



JOINT COMMITTEE OF THE EUROPEAN
SUPERVISORY AUTHORITIES

Reply form

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

12 April 2023
ESMA34-45-1218

Responding to this paper

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

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

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

Instructions

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

- Insert your responses to the questions in the Joint Consultation Paper in this reply form.
- Please do not remove tags of the type <ESMA_QUESTION_SFDR_1>. Your response to each question has to be framed by the two tags corresponding to the question.
- If you do not wish to respond to a given question, please do not delete it but simply leave the text “TYPE YOUR TEXT HERE” between the tags.
- When you have drafted your responses, save the reply form according to the following convention: ESMA_CP SFDR Review_nameofrespondent.

For example, for a respondent named ABCD, the reply form would be saved with the following name: ESMA_CP SFDR Review_ABCD.

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

Publication of responses

All contributions received will be published following the close of the consultation, unless you request otherwise. Please clearly and prominently indicate in your submission any part you do not wish to be publicly disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure. A confidential response may be requested from us in accordance with ESAs' rules on access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by ESMA's Board of Appeal and the European Ombudsman.

Data protection

The protection of individuals with regard to the processing of personal data by the ESAs is based on Regulation (EU) 2018/1725¹. Further information on data protection can be found under the [Legal notice](#) section of the EBA website and under the [Legal notice](#) section of the EIOPA website and under the [Legal notice](#) section of the ESMA website.

¹ Regulation (EU) 2018/1725 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC, OJ L 295, 21.11.2018, p. 39.

General information about respondent

Name of the company / organisation	European Association of Paritarian Institutions (AEIP)
Activity	Insurance and Pension
Are you representing an association?	<input checked="" type="checkbox"/>
Country/Region	Europe

Questions

Q1 : Do you agree with the newly proposed mandatory social indicators in Annex I, Table I (amount of accumulated earnings in non-cooperative tax jurisdictions for undertakings whose turnover exceeds € 750 million, exposure to companies involved in the cultivation and production of tobacco, interference with the formation of trade unions or election worker representatives, share of employees earning less than the adequate wage)?

<ESMA_QUESTION_SFDR_1>

We urge the ESAs to pause the expansion of PAI indicators until it is certain that data is available. We underline that pension funds are not-for profit social institutions active in financial markets and often have a paritarian structure, meaning that they are set up and managed jointly by (the national) social partners. As such IORPs represent the interest of both employers and employees, and unions play a significant role in the governance and the setting of the responsible investment policy. Our members therefore always have put emphasis on social issues. At the advent of responsible investing, ethical and social issues were more important than environmental matter.

We note that there are significant challenges in coming up with meaningful PAI disclosures based on the current RTS. Estimates play a very significant role in the reporting and we find that there is a lack of cross-comparability of data between data sources and therefore also between FMPs.

Taking the ESRS as a basis is very logical. However, in the latest version of the ESRS published by the European Commission all indicators are subject to a materiality assessment. Therefore, we do not believe that the ESRS will lead to the data needed for more current PAI reporting or any expansion thereof. Moreover, it should be noted that pension funds typically invest, due to diversification based on risk considerations, a considerable part of their assets in non-EU jurisdictions. CSRD reporting will therefore not solve this problem.

Finally, tobacco is an ethical screen and often leads to a binary choice of exclusion or not. It therefore has less added value as a PAI.

<ESMA_QUESTION_SFDR_1>

Q2 : Would you recommend any other mandatory social indicator or adjust any of the ones proposed?

<ESMA_QUESTION_SFDR_2>

First we would like to point out a concern about how quickly the provider can make the required data available. Additionally, given that we are still facing many data quality issues in PAI reporting, we would not recommend more indicators at the moment.

<ESMA_QUESTION_SFDR_2>

Q3 : Do you agree with the newly proposed opt-in social indicators in Annex I, Table III (excessive use of non-guaranteed-hour employees in investee companies, excessive use of temporary contract employees in investee companies, excessive use of non-employee workers in investee companies, insufficient employment of persons with disabilities in the workforce, lack of grievance/complaints handling mechanism for stakeholders materially affected by the operations of investee companies, lack of grievance/complaints handling mechanism for consumers/ end-users of the investee companies)?

<ESMA_QUESTION_SFDR_3>

[TYPE YOUR TEXT HERE]

<ESMA_QUESTION_SFDR_3>

Q4 : Would you recommend any other social indicator or adjust any of the ones proposed?

<ESMA_QUESTION_SFDR_4>

[TYPE YOUR TEXT HERE]

<ESMA_QUESTION_SFDR_4>

Q5 : Do you agree with the changes proposed to the existing mandatory and opt-in social indicators in Annex I, Table I and III (i.e. replacing the UN Global Compact Principles with the UN Guiding Principles and ILO Declaration on Fundamental Principles and Rights at Work)? Do you have any additional suggestions for changes to other indicators not considered by the ESAs?

<ESMA_QUESTION_SFDR_5>

The ILO labour standards comprise the following 4 fundamental principles:

- Freedom of association and the right to collective bargaining

- Elimination of forced labour
- Abolition of child labour
- Prohibition of discrimination in respect of employment and occupation

The ILO labour standards are part of the 10 **UN GC criteria**.

With the inclusion of the ILO Declaration and the **UN Guiding Principles**, there is a further alignment of the **social PAI** with the indicators of the **taxonomy** (cf. recital 35 of the taxonomy). There, reference is already made to the SFDR and in recital 36 it is demanded that indicators are defined coherently between the taxonomy and the SFDR. In this respect, this proposal of the ESAs is the consistent implementation thereof.

The data basis is already partly provided by the providers. In this respect, we can express our agreement with this question. |

<ESMA_QUESTION_SFDR_5>

Q6 : For real estate assets, do you consider relevant to apply any PAI indicator related to social matters to the entity in charge of the management of the real estate assets the FMP invested in?

<ESMA_QUESTION_SFDR_6>

| Even though we consider relevant to apply a PAI indicator related to social matters it is not clear for us what the benefit is of reporting on the manager, which can be the FMP itself. The purpose of PAI reporting is to shed light on the negative effects of the AuM. The social attributes of the FMP itself should be covered under CSRD reporting. Therefore, a concern raised is that the proposal might blur the border between the two sets of regulation, as well as the purpose thereof.

Nevertheless, we wish to provide a good example of the possible application of PAI indicator related to social matters. Our German member SOKA-BAU as an entity both in charge of the management of the real estate assets and as a FMP, it invests in large areas, with a clearly social focus. As such; Subsidised housing: the properties are let at reasonable prices in order to provide decent living opportunities to middle-class and lower incomes. SOKA-BAU provides care facilities for tenants, children and senior residents and creates communal and play areas. In addition, it ensures care by concierges and warrants barrier-free access. Also it holds available energy performance certificates for the buildings. Based on the concept of "life cycle real estate", SOKA-BAU offers flat swap facilities, e.g. when a family is growing, or adult children leave the households of their parents; this allows new housing options for young people/families. The readiness to bear the additional costs belongs to its philosophy of social housing. SOKA-BAU regularly works with "neighbourhood planning" which can then also include commercial units for shopping and medical care, and take into account access to public transport. Before taking the investment decision, SOKA-BAU's asset managers present an ESG questionnaire to the project developer, asking for their input.

However, the abovementioned consideration of social aspects in real estate investment cannot be captured in a single EU-wide indicator, as these matters depend on national legislation and local definitions. |

<ESMA_QUESTION_SFDR_6>

Q7 : For real estate assets, do you see any merit in adjusting the definition of PAI indicator 22 of Table 1 in order to align it with the EU Taxonomy criteria applicable to the DNSH of the climate change mitigation objective under the climate change adaptation objective?

<ESMA_QUESTION_SFDR_7>

| We are, as a matter of principle, in favour of aligning definitions with the EU Taxonomy criteria. It is important in this respect to be clear how the energy efficiency value is calculated. |

<ESMA_QUESTION_SFDR_7>

Q8 : Do you see any challenges in the interaction between the definition ‘enterprise value’ and ‘current value of investment’ for the calculation of the PAI indicators?

<ESMA_QUESTION_SFDR_8>

| Yes, current definition and guidance is very challenging in practice. It mostly works for equities, but for other asset classes this is not a workable approach due to missing data and leads to strange results since end of year EVIC is used in combination with a quarterly average value of investments. This results in incorrect approximations of exposure to a companies. The exact formulae for calculating the “current value of investment” and “current value of all investments” should be included in the list of formulas in Annex I. |

<ESMA_QUESTION_SFDR_8>

Q9 : Do you have any comments or proposed adjustments to the new formulae suggested in Annex I?

<ESMA_QUESTION_SFDR_9>

| The proposed adjustments are factual clarifications in our view.

However, we do note the following:

- PAI 13 (gender diversity board) formula does not seem to align with the description in table 1.
- PAI 6 (energy consumption intensity per NACE sector) formula is clear, but we would suggest switching from GWh to MWh. GWh results in very low values for the indicator.
- PAI 5 (share of non-renewable energy consumption and production) formula is clear. Please note that this is different from how we get this delivered from MSCI currently. Coverage for energy production will be very low for most asset classes (except for Infra). |

<ESMA_QUESTION_SFDR_9>

Q10 : Do you have any comments on the further clarifications or technical changes to the current list of indicators? Did you encounter any issues in the calculation of the adverse impact for any of the other existing indicators in Annex I?

<ESMA_QUESTION_SFDR_10>

|The further clarifications or technical changes are factual and useful in our view. |

<ESMA_QUESTION_SFDR_10>

Q11 : Do you agree with the proposal to require the disclosure of the share of information for the PAI indicators for which the financial market participant relies on information directly from investee companies?

<ESMA_QUESTION_SFDR_11>

|First we believe that it must be clearly defined what is meant with “directly”. Pension funds, and even fiduciary managers preparing SFDR reporting on their behalf, need to rely on data providers and external asset managers to obtain PAI data, even when it is based on corporate reporting. A more precise formulation is therefore the distinction between PAI disclosure that is based on corporate or supranational reporting on the one hand, and estimates on the other hand.

We could only agree with the proposal provided that there is no extension of the requirements and that the disclosure of the percentage of the current value with regard to the provision of information is sufficiently in accordance with the execution of Q&A II.1 of November 2022. We mention this as in our view the disclosure of the share would entail serious additional work and computations and lead to additional regulatory burden. |

<ESMA_QUESTION_SFDR_11>

Q12 : What is your view on the approach taken in this consultation paper to define ‘all investments’? What are the advantages and drawbacks you identify? Would a change in the approach adopted for the treatment of ‘all investments’ be necessary in your view?

<ESMA_QUESTION_SFDR_12>

|We advise not to provide any changes at this stage. It is too abstract for the time being, there is still a lack of empirical values to properly classify the result. |

<ESMA_QUESTION_SFDR_12>

Q13 : Do you agree with the ESAs’ proposal to only require the inclusion of information on investee companies’ value chains in the PAI calculations where

the investee company reports them? If not, what would you propose as an alternative?

<ESMA_QUESTION_SFDR_13>

[No. This proposal would create divergence between reporting on EU and non-EU based companies, as the latter would not be considering value chains. We would propose not include value chains broadly, except for specific PAI that by their very nature already have value chain considerations, such as violation of UNGP principles and OECD Guidelines, scope 3 GHG emissions and non-renewable energy consumption.]

<ESMA_QUESTION_SFDR_13>

Q14 : Do you agree with the proposed treatment of derivatives in the PAI indicators or would you suggest any other method?

<ESMA_QUESTION_SFDR_14>

[Given the small proportions of equity derivatives, the workload of the proposed treatment would probably be disproportionate compared to the nearly negligible effects on PAI values, as far as pension funds are concerned. Pension funds are banned from using derivatives for other purposes than risk-management under IORP2.

For example, Dutch pension funds typically do not hold derivatives for exposure to equity or corporate debt. In Q1 the sector equity derivatives were valued at 96 million EUR with total AuM exceeding 1400 billion. The calculations therefore do not play a very significant role in the numerator. It seems to make sense to prevent the lowering of PAI reporting through the use of derivatives.]

<ESMA_QUESTION_SFDR_14>

Q15 : What are your views with regard to the treatment of derivatives in general (Taxonomy-alignment, share of sustainable investments and PAI calculations)? Should the netting provision of Article 17(1)(g) be applied to sustainable investment calculations?

<ESMA_QUESTION_SFDR_15>

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<ESMA_QUESTION_SFDR_15>

Q16 : Do you see the need to extend the scope of the provisions of point g of paragraph 1 of Article 17 of the SFDR Delegated Regulation to asset classes other than equity and sovereign exposures?

<ESMA_QUESTION_SFDR_16>

[No.]

<ESMA_QUESTION_SFDR_16>

Q17 : Do you agree with the ESAs' assessment of the DNSH framework under SFDR?

<ESMA_QUESTION_SFDR_17>

Alignment with requirements of the taxonomy regulation is very useful and definitely makes sense. This is goal-oriented in the present context, as the DNSH concept stems from the taxonomy regulation indeed.

We believe under the current SFDR Level 1, the reporting on “sustainable investment” will not become comparable between FMPs. This starts with the fact that there is no common definition or understanding what a positive contribution could look like. Spending a lot of effort on harmonising the subsequent DNSH check therefore is futile. We believe it is better to reconsider the issue of “sustainable investment” as part of the comprehensive review of the SFDR that is foreseen. Moreover, we strongly feel that reporting on DNSH is too technical and complex for pension fund participants. We do not think the situation is fundamentally different for retail investors. Changes to the status quo should therefore be made if they can provide more clarity to FMPs and thereby reduce the uncertainty and regulatory burden.

We strongly agree with the statement that the PAI indicators were chosen for the purpose of portfolio wide disclosures and not the consideration of DNSH at individual entity level. As such, the SFDR should stay away from defining PAI thresholds or even require FMPs to set their own quantitative thresholds. The consultation paper already gives good examples how any PAI threshold is likely to have false positives and false negatives. Moreover, some PAI indicators by their very nature are poorly suited for DNSH, such as board diversity and unadjusted gender pay gap. While these may be insightful at the portfolio level, should companies be excluded for having less than a certain percentage of female board member? Or high tech companies may be excluded because engineering roles tend to be preferred by males, so the unadjusted pay gap may be fairly high even though the company pays equally for equal work.

Given these considerations, the Technical Screening Criteria are therefore to be preferred, where available and relevant. This will, however, only apply to a very small proportion of the portfolio of a pension fund.

The theoretical example given that a company may be Taxonomy-aligned but not considered a sustainable investment is unfortunate, but a result of the sub-optimal conceptual design of the SFDR. While we still need to consider our position on the SFDR Level 1 review, we probably would favour conceptual simplification rather than trying to solve all issues with more granularity.]

<ESMA_QUESTION_SFDR_17>

Q18 : With regard to the DNSH disclosures in the SFDR Delegated Regulation, do you consider it relevant to make disclosures about the quantitative thresholds FMPs use to take into account the PAI indicators for DNSH purposes mandatory? Please explain your reasoning.

<ESMA_QUESTION_SFDR_18>

No, we do not. Quantitative gradations would restrict flexibility and would thus not be goal-oriented. Additionally, while it may make sense to require disclosure of quantitative threshold in case these are used, it should be noted that PAI data is currently still patchy and based a lot on estimates. Data quality and availability also differs between asset classes. As pension funds invest in many asset classes, this could lead to very long and detailed disclosures, as they would need to indicate where thresholds are and are not used. For the reader it would be difficult to get a good overview of the role PAIs play at portfolio level.

<ESMA_QUESTION_SFDR_18>

Q19 : Do you support the introduction of an optional “safe harbour” for environmental DNSH for taxonomy-aligned activities? Please explain your reasoning.

<ESMA_QUESTION_SFDR_19>

As elaborated under Q17, prior to a major rethink of SFDR Level 1, we advocate that current changes to DNSH focus on providing more clarity to FMPs, as we do not believe that comparability can be achieved. The safe harbour is a sensible way to introduce clarity for FMPs and as such we support it.

<ESMA_QUESTION_SFDR_19>

Q20 : Do you agree with the longer term view of the ESAs that if two parallel concepts of sustainability are retained that the Taxonomy TSCs should form the basis of DNSH assessments? Please explain your reasoning.

<ESMA_QUESTION_SFDR_20>

It should really be considered whether the parallel concepts of sustainability should be maintained. However, we do agree with the notion that the TSCs DNSH test is better tailored and suitable. We agree that the Taxonomy TSCs should form the basis of DNSH assessments, and should have the right of way in case of doubts. This, however, relates only to a very small part of the portfolio. It is currently unclear whether the social taxonomy can be developed without leading to the issues of comparability that currently affect “sustainable investments”.

<ESMA_QUESTION_SFDR_20>

Q21 : Are there other options for the SFDR Delegated Regulation DNSH disclosures to reduce the risk of greenwashing and increase comparability?

<ESMA_QUESTION_SFDR_21>

We think a Level 1 review is needed to achieve this objective.

<ESMA_QUESTION_SFDR_21>

Q22 : Do you agree that the proposed disclosures strike the right balance between the need for clear, reliable, decision-useful information for investors and the need to keep requirements feasible and proportional for FMPs? Please explain your answers.

<ESMA_QUESTION_SFDR_22>

| Yes, the amendments regarding GHG emissions reduction targets are sensible. |

<ESMA_QUESTION_SFDR_22>

Q23 : Do you agree with the proposed approach of providing a hyperlink to the benchmark disclosures for products having GHG emissions reduction as their investment objective under Article 9(3) SFDR or would you prefer specific disclosures for such financial products? Do you believe the introduction of GHG emissions reduction target disclosures could lead to confusion between Article 9(3) and other Article 9 and 8 financial products? Please explain your answer.

<ESMA_QUESTION_SFDR_23>

| We are in favour of a hyperlink to the Benchmarks methodology. At the same time we strongly believe a financial product can have a GHG reduction target without this target being the objective of the product. In other words, pension funds that have a GHG reduction target do not automatically need to classify as article 9. The objective of such a pension fund continues to be first and foremost to deliver good returns for participants. |

<ESMA_QUESTION_SFDR_23>

Q24 : The ESAs have introduced a distinction between a product-level commitment to achieve a reduction in financed emissions (through a strategy that possibly relies only on divestments and reallocations) and a commitment to achieve a reduction in investees' emissions (through investment in companies that has adopted and duly executes a convincing transition plan or through active ownership). Do you find this distinction useful for investors and actionable for FMPs? Please explain your answer.

<ESMA_QUESTION_SFDR_24>

| While we see merits in a conceptual distinction between the impact of portfolio changes and the impact of underlying decarbonization of investee companies, we do not believe this distinction is actionable as a disclosure tool. Some Dutch pension funds do aim to track this distinction, but they note that it is very challenging to do so pricely. Pension funds trade continuously for purposes such as shifts in indices and balancing. There are also currency effects that can have an impact.

Providing such a break down could be done in qualitative terms where a FMP explains the importance of all factors in decarbonization (divestment, reallocation, engagement, underlying decarbonization

rate of companies). In principle, the risk/return analysis must continue to be the decisive criterion in an investment decision. This must not be overridden by ESG criteria alone. Here, too, it is important to avoid false incentives and cluster risks. |

<ESMA_QUESTION_SFDR_24>

Q25 : Do you find it useful to have a disclosure on the degree of Paris-Alignment of the Article 9 product’s target(s)? Do you think that existing methodologies can provide sufficiently robust assessments of that aspect? If yes, please specify which methodology (or methodologies) would be relevant for that purpose and what are their most critical features? Please explain your answer.

<ESMA_QUESTION_SFDR_25>

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<ESMA_QUESTION_SFDR_25>

Q26 : Do you agree with the proposed approach to require that the target is calculated for all investments of the financial product? Please explain your answer.

<ESMA_QUESTION_SFDR_26>

|We believe that the calculation should at least be complemented with the objective per asset class. Or alternatively, mirroring the disclosures on Taxonomy-alignment, disclosures should be (allowed to be) made without the inclusion of government bonds.

Pension funds invest significantly in government bonds and the allocation to equity is often dependent on the duration of the liabilities (which differs between ‘young’ and ‘old’ pension funds). Comparing targets based on a denominator of “all investments” therefore does not give a good portrayal of the level of ambition. An approach based on “all investments” may give a retail investors a better idea whether the product in question will make a large contribution in the fight against climate change, but it will not inform a pension fund participant whether their pension fund is particularly ambitious or whether they should engage with the pension fund to increase the level of ambition. |

<ESMA_QUESTION_SFDR_26>

Q27 : Do you agree with the proposed approach to require that, at product level, Financed GHG emissions reduction targets be set and disclosed based on the GHG accounting and reporting standard to be referenced in the forthcoming Delegated Act (DA) of the CSRD? Should the Global GHG Accounting and Reporting Standard for the Financial Industry developed by PCAF be required as the only standard to be used for the disclosures, or should any other standard be considered? Please justify your answer and provide the name of alternative standards you would suggest, if any.

<ESMA_QUESTION_SFDR_27>

We strongly support unifying the standards to be used under both SFDR and CSRD. Harmonisation will alleviate the reporting burden and will no doubt contribute to straightforward, transparent and comparable information. |

<ESMA_QUESTION_SFDR_27>

Q28 : Do you agree with the approach taken to removals and the use of carbon credits and the alignment the ESAs have sought to achieve with the EFRAG Draft ERSR E1? Please explain your answer.

<ESMA_QUESTION_SFDR_28>

We welcome the efforts to seek alignment. Alignment, as much as possible, helps a lot with sustainability reporting. |

<ESMA_QUESTION_SFDR_28>

Q29 : Do you find it useful to ask for disclosures regarding the consistency between the product targets and the financial market participants entity-level targets and transition plan for climate change mitigation? What could be the benefits of and challenges to making such disclosures available? Please explain you answer.

<ESMA_QUESTION_SFDR_29>

This is not relevant to IORPs. They do not distinguish between product level and company level (as far as their own business is concerned). |

<ESMA_QUESTION_SFDR_29>

Q30 : What are your views on the inclusion of a dashboard at the top of Annexes II-V of the SFDR Delegated Regulation as summary of the key information to complement the more detailed information in the pre-contractual and periodic disclosures? Does it serve the purpose of helping consumers and less experienced retail investors understand the essential information in a simpler and more visual way?

<ESMA_QUESTION_SFDR_30>

We applaud the effort to make disclosures more accessible as we believe that the templates are not yet suitable for pension fund participants. A simple and understandable summary can be useful but there is risk in putting greater emphasis on a few key figures which might even not be sufficiently solid and comparable. |

<ESMA_QUESTION_SFDR_30>

Q31 : Do you agree that the current version of the templates capture all the information needed for retail investors to understand the characteristics of the products? Do you have views on how to further simplify the language in the dashboard, or other sections of the templates, to make it more understandable to retail investors?

<ESMA_QUESTION_SFDR_31>

|Simplifying the language is good and goal-oriented. In addition, we suggest shortening the templates significantly. |

<ESMA_QUESTION_SFDR_31>

Q32 : Do you have any suggestion on how to further simplify or enhance the legibility of the current templates?

<ESMA_QUESTION_SFDR_32>

|We suggest shortening the templates significantly (“less is more”). |

<ESMA_QUESTION_SFDR_32>

Q33 : Is the investment tree in the asset allocation section necessary if the dashboard shows the proportion of sustainable and taxonomy-aligned investments?

<ESMA_QUESTION_SFDR_33>

|We believe an investment tree is not necessary in addition to the dashboard (the latter one is quite useful indeed). |

<ESMA_QUESTION_SFDR_33>

Q34 : Do you agree with this approach of ensuring consistency in the use of colours in Annex II to V in the templates?

<ESMA_QUESTION_SFDR_34>

|The use of commonly agreed colours will definitely be beneficial, we are in favour. |

<ESMA_QUESTION_SFDR_34>

Q35 : Do you agree with the approach to allow to display the pre-contractual and periodic disclosures in an extendable manner electronically?

<ESMA_QUESTION_SFDR_35>

|We are in favour of this approach in general as the layering of information fosters a comprehensible overview at a glance with the possibility to look at further details. In some cases we are afraid layering

might not be possible yet. E.g. IORPs provide the periodic disclosures in their annual reports. Thus, displaying the information in an extendable manner should be optional for the FMP. |

<ESMA_QUESTION_SFDR_35>

Q36 : Do you have any feedback with regard to the potential criteria for estimates?

<ESMA_QUESTION_SFDR_36>

|Estimates become relevant when the data provider does not supply the required data. In this case, one might ask the investee companies for the information, which would be excessively burdensome however. When the available information is incomplete, one might rely on estimates. We do advise against this, as the risk of false estimates is too high. It could straightaway foster greenwashing. |

<ESMA_QUESTION_SFDR_36>

Q37 : Do you perceive the need for a more specific definition of the concept of “key environmental metrics” to prevent greenwashing? If so, how could those metrics be defined?

<ESMA_QUESTION_SFDR_37>

|As we are concerned about estimates (see above), we do not see the merits of any related concept. |

<ESMA_QUESTION_SFDR_37>

Q38 : Do you see the need to set out specific rules on the calculation of the proportion of sustainable investments of financial products? Please elaborate.

<ESMA_QUESTION_SFDR_38>

|Yes, we think so. Calculating the proportion of sustainable investments of financial products is indeed key to transparency and to rendering sustainability reporting meaningful. |

<ESMA_QUESTION_SFDR_38>

Q39 : Do you agree that cross-referencing in periodic disclosures of financial products with investment options would be beneficial to address information overload?

<ESMA_QUESTION_SFDR_39>

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<ESMA_QUESTION_SFDR_39>

Q40 : Do you agree with the proposed website disclosures for financial products with investment options?

<ESMA_QUESTION_SFDR_40>

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<ESMA_QUESTION_SFDR_40>

Q41 : What are your views on the proposal to require that any investment option with sustainability-related features that qualifies the financial product with investment options as a financial product that promotes environmental and/or social characteristics or as a financial product that has sustainable investment as its objective, should disclose the financial product templates, with the exception of those investment options that are financial instruments according to Annex I of Directive 2014/65/EU and are not units in collective investment undertakings? Should those investment options be covered in some other way?

<ESMA_QUESTION_SFDR_41>

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<ESMA_QUESTION_SFDR_41>

Q42 : What are the criteria the ESAs should consider when defining which information should be disclosed in a machine-readable format? Do you have any views at this stage as to which machine-readable format should be used? What challenges do you anticipate preparing and/or consuming such information in a machine-readable format?

<ESMA_QUESTION_SFDR_42>

|For the purposes of machine readability, we suggest following formats: YAML, XML or JSON, with a preference for JSON. |

<ESMA_QUESTION_SFDR_42>

Q43 : Do you have any views on the preliminary impact assessments? Can you provide estimates of costs associated with each of the policy options?

<ESMA_QUESTION_SFDR_43>

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<ESMA_QUESTION_SFDR_43>