**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-2). 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 | Institut de la finance durable (IFD) |
| Activity | Finance, insurance, corporate, bank. |
| Are you representing an association? |  |
| Country/Region | France |

**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>

The draft RTSs introduce 4 new mandatory indicators and 6 new opt-in indicators; for investments outside sovereigns, supranationals and real-estate, they would complement the 57 current indicators (without taking into account the sub-indicators).

We consider premature to introduce new indicators while we do not have feedback on the first indicators yet.

**Consistency with the ESRS**

We consider that the proposed new approach of the ESRS (European Sustainability Reporting Standards), according to which every datapoint is subject to materiality, puts financial market participants (FMP) in a very difficult situation as they are subject to more stringent reporting requirements, in the context of the SFDR because the materiality assessment is not allowed under this regulation and ESG-related information must be collected and reported by financial institutions on each of their counterparties. To comply with their reporting requirements, financial institutions may rely on proxies and estimates, which alters the quality of their reporting and risk analysis, or collect information on a bilateral basis, which is extremely burdensome for both companies and financial institutions. **The first urgency is therefore to align SFDR and CSRD regulations**.

We need more clarification and explanation on how to count the mandatory social indicators in Annex I. Furthermore, companies may be allowed to report “not material” if the data is immaterial. This would allow FMPs to easily collect and consolidate investees’ data, and the responsibility for reporting “not material” would be borne by investee companies. Otherwise, the situation will be burdensome for both financial actors and corporates, as financial actors will request the data even if the company decided not to report it.

In general, we urge the European Commission to clarify that if SFDR PAI information is deemed immaterial by investee companies, FMPs :

(i) can also consider this information as “not material”, or can alternatively assign the “0” value to the corresponding indicator,

(ii) and are not required to seek data in another manner.

In the situation where an information is not disclosed in the corporate’s sustainability report under the CSRD, FMPs should be allowed to exclude the company from the calculation of their coverage ratio. Indeed, if the information is not clearly reported as “not material” by the company, FMPs cannot know if the information is missing because it is not material or because it is material but not yet disclosed due a phasing-in phase or because the company choose not to report the data or forgot to report the data

**Simplification of the scheme**

The number of optional PAI is already too developed, some indicators are very similar with small differences. IFD considers that the European regulation should stay focused on a short list of mandatory indicators, preferably cross-sectoral or concerning several major sectors; regarding additional indicators, their number should be reduced, focused on priority topics and grounded on the ESRSs. For that reason, IFD does not consider that the addition of new optional PAIs is relevant given the high number of optional PAIs already adopted in the RTS.

**The scheme should be simplified**, as the burden on relying parties appears disproportionate given the issue of data availability and the cost of reporting implementation supported by corporates. The following recommendations on the simplification of the scheme should be considered:

* **reducing the number of indicators** that is currently approaching 70, in particular by merging certain PAIs with a similar objective (e.g., precarious workers, grievance mechanisms) and removing/delaying some non mature ones; it should be noted that opt-in indicators are in practice becoming mandatory when each limited partners chose different PAIs;
* **better prioritising the topics** between mandatory and additional PAI (e.g., two PAIs on parity and none on health & safety in table 1, emissions to water rather than areas of water stress); the structure of PAIs’ tables between mandatory and opt-in indicators may also be challenged;
* PAI indicators are sector-agnostic; consequently, indicators that may significantly differ according to economic sectors should be subject to materiality otherwise their aggregation may result in figures that will be hard to interpret/understand. For example, the PAI 9 "Ratio of hazardous waste and radioactive waste" which asks for the tons of hazardous waste and radioactive waste produced by investee companies, per million euro invested, weighted average
* **improving relevance of PAIs to help financial actors making investment decisions**, notably by weighting the value of the investments to the value of the enterprises when appropriate (e.g., financial amounts as PAI 14 of table 1 on accumulated earnings in non-cooperative tax jurisdictions).

**PAI 17 – Interference with the formation of trade unions or election worker representatives**

At the core of the reasoning to choose any PAI, the relevance of the considered KPI for the issuers’ sustainability reporting should prevail. For instance, the PAI regarding interference in the formation of trade unions raises questions on the way to report on that point for the issuers.

* The proposed indicator is not required in the ESRS, which raises the issue of data availability from underlying undertakings. It is only mentioned as an example of policies related to own workforce in ESRS S1 of the draft Delegated Act on ESRS. This new PAI should not be retained.
* It is suggested replacing this indicator with one focusing on collective bargaining or workers' representation, as derived from ESRS S1-8, such as the share of employees covered by collective bargaining agreements or the share of employees covered by workers’ representatives.
* If it is decided to retain the PAI, it is recommended that the definition and the value of a commitment on non-interference in the formation of trade unions or election of worker representatives be clarified. We have reservations regarding the effectiveness of such a policy commitment, as it may not necessarily guarantee total non-interference. Given the challenges of monitoring the actual implementation of this commitment by companies, we propose the inclusion of language that acknowledges the potential limitations of a formal commitment to non-interference as follows: "a formal commitment to non-interference in the formation of trade unions or election of worker representatives may not always equate to complete non-interference."

<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>

The particularity of investing in a real estate asset is that, unlike investing in a company, no workforce is attached to this asset. Thus IFD considers that implementing a social PAI indicator for real estate assets in the same way as it is done for companies is not relevant.

Moreover, the 2 options proposed by the ESAs do not seem for us to be consistent with the intent of the SFDR regulation:

- Considering a social PAI at the level of the management company would mean targeting the principal adverse impacts of the management company instead of those of the real estate assets in which the financial proceeds are invested and would result in a duplication of existing regulations for the management company.

- Considering a social PAI at the level of property managers and other service providers would require non-listed real estate investment funds to take into account the principal adverse impacts linked to the value chain of the investment, which is only optional for other asset classes, depending on the availability of information. In addition, these issues are already

Considered by non-listed real estate investments funds by using tools such as service provider charters, clauses in property manager contracts, etc., to justify good governance practices at asset level and comply with the DNSH principle of SFDR. Thus, making the reporting of PAI indicators related to social issues compulsory for non-listed real estate funds would only add an additional layer of reporting on a topic which is already addressed elsewhere by the SFDR regulation.

For these reasons, IFD considers that requiring real estate asset managers to take social PAI into account is not necessary.

<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>

IFD considers thisproposal as relevant as it will help better take into consideration the reality of the market by considering that an asset is inefficient only from an EPC “D” and not from an EPC “C”, as initially planned, but also as it will reinforce consistency between regulations and better take into account the level of availability and quality of EPCs in certain countries by proposing the use of a threshold based on the actual energy performance of buildings (top 30%).

<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>

The basis used to calculate the “current value of all investments” in the PAI indicators applicable to investments in investee companies should be consistent with the definition of the “investee company’s enterprise value” as defined in point (4) of Annex I of the Delegated Regulation, whereby ‘enterprise value’ means the sum, at fiscal year-end, of the market capitalisation of ordinary shares, the market capitalisation of preferred shares, and the book value of total debt and non-controlling interests, without the deduction of cash or cash equivalents

In fact, the interaction between both definitions could be challenging, as the current value of investment is directly linked to changes in rates, making it difficult to measure progress over time and to avoid misinterpretation of the evolution to be measured. But, when requiring the share of investments related to a monetary amount (e.g., PAI 14 of table 1 on accumulated earnings in non-cooperative tax jurisdictions) of investee companies, it is recommended to systematically weigh the current value of investment in investee company against the enterprise value of investee company. This would allow that the indicator be based on the holding ratio (current value of investment over the enterprise value), since the sustainability performance of investee companies is tied to the investee's own funds, and is not a function of total investments in the portfolio (*see response to Q1 and Q9 on PAI 14 for an example).*

In order to ensure transparency and foster comprehensiveness of PAI indicators, IFD suggests that this mathematical bias be clearly explained in the “Explication” column.

<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>

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<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>

**PAI 3 of table 1 – GHG intensity of investee companies:**

It is recommended that GHG intensity of investee companies be applied both to (i) the Scope 1 and 2 GHG emissions and (ii) the Scope 1, 2 and 3 emissions. The description should be reframed as follows:

a) total Scope 1 & 2 GHG emissions expressed as a ratio of investee company’s revenue ;

b) total Scope 1 & 2 & 3 GHG emissions expressed as a ratio of investee company’s revenue.

Scope 1 and 2 GHG emissions are reliable and within the control of investee companies, whereas Scope 3 GHG emissions are mostly estimated at this stage and can only be partially influenced by investees. It would be therefore relevant to have also the distinct information on the carbon intensity ratio per revenue on Scope 1 and 2 GHG emissions in addition to the intensity ratio on total emissions (scope 1 & 2 & 3).

<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>

IFD agrees with ESMA's principle that exposures are meaningful and that, in principle, PAI calculations should include exposures gained through derivatives when they are significant or material to the ESG strategy.

However, this method does not suit us as this proposal is **incomplete and imperfect**. We observe that the **current proposal is not precise and contains inconsistencies**, and we believe **that precision should be the priority** in the disclosure process, as it is the condition for producing accurate and meaningful calculations and better comparability, when necessary.

We support the notion that it is essential to have a coherent and aligned approach with the type of calculations used for financial ratios. The three measures - SI (Sustainability Indicator), PAI (Principal Adverse Impact), and taxonomy alignment - should have a consistent, comprehensive, and complete calculation methodology.

**In any case, before introducing derivatives in the PAI reporting, a thorough analysis of the scope of the problem, impact analyses and significance** for sustainability and greenwashing **is required.**

<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>

We would like to stress the need for more thorough analyses of the scope of the problem, impact analyses and significance for sustainability and greenwashing, before introducing new regulations in the area.

<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>

To facilitate the understanding of the FMPs responsible for applying the texts, as well as individual investors who will have to use the information disclosed, IFD believes greater efforts should be made in the RTS to explain and clarify the principle, the specificities and the interest of the DNSH principle of SFDR, in particular with regard to other concepts such as the PAI and the DNSH of the Taxonomy.

Furthermore, IFD considers that the lack of detailed guidelines on how FMPs should consider the principal adverse impacts and the PAI indicators does not allow FMPs to apply the DNSH principle of SFDR consistently.

<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>

IFD believes that the proposed disclosures do not 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. This analysis is based on the following reasoning:

1. ESRS standards for FMPs are yet to be developed. In particular, financed/facilitated/assured GHG emissions have not been defined yet. ESRS E1 only recommends that FMPs should consider Partnership for Carbon Accounting Financials (PCAF), specifically part A “Financed Emissions” and part C “Insurance-Associated Emissions”, when preparing their Scope 3 calculation. Working groups on financial standards are currently being established and will develop these definitions in the coming months**. SFDR should rely on and be consistent with existing ESRS definitions and requirements and should phase-in and adapt its own requirements for FMPS in accordance with currently applicable rules and methodologies.**
2. IFD agrees that the GHG emission reduction targets should be assessed separately at the FMP level and at the products level. For both levels, reliable and comparable Scope 1, 2 and 3 calculation is a prerequisite. As the definition of financed/facilitated/assured emissions is still pending and given the importance of these emissions for FMPs, investees’ GHG emissions will be more reliable than FMPs’ emissions. At FMP level, **the decarbonisation levers are primarily the sectoral divestment/reallocation strategy and the investment/financing strategy** **by** **country** (national energy mix is a key indirect decarbonisation lever)**, and finally the delivery of absolute reductions by investees** (which also includes the decarbonisation lever of location strategy by country). At product level, the same decarbonisation levers apply, but more granular criterion such as benchmarks, sector exclusions, and the level of ambition of GHG emission reduction targets, among others, should be offered to FMPs to differentiate their products.
3. Regarding the assessment of GHG emission reductions targets, IFD would like to strongly emphasise that Scope 1 and 2 GHG emissions should be differentiated from Scope 3 GHG emissions. Scope 1 & 2 are reliable and within the control of investee companies, whereas Scope 3 GHG emissions are mostly estimated and can only be partially influenced by investees. Note that financed/facilitated are a specific Scope 3 category that is core to FMPs carbon footprint but of a slightly different nature (which is the reason why PCAF is recommended under ESRS E1) and has not been precisely defined yet by EFRAG. ESRS E1 requires undertakings to disclose their GHG emission reduction targets for Scope 1, 2, and 3 GHG emissions, either separately or combined and in absolute value and, where relevant, in intensity value. **Good practice would be to disclose separately total Scope 1 & 2 target and total Scope 1 & 2 & 3 target in absolute value and intensity ratio**.
4. **It is still possible and easy to amend both SFDR RTS and ESRS in July 2023 to amend the PAI and the related disclosure requirements.**
5. When it comes to Net Zero commitments at FMPs level and **transition of their investment portfolios to net-zero**, IFD reminds that ESRS have stated that “the undertaking shall not include GHG removals, carbon credits or avoided emissions as a means of achieving the GHG emission reduction targets”. This should apply as well to FMPs and their investment portfolios. The use of removals and carbon credits in portfolios is another dimension of the products’ assessment that should not be mixed with the GHG emission reductions targets assessment. Net Zero has been defined by ESRS as the “residual GHG emissions (after approximately 90-95% of GHG emission reduction with the possibility for justified sectoral variations in line with a recognised sectoral decarbonisation pathway) that are intended to be neutralised by, for example, GHG removals in its own operations and value chain”. Under these definitions, the net zero commitment will become much more difficult to achieve both at FMPs and products’ levels in line with reality. At both product and FMPs level, **financed emission targets should necessarily be defined in gross terms** and the potential targets on removals and carbon credit, if any, should be expressed as an amount of tCO2e cancelled over the target period by the investees and/or by the FMP to offset the residual portfolio emissions. In this context, the “progress on off-sets” template (e.g. in Annex IV for art 8) should probably be removed.
6. To conclude, **the commitments should be focused on expressing either the carbon intensity per M€ invested target or the consolidated reduction targets of investees in % over a given period (2025-2030-2040, etc.)** at both FMPs and products’ levels. I**n any case, these targets should be calculated on the gross total Scope 1 & 2 and total Scope 1 & 2 & 3 emissions expressed in absolute value and intensity ratio,** **and accompanied by targets related to sectoral allocation of the investments/financing/insured activities**.

<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>

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<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>

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<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>

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<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>

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<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>

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<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>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFDR\_39>

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

<ESMA\_QUESTION\_SFDR\_40>

TYPE YOUR TEXT HERE

<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-2)