**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 | IFM Investors |
| Activity | Investment Services |
| Are you representing an association? |  |
| Country/Region | UK |

**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>

While it is helpful the PAIs are derived from the first draft of the ESRS, meaning all companies in scope of CSRD will report, there remains a challenge collecting data until information is available (in a standardized way) for a broad scope of companies.

For firms that invest outside of the EEA and in private markets, there will still be many companies in the investable universe that have no underlying regulatory requirements to collect and disclose the data points required for the purposes of this disclosure. This creates a barrier to effective data collection.

We recommend that the definitions consistently give scope to local legislation where investees are outside of the EEA. This would significantly aid in streamlining the data collection process and promote transparency and the desired outcomes for consumers. This is also the approach that has been taken with the definition of adequate wages, as an example.

The social PAIs (and the PAIs more generally, in SFDR) do not adequately recognize the difference in data collection availability between public vs. private and equity vs. debt. From a debt perspective, it is very difficult to expect issuers to provide this information to capital providers as any sustainability related factors need to be agreed with borrowers up front and can be difficult to amend where there are further changes in any requirements.

It would be helpful if initiatives could align globally, for example European regulators may want to consider the work of the US-based ESG Data Convergence Initiative that is working to drive convergence on meaningful environmental, social, and governance (ESG) metrics for the private equity industry.

We also ask the ESAs to consider the amount of work needed by firms to implement any updates to the requirements and to avoid minor adjustments where possible. Grandfathering requirements for existing closed-ended funds with respect to future changes should also be considered. The requirements are embedded and agreed in legal commitments with investors, which can include investors outside of the EEA, and it is not possible/ feasible/ difficult would be difficult to amend those legal commitments, once entered into and once the fund is closed. The proposed approach may also encourage firms to set lenient targets given it is difficult for a manager to make material changes once a fund is closed, while managers will be looking to ensure there is a reasonable opportunity for fund objectives to actually be achieved despite the evolving requirements.

There are already mandatory social indicators covering violations of the UN GC, gender pay gap, diversity, and exposure to controversial weapons (PAIs 10 to 14). We do not see significant real-world benefits in adding another 4 mandatory indicators.

We suggest that consideration is given towards making the optional social and employee indicators 1 to 3 listed in Table 3, of the current RTS, mandatory. It is common practice for this data to be captured by companies. Other suggested mandatory indicators that are measurable and commonly captured and recorded by companies is the number of complaints from customers and the community and the number of local national laws that have been broken by the investee. We think these indicators are important to society, feasible to collect since they are generally captured by most companies and therefore should be mandatory.

We question the need for PAIs on tobacco and weapons and propose that the EU create an exclusion list for investments that cannot be categorized as Sustainable Investments by firms.

Specific Feedback on new mandatory indicator 4: “Share of employees earning less than the adequate wage”

The amount of work, effort and cost involved to collect such data is disproportionate to the real world benefit it would achieve for the purposes of this disclosure, which, in our view, would be minimal. We suggest that the PAI be amended to measure share of employees impacted by non-compliance with national legislation relating to employee pay in the investee jurisdiction, which is a data point already collected by most companies.

Adequate wages are generally not reported by any companies that we lend to however, would suspect this data would not be exceptionally difficult for most companies to collect and provide as the data should be readily available. For example, in the US, there is a federal minimum wage and then state minimum wage (state is at or higher than federal wage – noting that some states are non-union and so there’s a need to ensure this would not cause issues). The scope would also need to be clarified e.g. would we be required to see wage details of sub-contractors etc? This disclosure should be restricted to investee companies and not too far downstream.

<ESMA\_QUESTION\_SFDR\_1>

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

<ESMA\_QUESTION\_SFDR\_2>

Please also see our answer to Q1. There are already mandatory social indicators covering violations of the UN GC, gender pay gap, diversity, and exposure to controversial weapons (PAIs 10 to 14).

In our view, the health and safety of employees in the workplace is more important to society than the proposed mandatory social indicators. To strike a balance between feasibility and proportionality as well as the EU’s aims, we suggest that consideration be given towards making the optional social and employee indicators 1 to 3 listed in Table 3, of the current RTS, mandatory. It is common practice for this data to be captured by companies.

Other suggested mandatory indicators that are measurable and commonly captured and recorded by companies is the number of complaints from customers and the community and the number of local national laws that have been broken by the investee.

<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>

The change increases the onus on a firm to ensure that human and labour rights issues are not occurring. It is more active. The environmental aspects of the UNGC are lost.

Compliance with the UN GC Principles is more involved and very few global organizations have publicly available information on this. Currently, capital providers ask investees to confirm they have not breached the relevant principles on an annual basis. If further disclosure is envisioned by regulators, it would be helpful to have guidance set out by the ESA.

<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>

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<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>

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<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>

TYPE YOUR TEXT HERE

<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>

A formula is helpful, assisting with comparability and provides good clarification, however, introducing this a year or so after implementation is not ideal as firms have already developed systems and solutions using our own methodology. There will be costs associated with reviewing and amending these and this will also have an impact on comparability.

Coherency needs to be preserved between the various regulations underpinning the EU’s sustainable finance reforms to support standardization of disclosures and comparability. Amendments to existing PAI calculations to align with CSRD is helpful in some ways, however, does not capture and standardize the availability of data for all companies in the EU investable universe. Many investment managers operate globally, with investors and investments around the world. While the reforms are helpful in the EU, we note CSRD and the ESRS will not apply to all companies and will be phased in. Beyond the EU, there will continue to be significant challenges in collecting data until information is available (in a standardized way) for a broad scope of companies.

Some examples of issues with the data points:

Several definitions such as “Emissions to water” cross reference to EU directives. Investees located in the EU are already familiar with these definitions and collect data and monitor against these, however, there is a disproportionate amount of effort, work and challenge with collecting data from investments located outside of the EEA and in locations that have their own definitions. These companies comply with their local regulations and collecting data in accordance with this. We ask that the definitions be broadened to give scope to local legislation where investees are outside of the EEA. This would significantly aid in streamlining the data collection process and is the approach that has been taken with the definition of adequate wages, as an example.

“Emissions to water” is currently defined as “direct emissions of priority substances as defined in Article 2(30) pf Directive 2000/60/EC of the European Parliament and of the Council and direct emissions of nitrates, phosphates, and pesticides. This definition will be used by investees located in the EU however, for those located outside of the EU, it is defined differently. Companies will naturally monitor compliance with their own local laws and regulations. We suggest definitions allow emissions to water to be defined in accordance with local laws as will be done with the definition for adequate wages, as an example.

“Activities negatively affecting biodiversity-sensitive areas” is also a metric that is jurisdictionally driven and not typically collected and available from investees, especially those outside of the EEA.

<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>

Receiving clarifications on the regulations and additional guidance issued at a very late stage (after managers have defined their data collection processes) has been difficult. Determining taxonomy alignment is a reasonably time intensive exercise, and one that investee companies not based in Europe may never undertake, making it difficult for a manager to obtain information (especially for unlisted companies and debt).

<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>

The development of further guidelines to assist firms with setting acceptable performance ranges for each PAI would also be valued. Where the PAIs ask firms to normalize by enterprise value, firms could add more debt to a company to increase its level of SI or taxonomy alignment in a portfolio. There are also three equity values (3 different values), which is not helpful.

<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>

TYPE YOUR TEXT HERE

<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>

If the regime is too complicated and onerous to comply with, there is a risk that firms will declassify their funds to Art. 6/8. Firms may also look to source capital from / reoriented capital to other jurisdictions where it is less costly to comply with the requirements, leaving the EEA at a competitive disadvantage to other parts of the world.

<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>

We support setting quantitative thresholds where possible. However, there are difficulties setting quantitative limits for certain PAI indicators, such as PAI 10 and 11 covering Violations of the OECD Guidelines for Multinational Enterprises.

<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>

We support setting quantitative thresholds where possible. However, there are difficulties setting quantitative limits for certain PAI indicators, such as PAI 10 and 11 covering Violations of the OECD Guidelines for Multinational Enterprises.

<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>

We agree with application only to 'Sustainable Investment' labelled investments. This would create less confusion and a clearer understanding of the standard requirements.

<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>

We aresupportive of transparent reporting and think it is good practice. We agree all financed emissions calculations should be using PCAF methodology (using EVIC).

Disclosure against a 2050 target is not helpful in obtaining clarity on strategy or actions. Therefore, disclosure on targets would only be useful if an interim target was stipulated and required, for example 2030, initially. Disclosure on targets should be required where the product is making decarbonisation claims in relation to the investments held in the portfolio.

For non-homogeneous asset classes such as infrastructure, “absolute reduction targets” are more appropriate than targets expressed as a per tonnes of CO2 equivalent per millions EUR of investments. A ‘per tonnes of CO2 equivalent per millions EUR of investments’ target will fluctuate as the portfolio changes. Assets do not have the same CO2 profiles and changes in CO2 emissions are generally step changes for assets rather than gradual changes.

<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>

Disclosures on targets (interim) and progress should only be required for Article 9(3) products or Article 8 products that call out decarbonisation as an E/S objective. If firms call out products as holding transition investments, they should have to set targets and report on progress.

<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>

We agree that it is useful for investors to disclose on the extent to which targets set for their Article 9 funds are Paris-aligned. More specifically, we support disclosure on the extent to which targets are aligned with the objective of limiting global temperature increases to 1.5c, in line with the best available science. PAI tests could also be linked to Paris-Alignment, particularly relating to Scope 3 emissions.

However, we see a number of issues:

* Paris-alignment methodologies are still very nascent and not well understood.
* There is no clear methodology for infrastructure assets.
* Methodologies are focused on industry sectors
* Data availability is poor for unlisted assets.

<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>

It would be more useful if the target covered a high proportion of portfolio emissions, as opposed to being applicable to all investments.  For example - a target which covers 80% of portfolio emissions, but only 30% of investments by value, may be more impactful than a target covering 60% of investments by value and only 40% emissions. If target based on value of all investments is used, emission coverage should also be disclosed for comparative purposes.

<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>

We agree that PCAF should be used as the only standard. The calculation methodologies are well defined and available for the different asset classes. We are a member of PCAF.

<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>

Only gross emissions should be used with respect to targets (enabling greater comparison and transparency on emissions) and carbon credits shouldn't be used for interim targets. Carbon credits should be retained for sectors where there is no technological solution for abatement post 2035. Investing in decarbonisation is likely to be much cheaper over a longer timeframe (10-15) years than purchasing credits on an annual basis (that are expected to increase in price significantly).

We understand this may raise implications for assets that are considering the use of credits to meet their targets and this may give rise to a situation where underlying assets are reporting being ‘net zero’ while the portfolio itself, under a stricter regulatory regime, is not net zero. Where carbon credits are used, we support measures to increase transparency and to prevent double counting.

<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>

We do not see the benefits of this and consider there may be a disincentive, particularly for multi asset class managers operating across different jurisdictions (who don't necessarily have the same requirements as the EU). A better solution would be to set entity level reporting at the supranational level.

<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>

Thought should be given towards establishing different levels of disclosures for retail vs. professional investors. There are still conflicts between public disclosures for products and general solicitation rules.

To the extent they Commission wants to continue to update templates, this is a costly exercise for fund managers from a time and resourcing perspective. Each time there is an update to the template, we must instruct external counsel to input. That accrues costs if we have multiple PPMS. It would be really helpful to have templates that are easier to adapt and insert (i.e. in electronic form), so that if changes are made, fund managers can easily input / answer the questions. The templates should be simplified.

<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>

Also see IFM’s answer for Q30. Thought should be given towards establishing different levels of disclosures for retail vs. professional investors. There are still conflicts between public disclosures for products and general solicitation rules.

To the extent they Commission wants to continue to update templates, this is a costly exercise for fund managers from a time and resourcing perspective. Each time there is an update to the template, we must instruct external counsel to input. That accrues costs if we have multiple PPMS. It would be really helpful to have templates that are easier to adapt and insert (i.e. in electronic form), so that if changes are made, fund managers can easily input / answer the questions. The templates should be simplified.

<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>

TYPE YOUR TEXT HERE

<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>

Key environmental metrics need further specification as well as the metrics would be deemed suitable for determining substantial contribution.

<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>

FMPs should be able to set their own approach and disclose their approach.

<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)