategies are only possible to a limited extent with real estate, unlike with securities portfolios, for example. This is since real estate transactions are significantly more complex, time-consuming and cost-intensive than securities transactions. Short-term shifts in portfolios, as they are possible with securities funds, are impossible with real estate funds.   
The implementation of transition plans through active ownership is conceivable for real estate investments. In the case of real estate investments, transition strategies are implemented through targeted energy renovation measures.

<ESMA\_QUESTION\_SFDR\_24>

1. : Do you find it useful to have a disclosure on the degree of Paris-Alignment of the Article 9 product’s target(s)? Do you think that existing methodologies can provide sufficiently robust assessments of that aspect? If yes, please specify which methodology (or methodologies) would be relevant for that purpose and what are their most critical features? Please explain your answer.

<ESMA\_QUESTION\_SFDR\_25>

The ZIA suggests clarifying that the "degree of Paris Alignment" is to be understood as keeping the average temperature "below 2 degrees Celsius" according to the correct interpretation of the Paris Agreement of 12 December 2015. The English version of the so-called Paris Agreement of the UN Climate Change Conference (COP21) of 12 December 2015 (entered into force on 4 November) literally states: "Holding the increase in the global average temperature to well below 2°C above pre-industrial levels".

<ESMA\_QUESTION\_SFDR\_25>

1. : Do you agree with the proposed approach to require that the target is calculated for all investments of the financial product? Please explain your answer.

<ESMA\_QUESTION\_SFDR\_26>

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<ESMA\_QUESTION\_SFDR\_26>

1. : Do you agree with the proposed approach to require that, at product level, Financed GHG emissions reduction targets be set and disclosed based on the GHG accounting and reporting standard to be referenced in the forthcoming Delegated Act (DA) of the CSRD? Should the Global GHG Accounting and Reporting Standard for the Financial Industry developed by PCAF be required as the only standard to be used for the disclosures, or should any other standard be considered? Please justify your answer and provide the name of alternative standards you would suggest, if any.

<ESMA\_QUESTION\_SFDR\_27>

The PCAF standard of the Partnership for Carbon Accounting Financials (PCAF) is explicitly supported by the real estate industry. Nevertheless, an openness of accounting and reporting methodologies should be maintained.

<ESMA\_QUESTION\_SFDR\_27>

1. : Do you agree with the approach taken to removals and the use of carbon credits and the alignment the ESAs have sought to achieve with the EFRAG Draft ESRS E1? Please explain your answer.

<ESMA\_QUESTION\_SFDR\_28>

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<ESMA\_QUESTION\_SFDR\_28>

1. : Do you find it useful to ask for disclosures regarding the consistency between the product targets and the financial market participants entity-level targets and transition plan for climate change mitigation? What could be the benefits of and challenges to making such disclosures available? Please explain you answer.

<ESMA\_QUESTION\_SFDR\_29>

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<ESMA\_QUESTION\_SFDR\_29>

1. : What are your views on the inclusion of a dashboard at the top of Annexes II-V of the SFDR Delegated Regulation as summary of the key information to complement the more detailed information in the pre-contractual and periodic disclosures? Does it serve the purpose of helping consumers and less experienced retail investors understand the essential information in a simpler and more visual way?

<ESMA\_QUESTION\_SFDR\_30>

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<ESMA\_QUESTION\_SFDR\_30>

1. : Do you agree that the current version of the templates capture all the information needed for retail investors to understand the characteristics of the products? Do you have views on how to further simplify the language in the dashboard, or other sections of the templates, to make it more understandable to retail investors?

<ESMA\_QUESTION\_SFDR\_31>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFDR\_31>

1. : Do you have any suggestion on how to further simplify or enhance the legibility of the current templates?

<ESMA\_QUESTION\_SFDR\_32>

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<ESMA\_QUESTION\_SFDR\_32>

1. : Is the investment tree in the asset allocation section necessary if the dashboard shows the proportion of sustainable and taxonomy-aligned investments?

<ESMA\_QUESTION\_SFDR\_33>

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<ESMA\_QUESTION\_SFDR\_33>

1. : Do you agree with this approach of ensuring consistency in the use of colours in Annex II to V in the templates?

<ESMA\_QUESTION\_SFDR\_34>

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<ESMA\_QUESTION\_SFDR\_34>

1. : Do you agree with the approach to allow to display the pre-contractual and periodic disclosures in an extendable manner electronically?

<ESMA\_QUESTION\_SFDR\_35>

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<ESMA\_QUESTION\_SFDR\_35>

1. : Do you have any feedback with regard to the potential criteria for estimates?

<ESMA\_QUESTION\_SFDR\_36>

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<ESMA\_QUESTION\_SFDR\_36>

1. : Do you perceive the need for a more specific definition of the concept of “key environmental metrics” to prevent greenwashing? If so, how could those metrics be defined?

<ESMA\_QUESTION\_SFDR\_37>

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<ESMA\_QUESTION\_SFDR\_37>

1. : Do you see the need to set out specific rules on the calculation of the proportion of sustainable investments of financial products? Please elaborate.

<ESMA\_QUESTION\_SFDR\_38>

In the context of this question, we would like to comment on the formula for calculating the taxonomy ratio for real estate investments which is regulated in Art. 17 (1d) SFDR Delegated Regulation.

Open-ended real estate funds are obliged by national legislation ("KAGB") to maintain high liquidity ratios due to redemption rights. In practice, these are usually between 10 and 20 percent. Liquidity investments and hedging instruments serve the stability and flexibility of the fund but are not part of the actual investment objects of a real estate AIF. They pursue other purposes and are not intended to be classified as a sustainable investment.

When calculating the proportion of sustainable investments, we advocate including only those investments in the denominator that correspond to the actual investment purpose, i.e. real estate in the case of real estate funds. Liquidity investments and hedging instruments, on the other hand, should be excluded from the denominator.

<ESMA\_QUESTION\_SFDR\_38>

1. : Do you agree that cross-referencing in periodic disclosures of financial products with investment options would be beneficial to address information overload?

<ESMA\_QUESTION\_SFDR\_39>

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<ESMA\_QUESTION\_SFDR\_39>

1. : Do you agree with the proposed website disclosures for financial products with investment options?

<ESMA\_QUESTION\_SFDR\_40>

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<ESMA\_QUESTION\_SFDR\_40>

1. : What are your views on the proposal to require that any investment option with sustainability-related features that qualifies the financial product with investment options as a financial product that promotes environmental and/or social characteristics or as a financial product that has sustainable investment as its objective, should disclose the financial product templates, with the exception of those investment options that are financial instruments according to Annex I of Directive 2014/65/EU and are not units in collective investment undertakings? Should those investment options be covered in some other way?

<ESMA\_QUESTION\_SFDR\_41>

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<ESMA\_QUESTION\_SFDR\_41>

1. : What are the criteria the ESAs should consider when defining which information should be disclosed in a machine-readable format? Do you have any views at this stage as to which machine-readable format should be used? What challenges do you anticipate preparing and/or consuming such information in a machine-readable format?

<ESMA\_QUESTION\_SFDR\_42>

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<ESMA\_QUESTION\_SFDR\_42>

1. : Do you have any views on the preliminary impact assessments? Can you provide estimates of costs associated with each of the policy options?

<ESMA\_QUESTION\_SFDR\_43>

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<ESMA\_QUESTION\_SFDR\_43>

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. [↑](#footnote-ref-1)