



EUROPEAN COMMISSION

DIRECTORATE-GENERAL FOR FINANCIAL STABILITY, FINANCIAL SERVICES AND CAPITAL
MARKETS UNION

Financial marketsAsset management

TARGETED CONSULTATION DOCUMENT

IMPLEMENTATION OF

THE SUSTAINABLE FINANCE DISCLOSURES REGULATION (SFDR)

Disclaimer

This document is a working document of the Commission services for consultation and does not prejudice the final decision that the Commission may take.

The views reflected on this consultation paper provide an indication on the approach the Commission services may take but do not constitute a final policy position or a formal proposal by the European Commission.

You are invited to reply **by 15 December 2023** at the latest to the **online questionnaire** available on the following webpage:

https://finance.ec.europa.eu/regulation-and-supervision/consultations/finance-2023-sfdriimplementation_en

Please note that in order to ensure a fair and transparent consultation process **only responses received through the online questionnaire will be taken into account and included in the report summarising the responses.**

This consultation follows the normal rules of the European Commission for targeted consultations. Responses will be published in accordance with the privacy options respondents will have opted for in the online questionnaire.

Responses authorised for publication will be published on the following webpage:
https://finance.ec.europa.eu/regulation-and-supervision/consultations/finance-2023-sfdriimplementation_en

Any question on this consultation or issue encountered with the online questionnaire can be raised via email at fisma-sfdr@ec.europa.eu.

INTRODUCTION

The [Sustainable Finance Disclosures Regulation \(SFDR\)](#) started applying in March 2021 and requires financial market participants and financial advisers to disclose how they integrate sustainability risks and principal adverse impacts in their processes at both entity and product levels. It also introduces additional product disclosures for financial products making sustainability claims.

This targeted consultation aims at gathering information from a wide range of stakeholders, including financial practitioners, non-governmental organisations, national competent authorities, as well as professional and retail investors, on their experiences with the implementation of the SFDR. The Commission is interested in understanding how the SFDR has been implemented and any potential shortcomings, including in its interaction with the other parts of the European framework for sustainable finance, and in exploring possible options to improve the framework. The main topics to be covered in this questionnaire are:

1. ***Current requirements of the SFDR***
2. ***Interaction with other sustainable finance legislation***
3. ***Potential changes to the disclosure requirements for financial market participants***
4. ***Potential establishment of a categorisation system for financial products***

Sections 1 and 2 cover the SFDR as it is today, exploring how the regulation is working in practice and the potential issues stakeholders might be facing in implementing it.

Sections 3 and 4 look to the future, assessing possible options to address any potential shortcomings. As there are crosslinks between aspects covered in the different sections, respondents are encouraged to look at the questionnaire in its entirety and adjust their replies accordingly.

CONSULTATION QUESTIONS

1. CURRENT REQUIREMENTS OF THE SFDR

The EU’s sustainable finance policy is designed to attract private investment to support the transition to a sustainable, climate-neutral economy. The SFDR is designed to contribute to this objective by providing transparency to investors about the sustainability risks that can affect the value of and return on their investments (‘outside-in’ effect) and the adverse impacts that such investments have on the environment and society (‘insideout’). This is known as double materiality. This section of the questionnaire seeks to assess to what extent respondents consider that the SFDR is meeting its objectives in an effective and efficient manner and to identify their views about potential issues in the implementation of the regulation.

We are seeking the views of respondents on how the SFDR works in practice. In particular, we would like to know more about potential issues stakeholders might have encountered regarding the concepts it establishes and the disclosures it requires.

Question 1.1: The SFDR seeks to strengthen transparency through sustainability-related disclosures in the financial services sector to support the EU’s shift to a sustainable, climate neutral economy. In your view, is this broad objective of the regulation still relevant?

1	2	3	4	5	Don’t know
			X		

(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)

Question 1.2: Do you think the SFDR disclosure framework is effective in achieving the following specific objectives (included in its [Explanatory Memorandum](#) and mentioned in its recitals)¹:

	1	2	3	4	5	Don't know
Increasing transparency towards end investors with regard to the integration of sustainability risks ²			3			
Increasing transparency towards end investors with regard to the consideration of adverse sustainability impacts				4		
Strengthening protection of end investors and making it easier for them to benefit from and compare among a wide range of financial products and services, including those with sustainability claims		2				
Channelling capital towards investments considered sustainable, including transitional investments ('investments considered sustainable' should be understood in a broad sense, not limited to the definition of sustainable investment set out in Article 2(17) of SFDR)		2				
Ensuring that ESG considerations are integrated into the investment and advisory process in a consistent manner across the different financial services sectors			3			
Ensuring that remuneration policies of financial market participants and financial advisors are consistent with the integration of sustainability risks and, where relevant, sustainable investment targets and designed to contribute to long-term sustainable growth		2				

(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)

Question 1.3: Do you agree that opting for a disclosure framework at EU level was more effective and efficient in seeking to achieve the objectives mentioned in Question 1.2 than if national measures had been taken at Member State level?

1	2	3	4	5	Don't know
				5	

(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)

Question 1.4: Do you agree with the following statement?

	1	2	3	4	5	Don't know

The costs of disclosure under the SFDR framework are proportionate to the benefits it generates (informing end investors, channelling capital towards sustainable investments)	1					
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(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)

Question 1.5: To what extent do you agree with the following statements?

	1	2	3	4	5	Don't know
The SFDR has raised awareness in the financial services sector of the potential negative impacts that investment decisions can have on the environment and/or people				4		
Financial market participants have changed the way they make investment decisions and design products since they have been required to disclose sustainability risks and adverse impacts at entity and product level under the SFDR.			3			
The SFDR has had indirect positive effects by increasing pressure on investee companies to act in a more sustainable manner.				4		

(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)

We would also like to know more about potential issues stakeholders might have encountered regarding the concepts that the SFDR establishes and the disclosures it requires.

Question 1.6: To what extent do you agree or disagree with the following statements?

	1	2	3	4	5	Don't know
Some disclosures required by the SFDR are not sufficiently useful to investors					5	
Some legal requirements and concepts in the SFDR, such as 'sustainable investment', are not sufficiently clear				4		

The SFDR is not used as a disclosure framework as intended, but as a labelling and marketing tool (in particular Articles 8 and 9)				4		
Data gaps make it challenging for market participants to disclose fully in line with the legal requirements under the SFDR					5	
Re-use of data for disclosures is hampered by a lack of a common machine-readable format that presents data in a way that makes it easy to extract				4		
There are other deficiencies with the SFDR rules (please specify in text box following question 1.7)					5	

(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)

Question 1.7: To what extent do you agree or disagree with the following statements?

	1	2	3	4	5	Don't know
The issues raised in question 1.6 create legal uncertainty for financial market participants and financial advisers				4		
The issues raised in question 1.6 create reputational risks for financial market participants and financial advisers				4		
The issues raised in question 1.6 do not allow distributors to have a sufficient or robust enough knowledge of the sustainability profile of the products they distribute						DK
The issues raised in question 1.6 create a risk of greenwashing and mis-selling				4		
The issues raised in question 1.6 prevent capital from being allocated to sustainable investments as effectively as it could be				4		

The current framework does not effectively capture investments in transition assets					5	
The current framework does not effectively support a robust enough use of shareholder engagement as a means to support the transition				4		
Others						DK

(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)

Please provide any additional explanations as necessary for questions 1.5, 1.6 and 1.7:

We believe SFDR has, to a certain extent, fulfilled its role as a disclosure framework, but above and beyond this consideration it has also been used by market participants as de facto labelling regime.

We believe the SFDR framework does not properly allow for transition assets to be part of investment strategies due to the limited scope of the sustainable investment definition. Therefore, the allocation of capital probably has experienced limitations due to overreliance on financing companies already aligned with a sustainable investment classification rather than focusing on companies with increased future potential.

1.1. Disclosures of principal adverse impacts (PAIs)

There are several disclosures concerning PAIs in the SFDR. As a general rule, the SFDR requires financial market participants who consider PAIs to disclose them at entity level on their website. It also includes a mandatory requirement for financial market participants to provide such disclosures when they have more than 500 employees (Article 4). The [Delegated Regulation](#)¹ of the SFDR includes a list of these PAI indicators. These entity level PAI indicators are divided into three tables in the Delegated Regulation. Indicators listed in table 1 are mandatory for all participants, and indicators in tables 2 and 3 are subject to a materiality assessment by the financial market participant (at least one indicator from table 2 and one from table 3 must be included in every PAI statement).

Second, the SFDR requires financial market participants who consider PAIs at entity level to indicate in the pre-contractual documentation whether their financial products consider PAIs (Article 7) and to report the impacts in the corresponding periodic disclosures (Article 11). When reporting these impacts, financial market participants may rely on the PAI indicators defined at entity level in the Delegated Regulation.

Finally, in accordance with the empowerment given in Article 2a of SFDR, the Delegated Regulation requires that the do no significant harm (DNSH) assessment of the sustainable investment definition is carried out by taking into account the PAI indicators defined at entity level in Annex I of the Delegated Regulation.

¹ [Commission Delegated Regulation \(EU\) 2022/1288 of 6 April 2022](#)

In this context:

Question 1.8: To what extent do you agree with the following statements about entity level disclosures?

	1	2	3	4	5	Don't know
I find it appropriate that certain indicators are always considered material (i.e. “principal”) to the financial market participant for its entity level disclosures, while having other indicators subject to a materiality assessment by the financial market participant (approach taken in Annex I of the SFDR Delegated Regulation).	1					
I would find it appropriate that all indicators are always considered material (i.e. “principal”) to the financial market participant for its entity level disclosures.	1					

I would find it appropriate that all indicators are always subject to a materiality assessment by the financial market participant for its entity level disclosures.					5	
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(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)

Question 1.8.1: When following the approach described in the first statement of question 1.8 above, do you agree that the areas covered by the current indicators listed in table 1 of the Delegated Regulation are the right ones to be considered material in all cases?

1	2	3	4	5	Don't know
	2				

(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)

Question 1.9: To what extent do you agree with the following statements about product level disclosures?

	1	2	3	4	5	Don't know
The requirement to ‘take account of’ PAI indicators listed in Annex I of the Delegated Regulation for the DNSH assessment, does not create methodological challenges.	1					

In the context of product disclosures for the do no significant harm (DNSH) assessment, it is clear how materiality of principal adverse impact (PAI) indicators listed in Annex I of the Delegated Regulation should be applied		2				
The possibility to consider the PAI indicators listed in Annex I of the Delegated Regulation for product level disclosures of Article 7 do not create methodological challenges.	1					
It is clear how the disclosure requirements of Article 7 as regards principal adverse impacts interact with the requirement to disclose information according to Article 8 when the product promotes environmental and/or social characteristics and with the requirement to disclose information according to Article 9 when the product has sustainable investment as its objective.				4		

(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)

Please provide any additional explanations as necessary for questions 1.8, 1.8.1 and 1.9:

We are supportive of the concept of PAIs at product level, although methodological and data issues exist. If the data coverage issues were resolved, most of the methodological challenges would disappear.

We question the policy intent behind PAIs at the entity level. We believe that PAI at the entity level reflects the business mix of firms and does not form a useful comparator between different firms, nor do we believe it to be a useful metric for investors making investment decisions. Indeed, firms can have business lines for which ESG considerations are not relevant, leading to meaningless PAIs at the entity level. We recommend that either PAIs are removed at the entity level or at the very least some adjustment is made to take into consideration that firms may have business lines for which PAI considerations are not relevant.

Questions 1.10, 1.10.1 and 1.11 are intended for financial market participants and financial advisors subject to the SFDR.

1.2. The cost of disclosures under the SFDR today

The following two questions aim to assess the costs of the SFDR disclosure requirements distinguishing between one-off and recurring costs. One-off costs are incurred only once to implement a new reporting requirement, e.g. getting familiarised with the legal act and the associated regulatory or implementing technical standards, setting-up data collection processes or adjusting IT-systems. Recurring costs occur repeatedly every year once the new reporting is in place, e.g. costs of annual data collection and report preparation. In the specific case of precontractual disclosures for example, there are one-off costs to set up the

process of publishing precontractual disclosures when a new product is launched, and recurring annual costs to repeat the process of publishing pre-contractual disclosures each time a new product is launched (depends on the number of products launched on average each year). These two questions apply both to entity and product level disclosures.

Question 1.10: Could you provide estimates of the one-off and recurring annual costs associated with complying with the SFDR disclosure requirements (EUR)? Please split these estimates between internal costs incurred by the financial market participant and any external services contracted to assist in complying with the requirements (services from third-party data providers, advisory services ...). If such a breakdown is not possible, please provide the total figures.

EUR	Estimated one off costs	Estimated recurring annual costs	Don't know
Internal costs			
Thereof personnel costs	EUR 1,270k	Unknown	
Thereof IT costs	EUR 45k	Unknown	
External costs		Unknown	
Thereof data providers		EUR 85,000	
Thereof advisory services	EUR 330k	Unknown	
Total costs of SFDR disclosure requirements	EUR 1,645k	Unknown	

Question 1.10.1: Could you split the total costs between product level and entity level disclosures?

%	Product-level disclosures	Entity-level disclosures	Don't know
Estimated percentage of costs			Don't know

If you wish to provide additional details, please use the box below:

We estimate the cost of implementing SFDR at approximately EUR 1.65 million, over a two-year period from the introduction of SFDR. This relates to assets under management of EUR 105 billion for Insight Investment Management (Europe) Ltd, to which SFDR applies.

The ongoing costs will also be significant, but we are not able to quantify this. SFDR has now been embedded within our internal processes which includes upgrades of existing IT

systems, and the re-allocation of internal personnel resources or responsibilities to cater for ongoing SFDR support. We believe these aggregated costs are significant.

Question 1.11: In order to have a better understanding of internal costs, could you provide an estimate of how many full-time-equivalents (FTEs - FTEs - 1 FTE corresponds to 1 employee working full-time the whole year) are involved in preparing SFDR disclosures?

Unknown

Could you please provide a split between:

%	Retrieving the data	Analysing the data	Reporting SFDR disclosures	Other	Don't know
Estimated percentage					Don't know

1.3. Data and estimates

Financial market participants' and financial advisers' ability to fulfil their ESG transparency requirements depends in part on other disclosure requirements under the EU framework. In particular, they will rely to a significant extent on the [Corporate Sustainability Reporting Directive \(CSRD\)](#). However, entities are not reporting yet under those new disclosure requirements, or they may not be within the scope of the CSRD. Besides, even when data is already available today, it may not always be of good quality.

Question 1.12: Are you facing difficulties in obtaining good-quality data?

Yes	No	Don't know
Answer Yes		

Question 1.12.1: If so, do you struggle to find information about the following elements?

	1	2	3	4	5	Don't know
The entity level principal adverse impacts						DK
The proportion of taxonomy-aligned investments (product level)					5	

The contribution to an environmental or social objective, element of the definition of 'sustainable investment' (product level)			3			
The product's principal adverse impacts, including when assessed in the context of the 'do no significant harm' test which requires the consideration of PAI entity level indicators listed in Annex I of the Delegated Regulation and is an element of the definition of 'sustainable investment' (product level)					5	
The good governance practices of investee companies (product level)		2				
Other						DK

(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)

Question 1.12.2: Is the SFDR sufficiently flexible to allow for the use of estimates?

1	2	3	4	5	Don't know
			Answer: 4		

(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)

Question 1.12.3: Is it clear what kind of estimates are allowed by the SFDR?

1	2	3	4	5	Don't know
		Answer: 3			

(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)

Question 1.12.4: If you use estimates, what kind of estimates do you use to fill the data gap?

not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)

a) Entity level principal adverse impacts

	1	2	3	4	5	Don't know
Estimates from data providers, based on data coming from the investee companies						DK

Estimates from data providers, based on data coming from other sources						DK
In-house estimates						DK
Internal ESG score models						DK
External ESG score models						DK
Other						

(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)

b) Taxonomy aligned investments (product level)

	1	2	3	4	5	Don't know
Estimates from data providers, based on data coming from the investee companies					5	
Estimates from data providers, based on data coming from other sources					5	
In-house estimates	1					
Internal ESG score models	1					
External ESG score models	1					
Other						DK

(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)

c) Sustainable investments (product level)

	1	2	3	4	5	Don't know
Estimates from data providers, based on data coming from the investee companies					5	
Estimates from data providers, based on data coming from other sources					5	
In-house estimates				4		
Internal ESG score models				4		
External ESG score models		2				
Other						DK

(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)

d) Other data points

	1	2	3	4	5	Don't know
Estimates from data providers, based on data coming from the investee companies					5	
Estimates from data providers, based on data coming from other sources					5	
In-house estimates			3			
Internal ESG score models					5	
External ESG score models		2				

Other						
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(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)

Question 1.12.5: Do you engage with investee companies to encourage reporting of the missing data?

1	2	3	4	5	Don't know
			4		

(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)

Please also provide further explanations to your replies to questions 1.12 to 1.12.5.

There is a significant reliance on external data providers to allow for scalable data outcomes. Economies of scale in relation to assessing taxonomy alignment, screening for controversies and ESG risks are important due to the resource-intensive nature of this activity.

We support engagement with companies to improve reporting on metrics that can help the market in understanding ESG factors related to that company, and to allow data providers to incorporate these data going forward.

Question 1.13: Have you increased your offer of financial products that make sustainability claims since the disclosure requirements of Articles 8 and 9 of the SFDR began to apply (i.e. since 2021, have you been offering more products that you categorise as Articles 8 and 9 than those you offered before the regulation was in place and for which you also claimed a certain sustainability performance)?

1	2	3	4	5	Don't know
		3			

(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)

Question 1.13.1: Please specify how the share of financial products making sustainability claims has evolved in the past years. (Please express it as a percentage of the total financial products you offered each year.)

2020	2021	2022	2023
1.6%	1.7%	8.8%	7.9%

Question 1.13.2: If you have increased your offering of financial products making sustainability claims, in your view, has any of the following factors influenced this increase?

	1	2	3	4	5	Don't know
SFDR requirements				4		
Retail investor interest				4		
Professional investor interest				4		
Market competitiveness				4		
Other factors						

(1= not at all, 2= not really, 3= partially, 4= mostly, 5= totally)

If other, please specify. Please also provide further explanations to your replies to questions 1.13, 1.13.1 and 1.13.2.

Prior to SFDR, we did not generally make any claims about the sustainability nature of our offerings. This changed with SDFR requirements and the product offerings with sustainability claims increased post SFDR.

Our responses to question 1.13.1 show the percentage of ESG products (being those with exclusions, positive screens, best-in-class, thematic and impact) as a proportion of our total AUM.

2. INTERACTION WITH OTHER SUSTAINABLE FINANCE LEGISLATION The SFDR interacts with other parts of the EU's sustainable finance framework. Questions in this section will therefore seek respondents' views about the current interactions, as well as potential inconsistencies or misalignments that might exist between the SFDR and other sustainable finance legislation. There is a need to assess the potential implications for other sustainable finance legal acts if the SFDR legal framework was changed in the future. Questions as regards these potential implications are included in section 4 of this questionnaire, when consulting on the potential establishment of a categorisation system for products, and they do not prejudge future positions that might be taken by the Commission.

The SFDR mainly interacts with the following legislation and their related delegated and implementing acts:

- the [Taxonomy Regulation](#)
- the [Benchmarks Regulation](#)
- the [Corporate Sustainability Reporting Directive \(CSRD\)](#)
- the [Markets in Financial Instruments Directive \(MiFID 2\)](#) and the [Insurance Distribution Directive \(IDD\)](#)
- the [Regulation on Packaged Retail Investment and Insurance Products \(PRIIPs\)](#)

Other legal acts that are currently being negotiated may also interact with the SFDR in the future. They are not covered in this questionnaire as the detailed requirements of these legal acts have not yet been agreed. At this stage, it would be speculative to seek to assess how their interaction with SFDR would function.

Both the SFDR and the Taxonomy Regulation introduce key concepts to the sustainable finance framework. Notably, they introduce definitions of ‘sustainable investment’ (SFDR) and ‘environmentally sustainable’ economic activities (Taxonomy). Both definitions require, inter alia, a contribution to a sustainable objective and a do no significant harm (DNSH) test. But while these definitions are similar, there are differences between them which could create practical challenges for market participants.

Question 2.1: The [Commission recently adopted a FAQ](#) clarifying that investments in Taxonomy-aligned ‘environmentally sustainable’ economic activities can automatically qualify as ‘sustainable investments’ in those activities under the SFDR. To what extent do you agree that this FAQ offers sufficient clarity to market participants on how to treat Taxonomy-aligned investment in the SFDR product level disclosures?

1	2	3	4	5	Don't know
			Answer: 4		

(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)

The Benchmarks Regulation introduces two categories of climate benchmarks – the EU climate transition benchmark (EU CTB) and the EU Paris-aligned benchmark (EU PAB) - and requires benchmark administrators to disclose on ESG related matters for all benchmarks (except interest rate and foreign exchange benchmarks). The SFDR makes reference to the CTB and PAB in connection with financial products that have the reduction of carbon emissions as their objective. Both legal frameworks are closely linked as products disclosing under the SFDR can for example passively track a CTB or a PAB or use one of them as a reference benchmark in an active investment strategy. More broadly, passive products rely on the design choices made by the benchmark administrators.

Question 2.2: To what extent do you agree or disagree with the following statements?

	1	2	3	4	5	Don't know
The questions & answers published by the Commission in April 2023 specifying that the SFDR deems products passively tracking CTB and PAB to be making ‘sustainable investments’ as defined in the SFDR provide sufficient clarity to market participants				4		
The approach to DNSH and good governance in the SFDR is consistent with the environmental, social and governance exclusions under the PAB/CTB			3			

The ESG information provided by benchmark administrators is sufficient and is aligned with the information required by the SFDR for products tracking or referencing these benchmarks		2				
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(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)

Both the SFDR and the Corporate Sustainability Reporting Directive (CSRD) introduce entity level disclosure requirements with a double-materiality approach.² The CSRD sets out sustainability reporting requirements mainly for all large and all listed undertakings with limited liability (except listed micro-enterprises),³ while the SFDR introduces sustainability disclosure requirements at entity level for financial market participants and financial advisers as regards the consideration of sustainability related factors in their investment decision-making process. Moreover, in order for financial market participants and financial advisers to meet their product and entity level disclosure obligations under

the SFDR, they will rely to a significant extent, on the information reported according to the CSRD and its [European Sustainability Reporting Standards \(ESRS\)](#)⁴.

Question 2.3: To what extent do you agree or disagree with the following statements?

	1	2	3	4	5	Don't know
The SFDR disclosures are consistent with the CSRD requirements, in particular with the European Sustainability Reporting Standards						DK
There is room to streamline the entity level disclosure requirements of the SFDR and the CSRD						DK

(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)

Financial advisors (under MiFID 2) and distributors of insurance-based investment products (under IDD) have to conduct suitability assessments based on the sustainability

² Transparency requirements relate to the sustainability risks that can affect the value of investments (SFDR) or companies (CSRD) ('outside-in' effect) and the adverse impacts that such investments or companies have on the environment and society ('inside-out').

³ Credit institutions and insurance undertakings with unlimited liability are also in scope subject to the same size criteria. Non-EU undertakings listed on the EU regulated markets and non-EU undertakings with a net turnover above EUR 150 million that carry out business in the EU will also have to publish certain sustainability-related information through their EU subsidiaries that are subject to CSRD (or - in the absence of such EU subsidiaries – through their EU branches with net turnover above EUR 40 million).

⁴ Provided positive scrutiny of co-legislators of the [ESRS delegated act](#).

preferences of customers. These assessments rely in part on sustainability-related information made available by market participants reporting under the SFDR.

Question 2.4: To what extent do you agree that the product disclosures required in the SFDR and [its Delegated Regulation](#) (e.g. the proportion of sustainable investments or taxonomy aligned investments, or information about principal adverse impacts) are sufficiently useful and comparable to allow distributors to determine whether a product can fit investors' sustainability preferences under MiFID2 and the IDD?

1	2	3	4	5	Don't know
			4		

(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)

Question 2.5: MIFID and IDD require financial advisors to take into account sustainability preferences of clients when providing certain services to them. Do you believe that, on top of this behavioural obligation, the following disclosure requirements for financial advisors of the SFDR are useful?

	1	2	3	4	5	Don't know
Article 3, entity level disclosures about the integration of sustainability risks policies in investment or insurance advice						DK
Article 4, entity level disclosures about consideration of principal adverse impacts	1					
Article 5, entity level disclosures about remuneration policies in relation to the integration of sustainability risks						DK
Article 6, product level pre-contractual disclosures about the integration of sustainability risks in investment or insurance advice						DK
Article 12, requirement to keep information disclosed according to Articles 3 and 5 up to date						DK

(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)

Question 2.6: Have the requirements on distributors to consider sustainability preferences of clients impacted the quality and consistency of disclosures made under SFDR?

Yes	No	Don't know
Answer: Yes		

Question 2.6.1: If so, how?

PRIIPs requires market participants to provide retail investors with [key information documents \(KIDs\)](#). As part of the [retail investment strategy](#)⁵, the Commission has recently proposed to include a new sustainability section in the KID to make sustainability-related information of investment products more visible, comparable and understandable for retail investors. Section 4 of this questionnaire includes questions related to PRIIPs, to seek stakeholders' views as regards potential impacts on the content of the KID if a product categorisation system was established.

Please clarify your replies to questions in section 2 as necessary:

The disclosures required for the EET template has led to the industry providing disclosures with greater granularity, to those firms captured by MIFID requirements.

3. POTENTIAL CHANGES TO DISCLOSURE REQUIREMENTS FOR FINANCIAL MARKET PARTICIPANTS

3.1. ENTITY LEVEL DISCLOSURES

The SFDR contains entity level disclosure requirements for financial market participants and financial advisers. They shall disclose on their website their policies on the integration of sustainability risks in their investment decision-making process or their investment or insurance advice (Article 3). In addition, they shall disclose whether, and if so, how, they consider the principal adverse impacts of their investment decisions on sustainability factors. For financial market participants with 500 or more employees, the disclosure of a due diligence statement, including information of adverse impacts, is mandatory (Article 4). In addition, financial market participants and financial advisers shall disclose how their remuneration policies are consistent with the integration of sustainability risks (Article 5).

Question 3.1.1: Are these disclosures useful?

	1	2	3	4	5	Don't know
Article 3				4		
Article 4	1					
Article 5			3			

⁵ https://finance.ec.europa.eu/publications/retail-investment-strategy_en

(1= not at all, 2= not really, 3= partially, 4= mostly, 5= totally)

Please explain your replies to question 3.1.1 as necessary:

On Article 4:

We are supportive of the concept of PAIs at product level, although we question the policy intent behind PAIs at the entity level. As explained in our response to questions 1.8, 1.81 and 1.9, we recommend either that PAIs are removed at the entity level, or at the very least that some adjustment is made to factor in that firms may have business lines for which PAI considerations are not relevant.

On Article 5: We believe a remuneration policy should primarily focus on how it is aligned with the fiduciary duty of the asset manager versus its clients. Although the integration of sustainability risks is relevant and consistent in this regard, it should not be the main focus.

Complementing the [consultation by the European Supervisory Authorities \(ESAs\) on the revision of the Regulatory Technical Standards of the SFDR](#)⁶, the Commission is interested in respondents' views as regards the principal adverse impact indicators required by the current Delegated Regulation.

Question 3.1.2: Among the specific entity level principal adverse impact indicators required by the [Delegated Regulation of the SFDR](#) adopted pursuant to Article 4 (tables 1, 2 and 3 of Annex I), which indicators do you find the most (and least) useful?

As explained in our response to questions 1.8, 1.81 and 1.9, we do not believe PAIs at the entity level are useful. Data quality and the different business strategies of firms makes such comparability difficult. We also do not believe those metrics are useful for investors making investment decisions.

Several pieces of EU legislation require entity level disclosures, whether through transparency requirements on sustainability for businesses (for example the CSRD) or disclosure requirements regarding own ESG exposures (such as the Capital Requirements Regulation (CRR) and its Delegated Regulation).

Question 3.1.3: In this context, is the SFDR the right place to include entity level disclosures?

1	2	3	4	5	Don't know
	2				

(1= not at all, 2= not really, 3= partially, 4= mostly, 5= totally)

⁶ <https://www.esma.europa.eu/press-news/consultations/joint-consultation-review-sfdr-delegatedregulation> placeholder see what in right hyperlink in September when we launch OPC.

Question 3.1.4: To what extent is there room for streamlining sustainability-related entity level requirements across different pieces of legislation?

1	2	3	4	5	Don't know
					DK

(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)

Please explain your replies to questions in section 3.1 as necessary

Given the development of CSRD it may make sense for sustainability related entity level requirements to be focused on that CSRD rather than SFDR.

3.2. PRODUCT LEVEL DISCLOSURES

The SFDR includes product level disclosure requirements (Articles 6, 7, 8, 9, 10 and 11) that mainly concern risk and adverse impact related information, as well as information about the sustainability performance of a given financial product. The regulation determines which information should be included in precontractual and periodic documentation and on websites.

The SFDR was designed as a disclosure regime, but is being used as a labelling scheme, suggesting that there might be a demand for establishing sustainability product categories. Before assessing whether there might be merit in setting up such product categories in Section 4, Section 3 includes questions analysing the need for possible changes to disclosures, as well as any potential link between product categories and disclosures. The need to ask about potential links between disclosures and sustainability product categories is the reason why this section contains some references to ‘products making sustainability claims’. However, this does not pre-empt in any way a decision about how a potential categorisation system and an updated disclosure regime would interact if these were established. The Commission services are openly consulting on all these issues to further assess potential ways forward as regards the SFDR.

The Commission services would therefore like to collect feedback on what transparency requirements stakeholders consider useful and necessary. We would also like to know respondents’ views on whether and how these transparency requirements should link to different potential categories of products.

The general principle of the SFDR is that products that make sustainability claims need to disclose information to back up those claims and combat greenwashing. This could be viewed as placing additional burden on products that factor in sustainability considerations. This is why, in the following questions, the Commission services ask respondents about the usefulness of uniform disclosure requirements for products across the board, regardless of related sustainability claims, departing from the general philosophy of the SFDR as regards product disclosures. Providing proportionate information on the sustainability profile of a product which does not make sustainability claims could make it easier for some investors to understand products’ sustainability performance, as they would get information also about products that are not designed to achieve any sustainability-related outcome. This section also contains questions exploring whether it could be useful to require financial market participants who make sustainability

claims about certain products to disclose additional information (i.e. in case a categorisation system is introduced in the EU framework, the need to require additional information about products that would fall under a category).

Question 3.2.1: Standardised product disclosures - Should the EU impose uniform disclosure requirements for **all** financial products offered in the EU, regardless of their sustainability-related claims or any other consideration?

1	2	3	4	5	Don't know
1					

(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)

Question 3.2.1. a): If the EU was to impose uniform disclosure requirements for **all** financial products offered in the EU, should disclosures on a limited number of principal adverse impact indicators be required for all financial products offered in the EU?

1	2	3	4	5	Don't know
		3			

(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)

Please specify which ones:

We believe it would be appropriate to target the most important PAIs in each of the two categories (climate and social matters).
 Climate: Carbon Footprint, Exposure to companies active in the fossil fuel sector
 Social matters: Violations of UNGC, Exposure to controversial weapons

Question 3.2.1 b): Please see a list of examples of disclosures that could also be required about **all** financial products for transparency purposes. In your view, should these disclosures be mandatory, and/or should any other information be required about **all** financial products for transparency purposes?

	1	2	3	4	5	Don't know
Taxonomy-related disclosures	1					
Engagement strategies		2				
Exclusions	1					
Information about how ESG-related information is used in the investment process			3			
Other information						DK

(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)

If you selected 'Other information' please specify:

--

Please explain as necessary your replies to questions 3.2.1 and its sub-questions:

<p>We believe mandatory disclosures are only relevant for labelled products. Firms can always choose to disclose voluntarily over and above this.</p> <p>Data on taxonomy aligned is still very poor and reporting on taxonomy alignment is unlikely to make sense for products that do not have sustainability claims.</p> <p>Engagement are typically conducted not on a portfolio-level but entity-wide; therefore, having engagement strategies per portfolio might not be relevant for all products. However, the way in which an entity-level engagement may apply to certain portfolios may be useful information.</p>

Question 3.2.2: Standardised product disclosures - Would uniform disclosure requirements for **some** financial products be a more appropriate approach, regardless of their sustainability-related claims (e.g. products whose assets under management, or equivalent, would exceed a certain threshold to be defined, products intended solely for retail investors...)? Please note that next question 3.2.3 asks specifically about the need for disclosures in cases of products making sustainability claims.

1	2	3	4	5	Don't know
1					

(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)

Question 3.2.2 a): If the EU was to impose uniform disclosure requirements for **some** financial products, what would be the criterion/criteria that would trigger the reporting obligations?

<p>We do not believe that uniform requirements should apply when sustainability-related claims are not made. However, if a firm has entity-level ESG policies (for example, the exclusion of controversial weapons or sustainability risk policies), these could be referred to in the product disclosures.</p> <p>However, if uniform disclosure was required for "some" products, it should only be limited to those financial products where sustainability integration applies. There will be some financial products where sustainability integration policies do not apply (for example, liability-driven investment strategies, and other risk-hedging strategies).</p>
--

Question 3.2.2. b): If the EU was to impose uniform disclosure requirements for **some** financial products, should a limited number of principal adverse impact indicators be required?

1	2	3	4	5	Don't know
1					

(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)

Please specify which ones:

We do not believe that uniform requirements should apply when sustainability-related claims are not made. However if any disclosures are made, we recommend referring to firm-wide policies that would apply to all products.

Question 3.2.2. c): Please see a list of examples of disclosures that could also be required about the group of financial products that would be subject to standardised disclosure obligations for transparency purposes (in line with your answer to Q 3.2.2 above). In your view, should these disclosures be mandatory, and/or should any other information be required about that group of financial products?

	1	2	3	4	5	Don't know
Taxonomy-related disclosures	1					
Engagement strategies	1					
Exclusions		2				
Information about how ESG-related information is used in the investment process			3			
Other information						DK

(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent) If you selected 'Other information' please specify:

Please explain as necessary your replies to questions 3.2.2 and its sub-questions:

We do not believe that uniform requirements should apply when sustainability-related claims are not made. However, if a firm has entity-level ESG policies (for example, the exclusion of controversial weapons or sustainability risk policies), these could be referred to in the product disclosures.

As above we believe certain disclosures are only relevant for certain product categories.

Data on alignment with the EU taxonomy is still very poor and reporting on taxonomy alignment is unlikely to be relevant or appropriate for products that do not have sustainability claims.

The following and last section of this questionnaire (section 4) includes questions about the potential establishment of a sustainability product categorisation system at EU level based on certain criteria that products would have to meet. It presents questions about different ways of setting up such system, including whether additional category specific disclosure requirements should be envisaged. There are therefore certain links between questions in this section (section 3) and questions in the last section of the questionnaire (section 4).

Question 3.2.3: If requirements were imposed as per question 3.2.1 and/or 3.2.2, should there be some additional disclosure requirements when a product makes a sustainability claim?

1	2	3	4	5	Don't know
				5	

(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)

Please explain as necessary your replies to question 3.2.3:

We support ESG-related disclosures for products that make sustainability claims.

Sustainability product information disclosed according to the current requirements of the SFDR can be found in precontractual and periodic documentation and on financial market participants' websites, as required by Articles 6, 7, 8, 9, 10 and 11.

Question 3.2.4: In general, is it appropriate to have product related information spread across these three places, i.e. in precontractual disclosures, in periodic documentation and on websites?

1	2	3	4	5	Don't know
		3			

(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)

Question 3.2.5: More specifically, is the current breakdown of information between precontractual, periodic documentation and website disclosures appropriate and user friendly?

1	2	3	4	5	Don't know
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	2				
--	---	--	--	--	--

(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)

Please explain as necessary your replies to question 3.2.4 and 3.2.5:

We support information being provided in precontractual and periodic documentation. We believe website product disclosures are less useful, investors do not generally look at this, and the information is generally already in the other documentation.

Current website disclosures make it mandatory for product sustainability information to be publicly available. This includes portfolios managed under a portfolio management mandate, which can mean a large number of disclosures, as each of the managed portfolios is considered a financial product under the SFDR. A [Q&A published by the Commission in July 2021](#)⁷ clarified that where a financial market participant makes use of standard portfolio management strategies replicated for clients with similar investment profiles, transparency at the level of those standard strategies can be considered a way of complying with requirements on websites disclosures. This approach facilitates the compliance with Union and national law governing the data protection, and where relevant, it also ensures confidentiality owed to clients.

Question 3.2.6: To what extent do you agree with the following statements?

	1	2	3	4	5	Don't know
It is useful that product disclosures under SFDR are publicly available (e.g. because they have the potential to bring wider societal benefits)					5	
Confidentiality aspects need to be taken into account when specifying the information that should be made available to the public under the SFDR					5	
Sustainability information about financial products should be made available to potential investors, investors or the public according to rules in sectoral legislation (e.g.: UCITS, AIFM, IORPs directives); the SFDR should not impose rules in this regard	1					

(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)

Please explain as necessary your replies to question 3.2.6:

We believe the requirements for sustainability information should be within one regulation such as SFDR, and not stated in many other regulations.

⁷ See question 3 of section V of the [consolidated questions and answers \(Q&A\) on the SFDR and its Delegated Regulation published on the ESAs websites](#).

We do not believe that SFDR should apply to segregated portfolios/mandates. They are already subject to MiFID sustainability preferences, and these mandates are not distributed and are specifically designed to meet the investment objective of the client so there is less need for a label. The public disclosures are also not relevant for segregated portfolios/mandates.

Current product-level disclosures have been designed to allow for comparability between financial products. The SFDR requires pre-contractual disclosures to be made in various documents for the different financial products in scope of the regulation. The disclosure requirements are the same, even though these documents have widely varying levels of detail or complexity, i.e. a UCITS prospectus can be several hundred pages long, while the Pan-European Pension Product Key Information Document (PEPP KID) comprises a few pages.

Question 3.2.7: To what extent do you agree with the following statements?

	1	2	3	4	5	Don't know
The same sustainability disclosure topics and the exact same level of granularity of sustainability information (i.e. same number of datapoints) should be required in all types of precontractual documentation to allow for comparability		2				
The same sustainability disclosure topics should be required in all types of precontractual documentation to allow for comparability		2				

(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)

Please explain as necessary your replies to question 3.2.7:

Although we are a proponent of consistency to allow for comparability, we do not believe this should be achieved by requiring the same level of granularity in all precontractual documentation. We do believe some baseline consistency around the general information that is provided should be ensured, but the granularity can differ because different asset classes and strategies would require different data points. For example, asset-backed securities would require different data points to corporate bonds or equities. There may be a case to standardise within strategies of the same type, but we would not recommend this as it would be too complex to define.

Question 3.2.8: Do you believe that sustainability related disclosure requirements at product level should be independent from any entity level disclosure requirements, (i.e. product disclosures should not be conditional on entity disclosures, and vice-versa)?

Yes	No	Don't know
Yes		

Please explain as necessary your replies to question 3.2.8:

--

The SFDR is intended to facilitate comparisons between financial products based on their sustainability considerations. In practice, investors, and especially retail investors, may not always have the necessary expertise and knowledge to interpret SFDR product-level disclosures, whether it is about comparing these disclosures to industry averages or credible transition trajectories.

Question 3.2.9: Do you think that some product-level disclosures should be expressed on a scale (e.g. if the disclosure results for similar products were put on a scale, in which decile would the product fall)?

Yes	No	Don't know
	No	

Question 3.2.9.1: If so, how should those scales be established and which information should be expressed on a scale?

<p>We are in favour of minimum standards with product categories without a hierarchy rather than a scaled approach which introduces a hierarchy. A hierarchical system would be very challenging to define due to the various different interpretations around ESG characteristics.</p>

Question 3.2.10: If you are a professional investor, where do you obtain the sustainability information you find relevant?

	1	2	3	4	5	Don't know
From direct enquiries to market participants						DK
Via SFDR disclosures provided by participants market						DK

(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)

Question 3.2.11: If you are a professional investor, do you find the SFDR requirements have improved the quality of information and transparency provided by financial market participants about the sustainability features of the products they offer?

1	2	3	4	5	Don't know
					DK

(1= not at all, 2= not really, 3= partially, 4= mostly, 5= totally)

Please explain as necessary your replies to question 3.2.10 and 3.2.11:

For disclosures to be effective, they need to be accessible and useable to end investors. We are seeking respondents' views about the need to further improve the accessibility and usability of this information, in particular in a digital context.⁸

Question 3.2.12: To what extent do you agree or disagree with the following statements?

	1	2	3	4	5	Don't know
Article 2(2) of the SFDR Delegated Regulation already requires financial market participants to make disclosures under the SFDR in a searchable electronic format, unless otherwise required by sectoral legislation. This is sufficient to ensure accessibility and usability of the disclosed information.				4		
It would be useful for all product information disclosed under the SFDR to be machine-readable, searchable and ready for digital use.				4		
It would be useful for some of the product information disclosed under the SFDR to be machine-readable and ready for digital use.				4		
It would be useful to prescribe a specific machine readable format for all (or some parts) of the reporting under the SFDR (e.g. iXBRL).				4		
It would be useful to make <u>all</u> product information disclosed under the SFDR available in the upcoming European Single Access Point as soon as possible.						DK

⁸ These questions are intended to complement Question 42 in the ESAs' [joint consultation paper on the review of the SFDR Delegated Regulation \(JC 2023 09\)](#) which asks for criteria for machine readability of the SFDR Delegated Regulation disclosures.

Entity and product disclosures on websites should be interactive and offer a layered approach enabling investors to access additional information easily on demand.	1					
It would be useful that a potential regulatory attempt to digitalise sustainability disclosures by financial market participants building on the European ESG Template (EET) which has been developed by the financial industry to facilitate the exchange of data between financial market participants and stakeholders regarding sustainability disclosures.					4	

(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)

Question 3.2.13: Do you think the costs of introducing a machine-readable format for the disclosed information would be proportionate to the benefits it would entail?

1	2	3	4	5	Don't know
					DK

(1= not at all, 2= not really, 3= partially, 4= mostly, 5= totally)

Please provide any comments or explanations to explain your answers to questions 3.2.12 and 3.2.13:

We support the development of an EU platform to collate this data in a standardised format, so that the costs for firms are proportionate.
--

Current product-level disclosures have been designed to allow for comparability between financial products. These financial products and the types of investments they pursue can present differences.

Question 3.2.14: To what extent do you agree with the following statement? “When determining what disclosures should be required at product level it should be taken into account: ...”

	1	2	3	4	5	Don't know
Whether the product is a wrapper offering choices between underlying investment options like a Multi-Option Product	1					
Whether some of the underlying investments are outside the EU	1					
Whether some of the underlying investments are in an emerging economy	1					

Whether some of the underlying investments are in SMEs	1					
Whether the underlying investments are in certain economic activities or in companies active in certain sectors	1					
Other considerations as regards the type of product or underlying investments	1					

(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)

Please explain your reply to question 3.2.14:

We believe the disclosures should be the same across all investments making sustainability claims. However, the qualitative assessments of the disclosures should differ by investment type; for example, between developed and emerging markets.

4. POTENTIAL ESTABLISHMENT OF A CATEGORISATION SYSTEM FOR FINANCIAL PRODUCTS

4.1. POTENTIAL OPTIONS

The fact that Articles 8 and 9 of the SFDR are being used as de facto product labels, together with the proliferation of national ESG/sustainability labels, suggests that there is a market demand for such tools in order to communicate the ESG/sustainability performance of financial products. However, there are persistent concerns that the current market use of the SFDR as a labelling scheme might lead to risks of greenwashing (the Commission services seek respondents’ views on this in section 1). This is partly because the existing concepts and definitions in the regulation were not conceived for that purpose. Instead, the intention behind them was to encompass as wide a range of products as possible, so that any sustainability claims had to be substantiated. In addition, a proliferation of national labels risks fragmenting the European market and thereby undermining the development of the [capital markets union](#).

The Commission services therefore seek views on the merits of developing a more precise EU-level product categorisation system based on precise criteria. This section of the questionnaire asks for stakeholders’ views about both the advantages of establishing sustainability product categories and about how these categories should work. When asking about sustainability product categories, the Commission is referring to a possible distinction between products depending on their sustainability objectives or sustainability performances.

Replies to questions in this section will help assess which type of investor would find product categories useful. Some questions relate to different possibilities as to how the system could be set-up, including whether disclosure requirements about products making sustainability claims should play a role. There are therefore certain links between questions

in this section and section 3 on disclosures. Accordingly, respondents are invited to reply to questions in both sections, so that the Commission services can get insights into how they view disclosures and product categories separately, but also how they see the interlinkages between the two.

Given the high demand for sustainability products, questions in this section assume that any potential categorisation system would be voluntary. This is because financial market participants would likely have an interest in offering products with a sustainability claim. The questions in this section presume that only products that claim to fall under a given sustainability product category would be required to meet the corresponding requirements. However, this should not be seen as the Commission’s preferred policy approach, as the Commission is only consulting on these topics at this stage.

If the Commission was to propose the development of a more precise product categorisation system, two broad strategies could be envisaged. On the one hand, the product categorisation system could build on and develop the distinction between Articles 8 and 9 and the existing concepts embedded in them (such as environmental/social characteristics, sustainable investment or do no significant harm), complemented by additional (minimum) criteria that more clearly define the products falling within the scope of each article. On the other hand, the product categorisation system could be based on a different approach, for instance focused on the type of investment strategy (promise of positive contribution to certain sustainability objectives, transition focus, etc.), based on criteria that do not necessarily relate to those existing concepts. In such a scenario, concepts such as environmental/social characteristics or sustainable investment and the distinction between current Articles 8 and 9 of SFDR may disappear altogether from the transparency framework.

Question 4.1.1: To what extent do you agree with the following statements?

	1	2	3	4	5	Don't know
Sustainability product categories regulated at EU level would facilitate retail investor understanding of products' sustainability-related strategies and objectives					5	
Sustainability product categories regulated at EU level would facilitate professional investor understanding of products' sustainability-related strategies and objectives					5	
Sustainability product categories regulated at EU level are necessary to combat greenwashing			3			
Sustainability product categories regulated at EU level are necessary to avoid fragmenting the capital markets union.				4		

Sustainability product categories regulated at EU level are necessary to have efficient distribution systems based on investors' sustainability preferences.				4		
There is no need for product categories. Pure disclosure requirements of sustainability information are sufficient.		2				

(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)

Question 4.1.2: If a categorisation system was established, how do you think categories should be designed?

	1	2	3	4	5	Don't know
Approach 1: Splitting categories in a different way than according to existing concepts used in Articles 8 and 9, for example, focusing on the type of investment strategy of the product (promise of positive contribution to certain sustainability objectives, transition, etc.) based on criteria that do not necessarily relate to those existing concepts.					5	
Approach 2: Converting Articles 8 and 9 into formal product categories, and clarifying and adding criteria to underpin the existing concepts of environmental/social characteristics, sustainable investment, do no significant harm, etc.	1					

(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)

Please explain your reply to questions 4.1.2 and 4.2.2:

We support Approach 1 and the creation of product categories being driven by investment objectives for the product. It is important that products should be allowed to include investments under different product categories and still benefit from a label, rather than products being restricted to one category only to receive a label.

For some asset classes, for example fixed income, the universe of assets that will be eligible under some of the product categories (e.g. A or B) could be very narrow and lead to highly concentrated portfolios. This may lead to firms compromising on the liquidity profile of the assets to meet the product categorisation requirements. Since retail products typically require daily liquidity, this could lead to an increase liquidity risk for investors and therefore potentially increase overall systemic risk, working against EU policymakers' objectives.

As a solution, we support the creation of an all-encompassing 'sustainable' label, with firms disclosing their allocation to assets currently proposed as eligible for the different

product categories A to D (although the exclusions will need to be of a certain degree to also include category C). This would be preferable to products being restricted to investments in one category only to receive a label. This would allow for a wider universe of assets to be permitted within portfolios, addressing the liquidity risk concerns mentioned above. Indeed, many currently available fixed income products with sustainability features are a combination of the four proposed categories and should be permitted to benefit from a label in the new regime.

We believe that Approach 1 is superior to Approach 2 as it better aligned with investment strategy and will better support investors to understand what they are purchasing. With Approach 2, we are concerned that adding further layers to an Article 8 or 9 regime, which was never intended to be a labelling regime, would create further complexity and create a poorer outcome for investors in terms of transparency and ease of understanding a product. Approach 1 also better aligns with other international regimes such as the SEC rules in the US and FCA rules in the UK. We believe better international alignment will help to reduce confusion for investors.

Finally, we are concerned that ESMA may create a labelling regime in parallel to the European Commission’s consultation. We are keen to ensure that there is one coherent regime for investors in Europe. For firms providing these products we caution against multiple revisions of SFDR; for example, once by ESMA and then again by the European Commission.

..... **If a categorisation system was established according to approach 1 of question 4.1.2**

Question 4.1.3: To what extent do you agree that, under approach 1, if a sustainability disclosure framework is maintained in parallel to a categorisation system, the current distinction between Articles 8 and 9 should disappear from that disclosure framework?

1	2	3	4	5	Don't know
				5	

(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)

Question 4.1.4: To what extent would you find the following categories of sustainability products useful?

	1	2	3	4	5	Don't know
A - Products investing in assets that specifically strive to offer targeted, measurable solutions to sustainability related problems that affect people and/or the planet, e.g. investments in firms generating and distributing renewable energy, or in companies building social housing or regenerating urban areas.					5	

B - Products aiming to meet credible sustainability standards or adhering to a specific sustainability related theme, e.g. investments in companies with evidence of solid waste and water management, or strong representation of women in decision-making.				4	
C - Products that exclude activities and/or investees involved in activities with negative effects on people and/or the planet				5	
D - Products with a transition focus aiming to bring measurable improvements to the sustainability profile of the assets they invest in, e.g. investments in economic activities becoming taxonomy-aligned or in transitional economic activities that are taxonomy aligned, investments in companies, economic activities or portfolios with credible targets and/or plans to decarbonise, improve workers' rights, reduce environmental impacts. ⁹				5	
Other					DK

(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)

If you think there are other possible useful categories, please specify which ones:

We note that category B – investments based on sustainability themes – are less relevant for fixed income portfolios due the requirement for fixed income portfolios to be highly diversified.

Question 4.1.5: To what extent do you think it is useful to distinguish between sustainability product category A and B described above?

1	2	3	4	5	Don't know
			4		

(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)

Question 4.1.6: Do you see merits in distinguishing between products with a social and environmental focus?

1	2	3	4	5	Don't know
1					

(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)

⁹ In line with the transition to a climate neutral and sustainable economy.

Question 4.1.7: How many sustainability product categories in total do you think there should be?

1	2	3	4	5	More than 5	Don't know
			4			

Question 4.1.8: Do you think product categories should be mutually exclusive, i.e. financial market participants should choose only one category to which the product belongs to in cases where the product meets the criteria of several categories (independently from subsequent potential verification or supervision of the claim)?

Yes	No	There is another possible approach	Don't know
		Answer this	

In case you have selected “There is another possible approach”, please specify below.

We support the creation of an all-encompassing ‘sustainable’ label, with firms disclosing their allocation to assets currently proposed as eligible for the different product categories A to D (although the exclusions will need to be of a certain degree to also include category C). This would be preferable to products being restricted to investments in one category only to receive a label. This would allow for a wider universe of assets to be permitted within portfolios, addressing the liquidity risk concerns mentioned above. Indeed, many currently available fixed income products with sustainability features are a combination of the four proposed categories and should be permitted to benefit from a label in the new regime.

Please explain your replies to questions 4.1.5, 4.1.6, 4.1.7 and 4.1.8.

In relation to question 4.1.6, we do not believe that products should be distinguished between an environmental or a social focus for two reasons. Firstly, this could create an unintended consequence of one category being perceived as being of greater importance than the other. Secondly, for certain asset classes such as fixed income, the universe of eligible assets for a portfolio focused purely on environmental or social concerns may not be sufficient to create a robust and diversified portfolio.

While the product categories can be defined in a way that is mutually exclusive, we do not believe that products themselves must be mutually exclusive to benefit from such a label. As explained earlier, we believe it is of utmost importance that products should be allowed to include investments from different product categories and still benefit from a label, rather than products being restricted to one category only to receive a label. Indeed, investments may naturally evolve from one category to another over time. For example,

an asset may move from product category D to product categories A or B as it transitions and meets its targets.

For some asset classes, for example fixed income, the universe of assets that will be eligible under some of the product categories (e.g. A or B) could be very narrow and lead to highly concentrated portfolios. This may lead to firms compromising on the liquidity profile of the assets to meet the product categorisation requirements. Since retail products typically require daily liquidity, this could lead to an increase liquidity risk for investors and therefore potentially increase overall systemic risk, working against EU policymakers' objectives.

As a solution, we support the creation of an all-encompassing 'sustainable' label, with firms disclosing their allocation to assets currently proposed as eligible for the different product categories A to D (although the exclusions will need to be of a certain degree to also include category C). This would be preferable to products being restricted to investments in one category only to receive a label. This would allow for a wider universe of assets to be permitted within portfolios, addressing the liquidity risk concerns mentioned above.

Indeed, many currently available fixed income products with sustainability features are a combination of the four proposed categories and should be permitted to benefit from a label in the new regime.

Question 4.1.9: If a categorisation system was established that builds on new criteria and not on the existing concepts embedded in Articles 8 and 9, is there is a need for measures to support the transition to this new regime?

1	2	3	4	5	Don't know
				5	

(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)

Please explain your replies to questions 4.1.9 as necessary:

Adequate phase in time is needed for industry to change documents, fund names, marketing material and update distributors. We recommend 18 months.

Question 4.1.10: What should be the minimum criteria to be met in order for a financial product to fall under the different product categories? Could these minimum criteria consist of:

For product category A of question 4.1.4

	1	2	3	4	5	Don't know
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Taxonomy alignment				4		
Engagement strategies	1					
Exclusions				4		
Pre-defined, measurable, positive environmental, social or governance-related outcome				4		
Other				4		

(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)

Please specify reply:

We believe in principle that alignment with the EU taxonomy makes sense as a minimum criterion for product category A, on the condition that the taxonomy is well developed and there is sufficient data availability. We believe SDG alignment is a good alternative in those instances where taxonomy alignment data is not readily available.

For investment in assets that offer targeted and measurable solutions, we do not support engagement strategies as a minimum criterion because engagement would typically be used in instances where companies score poorly on environmental and social risk. Having a mandatory requirement for engagement can lead to ‘tick box’ exercise of firms demonstrating engagement for the sake of it, even when it is not needed. This can not only waste resources for investment firms and thereby unnecessarily increase costs for investors; it can waste time and interfere with the relationship that the investment firm has with the corporate issuer.

We are concerned about the proposed approach of ESMA in its recent consultation on a labelling regime requiring ESG products to have minimum criteria, similar to those of PAB or CTB benchmarks. We do not think such criteria are appropriate for many products and are concerned that the development of such an approach would negatively impact the development of an appropriate labelling regime in Europe.

In developing product category A, it will be important to ensure that it is not restricted to an additionality constraint, and that investments that re-finance existing sustainability projects are also permitted. This will be important to ensure that this category is workable for liquid assets that would be suitable for retail investors. Indeed, if product category A was limited to only assets that meet the additionality condition, then this would mostly limit permitted investments to private equity and private debt, which are typically not liquid enough to be suitable for a product sold to retail investors.

For product category B of question 4.1.4

	1	2	3	4	5	Don't know
--	---	---	---	---	---	------------

Taxonomy alignment			3			
Engagement strategies	1					
Exclusions				4		
Pre-defined, measurable, positive environmental, social or governance-related outcome		2				
Other						

(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)

Please specify reply:

Although slightly less relevant than category A, we believe in principle that alignment with the EU taxonomy makes sense for this category on the condition that the taxonomy is well developed and there is sufficient data availability. We believe SDG alignment is a good alternative in those instances where taxonomy alignment data is not readily available.

For investment in assets that offer targeted and measurable solutions, we do not support engagement strategies as a minimum criterion because engagement would typically be used in instances where companies score poorly on environmental and social risk.

Having a mandatory requirement for engagement can lead to ‘tick box’ exercise of firms demonstrating engagement for the sake of it, even when it is not needed. This can not only waste resources for investment firms and thereby unnecessarily increase costs for investors; it can also waste time and interfere with the relationship that the investment firm has with the corporate issuer.

We are concerned about the proposed approach of ESMA in its recent consultation on a labelling regime requiring ESG products to have minimum criteria similar to those of PAB or CTB benchmarks. We do not think such criteria are appropriate for many products and are concerned that the development of such an approach would negatively impact the development of an appropriate labelling regime in Europe.

For product category C of question 4.1.4

	1	2	3	4	5	Don't know
Taxonomy alignment	1					
Engagement strategies	1					
Exclusions					5	

Pre-defined, measurable, positive environmental, social or governance-related outcome	1					
Other	1					

(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)

Please specify reply:

For product category C, exclusions should be the only minimum criteria.

See some of the earlier comments made in relation to categories A and B.

For product category D of question 4.1.4

	1	2	3	4	5	Don't know
Taxonomy alignment		2				
Engagement strategies			3			
Exclusions	1					
Pre-defined, measurable, positive environmental, social or governance-related outcome				4		
Other						

(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)

Please specify reply:

As this product category focuses on transition companies, we do not believe exclusions should be a minimum requirement as the aim is to identify companies with significant improvement potential that do not currently meet certain minimum ESG standards.

We support targeted engagement as a minimum criterion as it is aligned with the transition rationale. However, we do not support mandatory engagement related to each investment as not all investments require engagement to deliver an improvement.

Having a mandatory requirement for engagement can lead to 'tick box' exercise of firms demonstrating engagement for the sake of it, even when it is not needed. This can not only waste resources for investment firms and thereby unnecessarily increase costs for investors; it can also waste time and interfere with the relationship that the investment firm has with the corporate issuer.

Taxonomy alignment could be relevant for a portion of a portfolio, focusing on the operational expenditure and capital expenditure of the investments, rather than on existing revenue.

Question 4.1.11: Should criteria focus to any extent on the processes implemented by the product manufacturer to demonstrate how sustainability considerations can constrain investment choices (for instance, a minimum year-on-year improvement of chosen key performance indicators (KPIs), or a minimum exclusion rate of the investable universe)?

	1	2	3	4	5	Don't know
Category A of question 4.1.4	1					
Category B of question 4.1.4	1					
Category C of question 4.1.4	1					
Category D of question 4.1.4	1					

(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)

Question 4.1.11 a): If so, what process criteria would you deem most relevant to demonstrate the stringency of the strategy implemented?

KPIs are important to track the progress of a product. We support disclosures of KPIs, rather having minimum criteria linked to KPIs.

..... **If a categorisation system was established according to approach 2 of question 4.1.2**

Question 4.1.12: If a categorisation system was established based on existing Articles 8 and 9, are the following concepts of the SFDR fit for that purpose?

	1	2	3	4	5	Don't know
The current concept of 'environmental and/or social characteristics'		2				
The current concept of 'sustainable investment'			3			
The current element of 'contribution to an environmental or social objective' of the sustainable investment concept				4		

The current element ‘do no significant harm’ of the sustainable investment concept, and its link with the entity level principal adverse impact indicators listed in tables 1, 2 and 3 of Annex I of the Delegated Regulation			3			
The current element of ‘investee companies’ good governance practices’ of the sustainable investment concept		2				

(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)

Question 4.1.12 a): If you consider that the elements listed in question 4.1.12 are not fit for purpose, how would you further specify the different elements of the ‘sustainable investment’ concept, what should be the minimum criteria required for each of them?

‘contribution to an environmental or social objective’, element of the sustainable investment concept	We do support this.
‘do no significant harm’, element of the sustainable investment concept	We do support DNSH element for achieving minimum safeguards. However, the implementation of DNSH should be simplified.
‘investee companies’ good governance practices’, element of the sustainable investment concept	Good governance definition is unclear and difficult to implement. We would support an improved good governance framework focused more around minimum safeguards concept.

Question 4.1.12 b): Should the good governance concept be adapted to include investments in government bonds?

Yes	No	Don’t know
Answer: Yes		

If yes, what should be the minimum criteria required for this element?

We believe the Article 8 and 9 framework has been developed with corporate investment strategies in mind. Therefore, an extension of the good governance concepts to government bonds would be helpful. We believe these could potentially be linked to “PAI 16: investee countries subject to social violations”.
--

Question 4.1.12 c): Should the good governance concept be adapted to include investments in real estate investments?

Yes	No	Don't know
	Answer: No	

If yes, what should be the minimum criteria required for this element?

Question 4.1.13: How would you further specify what promotion of 'environmental/social characteristics' means, what should be the minimum criteria required for such characteristics and what should be the trigger for a product to be considered as promoting those characteristics?

Minimum criteria can consider one of the following: ESG integration should be an integral part of the investment research and portfolio construction, avoiding worst-in-class investments such as lowest scoring ESG companies from an ESG risk or impact perspective, adhering to a minimum number of PAIs. However, the issue with the existing Article 8 and 9 framework is that it is hard to categorise those strategies focused on transition assets where companies have material potential to improve over time.

Question 4.1.14: Do you think that a minimum proportion of investments in taxonomy aligned activities shall be required as a criterion to:

	Yes	No	Don't know
...fall under the potential new product category of Article 8?		No	
...fall under the potential new product category of Article 9?		No	

Question 4.1.14 a): If yes, what should be this minimum proportion for Article 8?

Question 4.1.14 b): If yes, what should be this minimum proportion for Article 9?

Question 4.1.15: Apart from the need to promote environmental/social characteristics and to invest in companies that follow good governance practices for Article 8 products and the need to have sustainable investments as an objective for Article 9 products, should any other criterion be considered for a product to fall under one of the categories?

As an example, we believe the Article 9 category should permit transition assets. Article 9 is currently too prescriptive and its interpretation of sustainability is too narrow.

We believe that there could also be a benefit in introducing a new category that is more stringent than Article 8, but more flexible than Article 9. For example, this category could require a minimum allocation to of sustainable investments rather than have a sustainable investment objective.

4.2. GENERAL QUESTIONS ABOUT THE POTENTIAL ESTABLISHMENT OF SUSTAINABILITY PRODUCTS CATEGORIES

Question 4.2.1: In addition to these criteria, and to other possible crosscutting/horizontal disclosure requirements on financial products, should there be some additional disclosure requirements when a product falls within a specific sustainability product category? This question presents clear links with question 3.2.3 in section 3.

1	2	3	4	5	Don't know
		3			

(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)

Question 4.2.1 a): Please see a list of examples of disclosures that could be required when a product falls within a specific sustainability product category. Should this information be required when a product falls within a specific sustainability product category, and/or should any other information be required about those products?

	1	2	3	4	5	Don't know
Taxonomy-related disclosures	1					
Engagement strategies	1					
Exclusions	1					
Information about how the criteria required to fall within a specific sustainability product category have been met					5	
Other information						DK

(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)

Please specify any other information:

Taxonomy-related disclosures would only be relevant for product category A, B and C.
 Engagement strategies would only be relevant for category D.
 Exclusions would only be relevant for category C.

Question 4.2.2: If a product categorisation system was set up, what governance system should be created?

	1	2	3	4	5	Don't know
Third-party verification of categories should be mandatory (i.e. assurance engagements to verify the alignment of candidate products with a sustainability product category and assurance engagements to monitor on-going compliance with the product category criteria)	1					
Market participants should be able to use this categorisation system based on a self-declaration by the product manufacturer supervised by national competent authorities					5	
Other						5

(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)

Please explain your answer to question 4.2.2:

We would prefer an approach under which market participants self-declare, with the option, should they wish, to seek third-party verification rather than it being mandated.

Question 4.2.3: If a categorisation system was established, to what extent do you agree with the following statement? “When determining the criteria for product categories it should be taken into account: ...”

	1	2	3	4	5	Don't know
Whether the product is a wrapper offering choices between underlying investment options like a MultiOption Product						DK
Whether the underlying investments are outside the EU	1					
Whether the underlying investments are in an emerging economy				4		
Whether the underlying investments are in SMEs				4		

Whether the underlying investments are in certain economic activities				4		
Other considerations as regards the type of product or underlying investments				4		

(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)

Please explain your reply to question 4.2.3:

One of the current challenges with SFDR in general and PAIs specifically is that they seem to be designed for portfolios focused on mid- to large-cap developed market exposure. The potential move to product categories could be an opportunity to cater for the nuances that come with investment in SMEs (of which governance is typically not as well developed as in mid- to large-caps) and emerging market companies (which are typically not as advanced on environmental and social factors).

There should be sufficient flexibility in the regulation to allow product providers to tailor the criteria to suit different asset classes.

4.3. CONSEQUENCES OF THE ESTABLISHMENT OF A SUSTAINABILITY PRODUCTS CATEGORISATION SYSTEM

As highlighted in Section 2, any potential changes to the current disclosure regime and the creation of a categorisation system would need to take into account the interactions between the SFDR and other sustainable finance legislation. The following questions address these interactions for different legal acts, in such a scenario of regulatory changes in the arena of financial product disclosures and categorisation.

Question 4.3.1: The objective of the PRIIPs KID is to provide short and simple information to retail investors. Do you think that if a product categorisation system was established under the SFDR, the category that a particular product falls in should be included in the PRIIPS KID?

Yes	No	Don't know
Yes		

Please explain your answer to question 4.3.1:

We believe it is important to provide this information to retail investors in the main set of disclosures they receive (i.e. PRIIPS KID). It would help transparency for investors to have all the disclosures in one place.

Question 4.3.2: If new ESG Benchmarks were developed at EU level (in addition to the existing Paris-aligned benchmarks (PAB) and climate transition benchmarks (CTB), how should their criteria interact with a new product categorisation system?

	1	2	3	4	5	Don't know
The criteria set for the ESG benchmarks and the criteria defined for sustainability product categories should be closely aligned					5	
Other						DK

(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)

If you chose other, please specify how should these criteria interact:

--

Question 4.3.3: Do you think that products passively tracking a PAB or a CTB should automatically be deemed to satisfy the criteria of a future sustainability product category?

Yes	No	Don't know
Answer: Yes		

Question 4.3.4: To what extent do you agree that, if a categorisation system is established, sustainability preferences under MiFID 2/IDD should refer to those possible sustainability product categories?

1	2	3	4	5	Don't know
				5	

(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)

4.4. MARKETING COMMUNICATIONS AND PRODUCT NAMES

Market participants are increasingly informing their clients about sustainability, both in the context of the SFDR and voluntarily in marketing communications and names. Potentially, any expression related to sustainability provided by market participants to describe and promote the entity or its products and services could mislead clients and other stakeholders if it does not appropriately consider the reasonable expectations.

The SFDR does address the issue of marketing communications in Article 13, prohibiting contradictions between such marketing communications and disclosures under the regulation. Article 13 also includes an empowerment for the European Supervisory

Authorities to draft implementing technical standards on how marketing communication should be presented. This empowerment has not been used up to now.

Question 4.4.1: Do you agree that the SFDR is the appropriate legal instrument to deal with the accuracy and fairness of marketing communications and the use of sustainability related names for financial products?

Yes	No	Don't know
Yes		

Question 4.4.2: To what extent do you agree with the following statements?

	1	2	3	4	5	Don't know
The introduction of product categories should be accompanied by specific rules on how market participants must label and communicate on their products				4		
The use of terms such as 'sustainable', 'ESG', 'SDG', 'green', 'responsible', 'net zero' should be prohibited for products that do not fall under at least one of the product categories defined above, as appropriate.			3			
Certain terms should be linked to a specific product category and should be reserved for the respective category.	1					

(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)

Question 4.4.3: Would naming and marketing communication rules be sufficient to avoid misleading communications from products that do not fall under a product sustainability category?

1	2	3	4	5	Don't know
			4		

(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)

Please explain your replies to questions 4.4.1, 4.4.2 and 4.4.3:

<p>Qn 4.4.1: We believe SFDR is the appropriate legal instrument to deal with the accuracy and fairness of marketing communications relating to sustainability issues, but not other issues.</p> <p>Qn 4.4.2</p>
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We agree in principle that the introduction of product categories can lead to labelling and communication rules if the rules are proportionate and do not unduly restrict existing funds that are already categorised as Article 8 or 9.

In principle we agree with restricting the use of certain terms for fund names only. However, we do not think any words should be prohibited from use in marketing and other product literature. Restricting the use of specific words may hinder asset managers' ability to communicate effectively to investors. As long as the words are used in a clear, fair and not misleading manner we believe they should be permitted.

We are aware that ESMA also proposed some labelling and marketing rules, with restrictions on the use of certain terms. We request that the different European policymakers work together to ensure that there is only one list of restricted terms.

We do not agree that certain terms should only be allowed for certain product categories. All product categories should benefit from the use of these terms, if the product provider deems it is appropriate to do so.

Greenwashing risk shall be addressed by other rules within SFDR.