

Targeted consultation on the implementation of the Sustainable Finance Disclosures Regulation (SFDR)

Fields marked with * are mandatory.

Introduction

The [Sustainable Finance Disclosures Regulation \(SFDR\)](#) started applying in March 2021 and requires financial market participants and financial advisers to disclose at entity and product levels 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 sustainable 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.

Please note that::

- we advise you to **save your draft reply regularly** by clicking on the “**Save as draft**” button on the right side of the screen
- some questions of this online questionnaire are displayed only when a specific response is given to a previous question
- in order to ensure a fair and transparent consultation process **only responses received through our online questionnaire will be taken into account** and included in the report summarising the responses. Should you have a problem completing this questionnaire or if you require particular assistance, please contact fisma-sfdr@ec.europa.eu

More information on

- [this consultation](#)
- [the consultation document](#)
- [the related public consultation](#)
- [sustainability-related disclosure in the financial services sector](#)
- [the protection of personal data regime for this consultation](#)

About you

* Language of my contribution

- Bulgarian
- Croatian
- Czech
- Danish
- Dutch
- English
- Estonian
- Finnish
- French
- German
- Greek
- Hungarian
- Irish
- Italian
- Latvian
-

- Lithuanian
- Maltese
- Polish
- Portuguese
- Romanian
- Slovak
- Slovenian
- Spanish
- Swedish

* I am giving my contribution as

- Academic/research institution
- Business association
- Company/business
- Consumer organisation
- EU citizen
- Environmental organisation
- Non-EU citizen
- Non-governmental organisation (NGO)
- Public authority
- Trade union
- Other

* First name

Ana

* Surname

Pires

* Email (this won't be published)

a.pires@afg.asso.fr

* Organisation name

255 character(s) maximum

AFG (Association Française de la Gestion financière)

* Organisation size

- Micro (1 to 9 employees)
- Small (10 to 49 employees)
- Medium (50 to 249 employees)
- Large (250 or more)

Transparency register number

255 character(s) maximum

Check if your organisation is on the [transparency register](#). It's a voluntary database for organisations seeking to influence EU decision-making.

5975679180-97

* Country of origin

Please add your country of origin, or that of your organisation.

- | | | | |
|---|--|--|--|
| <input type="radio"/> Afghanistan | <input type="radio"/> Djibouti | <input type="radio"/> Libya | <input type="radio"/> Saint Martin |
| <input type="radio"/> Åland Islands | <input type="radio"/> Dominica | <input type="radio"/> Liechtenstein | <input type="radio"/> Saint Pierre and Miquelon |
| <input type="radio"/> Albania | <input type="radio"/> Dominican Republic | <input type="radio"/> Lithuania | <input type="radio"/> Saint Vincent and the Grenadines |
| <input type="radio"/> Algeria | <input type="radio"/> Ecuador | <input type="radio"/> Luxembourg | <input type="radio"/> Samoa |
| <input type="radio"/> American Samoa | <input type="radio"/> Egypt | <input type="radio"/> Macau | <input type="radio"/> San Marino |
| <input type="radio"/> Andorra | <input type="radio"/> El Salvador | <input type="radio"/> Madagascar | <input type="radio"/> São Tomé and Príncipe |
| <input type="radio"/> Angola | <input type="radio"/> Equatorial Guinea | <input type="radio"/> Malawi | <input type="radio"/> Saudi Arabia |
| <input type="radio"/> Anguilla | <input type="radio"/> Eritrea | <input type="radio"/> Malaysia | <input type="radio"/> Senegal |
| <input type="radio"/> Antarctica | <input type="radio"/> Estonia | <input type="radio"/> Maldives | <input type="radio"/> Serbia |
| <input type="radio"/> Antigua and Barbuda | <input type="radio"/> Eswatini | <input type="radio"/> Mali | <input type="radio"/> Seychelles |
| <input type="radio"/> Argentina | <input type="radio"/> Ethiopia | <input type="radio"/> Malta | <input type="radio"/> Sierra Leone |
| <input type="radio"/> Armenia | <input type="radio"/> Falkland Islands | <input type="radio"/> Marshall Islands | <input type="radio"/> Singapore |
| <input type="radio"/> Aruba | <input type="radio"/> Faroe Islands | <input type="radio"/> Martinique | <input type="radio"/> Sint Maarten |
| <input type="radio"/> Australia | <input type="radio"/> Fiji | <input type="radio"/> Mauritania | <input type="radio"/> Slovakia |
| <input type="radio"/> Austria | <input type="radio"/> Finland | <input type="radio"/> Mauritius | <input type="radio"/> Slovenia |
| <input type="radio"/> Azerbaijan | <input checked="" type="radio"/> France | <input type="radio"/> Mayotte | <input type="radio"/> Solomon Islands |
| <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

- Bahamas
- Bahrain
- Bangladesh

- Barbados
- Belarus
- Belgium
- Belize
- Benin
- Bermuda
- Bhutan

- Bolivia
- Bonaire Saint Eustatius and Saba
- Bosnia and Herzegovina
- Botswana
- Bouvet Island
- Brazil
- British Indian Ocean Territory
- British Virgin Islands
- Brunei
- Bulgaria

- Burkina Faso
- Burundi

- Cambodia
-

- French Guiana
- French Polynesia
- French Southern and Antarctic Lands

- Gabon
- Georgia
- Germany
- Ghana
- Gibraltar
- Greece
- Greenland

- Grenada
- Guadeloupe

- Guam

- Guatemala
- Guernsey
- Guinea
- Guinea-Bissau

- Guyana

- Haiti
- Heard Island and McDonald Islands
- Honduras
- Hong Kong
- Hungary
-

- Mexico
- Micronesia
- Moldova

- Monaco
- Mongolia
- Montenegro
- Montserrat
- Morocco
- Mozambique
- Myanmar/Burma

- Namibia
- Nauru

- Nepal

- Netherlands
- New Caledonia
- New Zealand
- Nicaragua

- Niger

- Nigeria
- Niue
- Norfolk Island
- Northern Mariana Islands
- North Korea
-

- Somalia
- South Africa
- South Georgia and the South Sandwich Islands
- South Korea
- South Sudan
- Spain
- Sri Lanka
- Sudan
- Suriname
- Svalbard and Jan Mayen
- Sweden
- Switzerland

- Syria

- Taiwan
- Tajikistan
- Tanzania
- Thailand

- The Gambia

- Timor-Leste
- Togo

- Tokelau
- Tonga

- Trinidad and Tobago
-

- Cameroon
- Canada
- Cape Verde
- Cayman Islands
- Central African Republic
- Chad
- Chile
- China
- Christmas Island
- Clipperton
- Cocos (Keeling) Islands
- Colombia
- Comoros
- Congo
- Cook Islands
- Costa Rica
- Côte d'Ivoire
- Croatia
- Cuba
- Curaçao
- Cyprus
- Czechia
- Democratic Republic of the Congo
- Denmark
- Iceland
- India
- Indonesia
- Iran
- Iraq
- Ireland
- Isle of Man
- Israel
- Italy
- Jamaica
- Japan
- Jersey
- Jordan
- Kazakhstan
- Kenya
- Kiribati
- Kosovo
- Kuwait
- Kyrgyzstan
- Laos
- Latvia
- Lebanon
- Lesotho
- Liberia
- North Macedonia
- Norway
- Oman
- Pakistan
- Palau
- Palestine
- Panama
- Papua New Guinea
- Paraguay
- Peru
- Philippines
- Pitcairn Islands
- Poland
- Portugal
- Puerto Rico
- Qatar
- Réunion
- Romania
- Russia
- Rwanda
- Saint Barthélemy
- Saint Helena
- Ascension and Tristan da Cunha
- Saint Kitts and Nevis
- Saint Lucia
- Tunisia
- Turkey
- Turkmenistan
- Turks and Caicos Islands
- Tuvalu
- Uganda
- Ukraine
- United Arab Emirates
- United Kingdom
- United States
- United States Minor Outlying Islands
- Uruguay
- US Virgin Islands
- Uzbekistan
- Vanuatu
- Vatican City
- Venezuela
- Vietnam
- Wallis and Futuna
- Western Sahara
- Yemen
- Zambia
- Zimbabwe

* Field of activity or sector

- Accounting
- Auditing
- Banking
- Credit rating agencies
- Insurance
- Pension provision
- Investing
- Investment management (e.g. hedge funds, private equity funds, venture capital funds, money market funds, securities)
- Financial advice
- Administration of benchmarks
- Providing of ESG data and/or ratings
- Structuring/issuance of securities
- Market infrastructure operation (e.g. CCPs, CSDs, Stock exchanges)
- Social entrepreneurship
- Other
- Not applicable

* To which category do you mainly belong or do you mainly represent:

- I am a financial market participant as defined in Article 2(1) of the Sustainable Finance Disclosure Regulation (SFDR)
- I am a financial adviser as defined in Article 2(11) of SFDR
- I am both a financial market participant as defined in Article 2(1) of the SFDR and a financial adviser as defined in Article 2(11) of SFDR
- I am another type of financial undertaking that does not fall under the definition of financial market participant of the SFDR
- I am a non-financial undertaking
- I am a non-professional investor
- I am a professional investor
- I am a national authority or supervisor
- I am an NGO
- I am an ESG data and/or ratings provider
- I am a benchmark administrator
- I am an academic
- My organisation is none of the above

*To which sub-category/sub-categories do you belong:

Please select as many answers as you like

- an insurance undertaking which makes available an insurance-based investment product (IBIP)
- an investment firm which provides portfolio management
- an institution for occupational retirement provision (IORP)
- a manufacturer of a pension product
- an alternative investment fund manager (AIFM)
- a pan-European personal pension product (PEPP) provider
- a manager of a qualifying venture capital fund registered in accordance with Article 14 of Regulation (EU) No 345/2013
- a manager of a qualifying social entrepreneurship fund registered in accordance with Article 15 of Regulation (EU) No 346/2013
- a management company of an undertaking for collective investment in transferable securities (UCITS management company)
- a credit institution which provides portfolio management'

Where applicable, please indicate your assets under management (in million EUR):

(If not applicable, please indicate N/A)

	Your assets under management (in million EUR)
[*] Overall	NA
[*] Products disclosing under Article 8	NA
[*] Products disclosing under Article 9	NA

* Your business is oriented:

- predominantly towards professional investors
- predominantly towards retail investors
- equally to professional and retail investors

Please indicate your revenues, if applicable as published in your most recent financial statement (in million EUR):

	Your revenues as published in your most recent financial statement (in million EUR)
[*] Overall	NA
[*] Products disclosing under Article 8	NA
[*] Products disclosing under Article 9	NA

Please indicate your balance sheet size, if applicable as published in your most recent financial statement (in million EUR):

* Do you have more than 500 employees on average during the financial year?

- Yes
 No

* Will your organisation be subject to the reporting requirements under the [Corporate Sustainability Reporting Directive \(CSRD\)](#)?

(The CSRD requirements will apply to all large and all listed undertakings with limited liability (except listed micro-enterprises) according to categories defined in Article 3 of [Directive 2013/34/EU \(the Accounting Directive\)](#). 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).

- Yes
 No
 Don't know / no opinion / not applicable

The Commission will publish all contributions to this targeted consultation. You can choose whether you would prefer to have your details published or to remain anonymous when your contribution is published. **For the purpose of transparency, the type of respondent (for example, 'business association, 'consumer association', 'EU citizen') country of origin, organisation name and size, and its transparency register number, are always published. Your e-mail address will never be published.** Opt in to select the privacy option that best suits you. Privacy options default based on the type of respondent selected

* **Contribution publication privacy settings**

The Commission will publish the responses to this public consultation. You can choose whether you would like your details to be made public or to remain anonymous.

Anonymous

Only organisation details are published: The type of respondent that you responded to this consultation as, the name of the organisation on whose

behalf you reply as well as its transparency number, its size, its country of origin and your contribution will be published as received. Your name will not be published. Please do not include any personal data in the contribution itself if you want to remain anonymous.

Public

Organisation details and respondent details are published: The type of respondent that you responded to this consultation as, the name of the organisation on whose behalf you reply as well as its transparency number, its size, its country of origin and your contribution will be published. Your name will also be published.

I agree with the [personal data protection provisions](#)

Would you be available for follow-up questions under the contact information you provided above?

- Yes
- No

Section 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 ('inside-out'). 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 - Not at all
- 2 - To a limited extent
- 3 - To some extent

- 4 - To a large extent
- 5 - To a very large extent
- Don't know / no opinion / not applicable

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):

Note: In this questionnaire we refer to the term ‘end investor’ (retail or professional) to designate the ultimate beneficiary of the investments in financial products (as defined under the SFDR) made by a person for their own account.

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know - No opinion - Not applicable
Increasing transparency towards end investor with regard to the integration of sustainability risks	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Increasing transparency towards end investor with regard to the consideration of adverse sustainability impacts	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

<p>Ensuring that ESG considerations are integrated into the investment and advisory process in a consistent manner across the different financial services sectors</p>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<p>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</p>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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 - Totally disagree
- 2 - Mostly disagree
- 3 - Partially disagree and partially agree
- 4 - Mostly agree
- 5 - Totally agree
- Don't know / no opinion / not applicable

Question 1.4 Do you agree that the costs of disclosure under the SFDR framework are proportionate to the benefits it generates (informing end investors, channelling capital towards sustainable investments)?

- 1 - Totally disagree
- 2 - Mostly disagree
- 3 - Partially disagree and partially agree
- 4 - Mostly agree
- 5 - Totally agree
- Don't know / no opinion / not applicable

We are seeking the views of respondents on how the SFDR works in practice and the impact it has had.

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

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know - No opinion - Not applicable
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	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
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	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
The SFDR has had indirect positive effects by increasing pressure on investee companies to act in a more sustainable manner	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know - No opinion - Not applicable
Some disclosures required by the SFDR are not sufficiently useful to investors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Some legal requirements and concepts in the SFDR, such as 'sustainable investment', are not sufficiently clear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
The SFDR is not used as a disclosure framework as intended, but as a labelling and marketing tool (in particular Articles 8 and 9)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Data gaps make it challenging for market participants to disclose fully in line with the legal requirements under the SFDR	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
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 them easy to extract	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
There are other deficiencies with the SFDR rules (please in text box following question 1.7)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

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

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know - No opinion - Not applicable
The issues raised in question 1.6 create legal uncertainty for financial market participants and financial advisers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
The issues raised in question 1.6 create reputational risks for financial market participants and financial advisers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
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	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
The issues raised in question 1.6 create a risk of greenwashing and mis-selling	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
The issues raised in question 1.6 prevent capital from being allocated to sustainable investments as effectively as it could be	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
The current framework does not effectively capture investments in transition assets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
The current framework does not effectively support a robust enough use of shareholder engagement as a means to support the transition	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Others



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

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

AFG supports the efforts of European co-legislators towards financing a more sustainable economy, in particular initiatives to ensure greater transparency and achieve the EU Green Deal objective.

The SFDR framework has been in application for few years now and we already see a positive impact.

However, the implementation of this framework has been raising numerous challenges and concerns among authorities, FMPs and investors.

1. Inconsistencies between the different pieces of regulation

Sustainable Finance (SF) regulations are interconnected by design, and several inconsistencies impede their robust implementation and their very purpose.

The most illustrative misalignment creating data gaps is in the timing, scope and content between SFDR and CSRD/ESRS. This is all the more important in the context of the EC having recently decided to make all ESRS standards subject to the "materiality assessment". Indeed, FMPs depend on the information provided by their counterparts to comply with their own disclosure requirements. Hence, it is of the utmost importance that non-financial and financial regulations are fully consistent and aligned.

These data gaps lead financial institutions to engage with:

- Data providers to fill in the gap, reinforcing their dependency towards such counterparties.
- Issuers directly, increasing the burden on them as data points will be required by multiple financial market participants or providers instead of disclosing them once to all.

We believe that the SFDR review is the perfect opportunity to fix some inconsistencies in the SF framework and/or reflect on the opportunity to reopen other pieces of regulations to align this framework.

The EC should also take the opportunity of this level 1 review to expand the scope of financial products subject to the SFDR (ex: structured products...). An extension could for instance be considered to ensure a level playing fields between different products proposed to retail clients while ensuring that all products under the scope of the SFDR comply with the same rules.

2. Lack of clarity

Some concepts introduced in the regulations seem not to be clearly defined, which may lead to different interpretations between FMPs and to unlevel playing field across jurisdictions depending on each NCA's interpretation.

This lack of clarity can also generate confusion among investors, for example:

- The definition of "sustainable investment" is principle-based and not clear enough despite authorities' clarifications.
- The definition of the "promotion of E or S characteristics" is very broad and captures most ESG funds with diverse degrees of ESG commitments.
- There are difficulties to reconcile the product categorisation under the SFDR ("Article 8" vs "Article 9") and questions asked by financial advisors to assess their clients' sustainability preferences under MIF and IDD (taxonomy alignment, % of sustainable investments and PAI consideration).
- Complexity of the ESG concepts used by MIF and IDD versus the market reality (very low % of taxonomy alignment or medium level of sustainable investments) does not help investors in their understanding pertaining to their informed expression of ESG preferences.

3. Complexity of information to be disclosed

For Article 8 and Article 9 products, FMPs are required to disclose a quite extensive range of information in both the pre-contractual template and the annual periodic report. These disclosures have proven to be quite difficult to be understood by end-investors in most instances. This complexity risks to disincentivize end-investors from re-allocating their savings towards a more sustainable economy instead of helping them to determine clear sustainable preferences that can be used to offer them most suitable products.

4. The transition concept is not clearly recognized

AFG believes it is essential to clearly express the inclusion of the transition finance in the SFDR. In this regard, we welcome the Sustainable Finance package published by the EC in June 2023 and notably the recommendation on facilitating finance for the transition to a sustainable economy. Still, we believe that transition finance should be better recognized, notably within both SFDR and MIF/IDD. Indeed, at this stage the “transition” notion is not clearly included in the SFDR and there is a need to clearly include this notion in the framework, notably through investment strategies which clearly include transition objective. It should be reminded that the “transition” should also include the social question. For all the above reasons, AFG welcomes the EC’s consultation and believe that the mains objectives for the SFDR level 1 review should be the following;

- Simplify, ensure consistency and credibility in the SF framework,
- Clearly include the transition concept in the SFDR framework through financial products with a transition strategy objective,
- Putting the final client at the center of the SF framework.

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](#) 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.

In this context:

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

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know - No opinion - Not applicable
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)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
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	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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 - Totally disagree
 - 2 - Mostly disagree
 - 3 - Partially disagree and partially agree
 - 4 - Mostly agree
 - 5 - Totally agree
 - Don't know / no opinion / not applicable
-

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

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know - No opinion - Not applicable
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	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

1. Lack of harmonized and accessible data

AFG main concern with regards PAI calculation is the lack of available data. This concern is even more relevant, in the context where the EC decided to make all ESRS standards, disclosure requirements and data points subject to the “materiality assessment”. Indeed, FMPs depend on information provided by their counterparts to comply with their own disclosure requirements, it is hence of the foremost importance that mandatory PAI indicators are also mandatory in the CSRD framework.

We welcome some clarification provided by the EC in its proposal: the fact that a company needs to clearly state that a datapoint is not material and the introduction of a table listing all datapoints required by the financial regulations. We also welcome the fact that the EC stated that “FMPs and FAs may assume that any indicator reported as non-material by an investee company does not contribute to the corresponding indicator of principal adverse impacts in the context of the SFDR disclosures.”. However, it is not clear how FMPs should apply this statement. We are well aware that clarifications will be provided in the sectoral regulation and we take this opportunity to remind that if an undertakings do not report on some PAI indicators because they are deemed not material, financial institutions should also be able to consider that such information is not material for their own reporting requirement.

Moreover, it is also important to remind that some undertakings will not be subject to the CSRD (undertakings in emerging countries, undertakings below the thresholds,...), FMPs won't be able to collect information from such counterparts. Clear guidance should be adopted to clarify how FMPs will have to deal with situations when the information is not reported by undertakings considering that materiality does not apply and by those not under the scope of the CSRD.

In this context, financial institutions will highly depend on data providers which are not yet regulated. There is hence a distortion between the obligations borne by financial institutions and data providers. It is quite important that final measures adopted for ESG data and ratings providers (following the publication by the EC of a new legislative text proposal on a regulation for ESG ratings providers) adequately address this distortion and that the need to create a holistic regulatory framework for data and rating providers (for both financial and non-financial information) is globally assessed.

2. Entity level PAI statement

We believe the entity level PAI statement is useful to:

- Facilitate the comparison between FMPs;
- Allow investors to have a better understanding of FMPs' sustainable ambitions;
- Encourage FMPs to continue improving their sustainable practices.

Yet, we believe that such statement should be streamlined and only composed of relevant cross-sectoral PAI.

The PAI statement should be only composed of relevant cross-sectoral PAI. A mandate should be given to ESMA to assess which PAI are the most appropriate and relevant to be disclosed. This impact assessment should also consider the data availability.

It should not be imposed to require FMPs to disclose on “voluntary” indicators. FMPs may disclose other PAI but it should not be a requirement.

Entities subject to the CSRD should be able

FMPs subject also subject to the CSRD should be allowed to make a reference to the PAI statement disclosure to avoid disclosing twice on the same information.

The cost of disclosures under the SFDR today

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

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, etc.).

If such a breakdown is not possible, please provide the total figures.

Please leave the cell blank for the data you are not able to provide.

	Estimated one off costs (in euros)	Estimated recurring annual costs (in euros)
Total internal costs		
Internal costs for personnel		
Internal costs for IT		
Total external costs		
External costs for data providers		
External costs for advisory services		

Total costs of SFDR disclosure requirements		
--	--	--

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

Please leave the cell blank for the data you are not able to provide.

	Product-level disclosures (in %)	Entity-level disclosures (in %)
Estimated percentage of costs		

If you wish, please provide additional details:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

As a professional association, AFG cannot provide the EC with the associated costs of implementing SFDR requirements.

However, we have some general comments on the above questions:

- Question 1.10: the distinction between “one off costs” and “estimated recurring costs” may be difficult to grasp. Indeed, the implementation of the “SFDR templates” should have been a “one-off cost” but in the context where the templates have been modified several times (inclusion of gas and nuclear disclosures, potential modifications with the ESAs Level 2 review), FMPs had to implement several versions of the templates.

- Question 1.10.1: the distinction between “product level disclosures” and “entity-level disclosures” may also be difficult to grasp for some asset managers as information on product-level disclosure may be useful for the entity level disclosure.

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 - 1 FTE corresponds to 1 employee working full-time the whole year) are involved in preparing SFDR disclosures?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 1.11.1 Could you please provide a split between:

Please leave the cell blank for the data you are not able to provide.

	Retrieving the data (in %)	Analysing the data (in %)	Reporting SFDR disclosures (in %)	Other (in %)
Estimated percentage				

Please specify what corresponds to “other” costs:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

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 / no opinion / not applicable

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

	1 (not at all)	2 (to a limited extent)	3 (to some extent)	4 (to a large extent)	5 (to a very large extent)	Don't know - No opinion - Not applicable
The entity level principal adverse impacts	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
The proportion of taxonomy-aligned investments (product level)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The contribution to an						

environmental or social objective, element of the definition of 'sustainable investment' (product level)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
The good governance practices of investee companies (product level)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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

- 1 - Not at all
- 2 - To a limited extent
- 3 - To some extent
- 4 - To a large extent
- 5 - To a very large extent
- Don't know / no opinion / not applicable

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

- 1 - Not at all
- 2 - To a limited extent
- 3 - To some extent
- 4 - To a large extent
- 5 - To a very large extent
- Don't know / no opinion / not applicable

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

a) For entity level principal adverse impacts:

	1 (not at all)	2 (to a limited extent)	3 (to some extent)	4 (to a large extent)	5 (to a very large extent)	Don't know - No opinion - Not applicable
Estimates from data providers, based on data coming from the investee companies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Estimates from data providers, based on data coming from other sources	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

In-house estimates	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Internal ESG score models	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
External ESG score models	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

b) For taxonomy aligned investments (product level):

	1 (not at all)	2 (to a limited extent)	3 (to some extent)	4 (to a large extent)	5 (to a very large extent)	Don't know - No opinion - Not applicable
Estimates from data providers, based on data coming from the investee companies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Estimates from data providers, based on data coming from other sources	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In-house estimates	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Internal ESG score models	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
External ESG score models	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

c) For sustainable investments (product level):

	1 (not at all)	2 (to a limited extent)	3 (to some extent)	4 (to a large extent)	5 (to a very large extent)	Don't know - No opinion - Not applicable
Estimates from data providers, based on data coming from the investee companies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Estimates from data providers, based on data coming from other sources	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In-house estimates	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Internal ESG score models	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
External ESG score models	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

d) Other data points:

	1 (not at all)	2 (to a limited extent)	3 (to some extent)	4 (to a large extent)	5 (to a very large extent)	Don't know - No opinion - Not applicable
Estimates from data providers,						

based on data coming from the investee companies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Estimates from data providers, based on data coming from other sources	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In-house estimates	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Internal ESG score models	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
External ESG score models	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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

- 1 - Not at all
- 2 - To a limited extent
- 3 - To some extent
- 4 - To a large extent
- 5 - To a very large extent
- Don't know / no opinion / not applicable

Please provide further explanations to your replies to questions 1.12 to 1.12.5:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We believe that the use of estimates should be further clarified and should be addressed in one unique document/article. Indeed, at this stage this subject is addressed in several clarification and Q&A documents and FMPs can have difficulties in finding the information.

1. Use of estimates with regards PAI indicators:

As per ESAs Q&A published on November 2022 we understand that the use of estimates for PAI

calculations and disclosures is authorized. Indeed, ESAs indicate that a good practice would be to include in disclosures “the proportion of investments for which the FMP has relied on data obtained directly from investee companies” and “the proportion of investments for which the FMP has relied on data obtained by carrying out additional research, cooperating with third party data providers or external experts or making assumptions”.

Still, we believe that some clarifications should be provided notably when a third party provider has obtained the information directly from the company, this information could be considered as “directly provided”.

2. Use of estimates for taxonomy alignment:

As per Article 17(2)(b) and Recital (35) of the Delegated Regulation, when Taxonomy-alignment of investments is not available from investee companies, then the use of “equivalent information” from investee companies or third-party providers is permitted. This use of “equivalent information” is only permitted in “exceptional cases” where the FMP cannot obtain the relevant information to reliably determine the alignment with the technical screening criteria for undertakings that are not listed under the Taxonomy Regulation or that are not yet required to disclose such information (cf. EC interpretation of the SFDR, published on 17 May 2022 and amended on 6 April 2023).

Yet, some clarifications should be provided notably on what is meant by “equivalent information”. The ESAs Q&A published in November 2022 indicates that such “equivalent information” is only applicable to “economic activities listed in the Delegated Acts of the Taxonomy Regulation”. This statement is not in line with the EC interpretation that indicates that the use of “equivalent information” is also applicable to “undertakings that are not listed in the Taxonomy”.

Furthermore, it is not clear what should constitute an “equivalent information”, further clarification should be provided to FMPs. Indeed, ESAs Q&A published in November 2022 only seems to tackle what is not a good proxy for the “Taxonomy DNSH”.

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 - Not at all
- 2 - To a limited extent
- 3 - To some extent
- 4 - To a large extent
- 5 - To a very large extent
- Don't know / no opinion / not applicable

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)

	Percentage of the total financial products
2020	
2021	
2022	
2023	

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 (not at all)	2 (not really)	3 (partially)	4 (mostly)	5 (totally)	Don't know - No opinion - Not applicable
SFDR requirements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Retail investor interest	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Professional investor interest	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Market competitiveness	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other factors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please provide further explanations to your replies to questions 1.13, 1.13.1 and 1.13.2:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We believe that the SFDR has created a dynamic for investments in sustainable products or products with environmental and/or social characteristics.
 However, it is yet difficult to demonstrate it with figures (% of asset under management).
 We also believe that SFDR has not reached yet its full standardization potential as some blurry concepts has led NCAs to have different interpretations.

Section 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 prejudice 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 - Totally disagree
- 2 - Mostly disagree
- 3 - Partially disagree and partially agree
- 4 - Mostly agree
- 5 - Totally agree
- Don't know / no opinion / not applicable

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 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know - No opinion - Not applicable
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	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The approach to DNSH and good governance in the SFDR is consistent with the environmental, social and governance exclusions under the PAB/CTB	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Both the SFDR and the Corporate Sustainability Reporting Directive (CSRD) introduce entity level disclosure requirements with a double-materiality approach^[1]. The CSRD sets out sustainability reporting requirements mainly for all large and all listed undertakings with limited liability (except listed micro-enterprises)^[2], 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 \(ESRS\)](#) (provided positive scrutiny of co-legislators of the [ESRS delegated act](#)).

¹ 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').

² 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).

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

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know - No opinion - Not applicable
The SFDR disclosures are consistent with the CSRD requirements, in particular with the European Sustainability Reporting Standards	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
There is room to streamline the entity level disclosure requirements of the SFDR and the CSRD	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

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

- 1 - Totally disagree
- 2 - Mostly disagree
- 3 - Partially disagree and partially agree
- 4 - Mostly agree
- 5 - Totally agree
- Don't know / no opinion / not applicable

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 (not at all)	2 (to a limited extent)	3 (to some extent)	4 (to a large extent)	5 (to a very large extent)	Don't know - No opinion - Not applicable
Article 3, entity level disclosures about the integration of sustainability risks policies in investment or insurance advice	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Article 4, entity level disclosures						

about consideration of principal adverse impacts	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Article 5, entity level disclosures about remuneration policies in relation to the integration of sustainability risks	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Article 6, product level pre-contractual disclosures about the integration of sustainability risks in investment or insurance advice	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Article 12, requirement to keep information disclosed according to Articles 3 and 5 up to date	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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 / no opinion / not applicable

Question 2.6.1 Please explain how these requirements have impacted the quality and consistency of disclosures made under SFDR:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Q2.1: the EC has clarified that “environmentally sustainable” economic activities can automatically qualify as “sustainable investment” (SI) under SFDR (no need to assess the DNSH and the good governance practice). This clarification is helpful for products that invest solely in taxonomy aligned activities. However, this could be difficult to implement from an operational standpoint for products with investments in aligned activities and investments not-taxonomy aligned. We believe that this “safe harbour” should remain optional and FMPs should be allowed to apply the SFDR DNSH to taxonomy aligned activities.

Q2.2: We welcome the EC Q&A specifying that products passively tracking CTB and PAB are qualified as “SI” under SFDR. However, we believe that actively managed funds that apply the same requirements as those applied in the PAB/CTB should also be considered as “SI”. Indeed, there is no reason to discriminate between active and passive management in this respect.

The Q&A already provides that “Financial market participants must explain why they consider that products focused on carbon emissions reduction that are actively managed, i.e. that do not strictly track a PAB or CTB, have SI as their objective”. Still, we believe that the following clarification should be provided: if the FMP explains that the actively managed product applies the same requirements as those applied in the PAB /CTB, the explanation is sufficient to consider such product as “SI”.

- There is no consistency between PAB/CTB exclusions and SI DNSH: the SI DNSH is more comprehensive than PAB exclusions (which are too themed on the environment) and CTB exclusions (which are the bare minimum).

-Benchmark administrators are not in the SFDR scope which creates a regulatory mismatch between index funds and their indices. The BMR requires benchmark administrators to provide information on the environmental, social and governance are reflected in each benchmark or family of benchmarks they provide and publish.

However, the ESG factors listed in the BMR are not aligned with what is required from FMPs under the SFDR (i.e. PAI disclosures, taxonomy alignment, SI proportion). This results in a mismatch between index funds and their benchmarks/indices. FMPs that market index funds will have to provide all the SFDR disclosures while their index won't have to provide such information. We believe that an alignment between SFDR and BMR on this matter would increase transparency and facilitate reporting.

Q2.3: While we acknowledge the fact that the CSRD includes all PAI indicators in the SFDR, there are still cases where the definition of the datapoint is not exactly matching which leads to interpretation. An alignment in PAI definitions between SFDR and CSRD should be sought. We are concerned by the fact that the EC decided to make all ESRS standards, disclosure requirements and data points subject to the “materiality assessment”. Indeed, FMPs depend on information provided by their counterparts to comply with their own disclosure requirements, it is hence of the foremost importance that there is an alignment on what is required from FMPs and what is required from companies.

We welcome some clarification provided by the EC in its proposal: the fact that a company needs to clearly state that a datapoint is not material, the introduction of a table listing all datapoints required by the financial regulations and the fact that the EC stated that “FMPs and FAs may assume that any indicator reported as non-material by an investee company does not contribute to the corresponding indicator of principal adverse impacts in the context of the SFDR disclosures.”. However, it is not clear how FMPs should apply this statement. We are well aware that clarifications will be provided in the sectoral regulation and we take this opportunity to remind that if an undertakings do not report on some PAI indicators because they are deemed not material, financial institutions should also be able to consider that such information is not material for their own reporting requirement.

The CSRD won't be able to address all data gaps, particularly for non-EU companies. FMPs may not have access to the required information for these entities.

Q2.4, 2.5, 2.6: We believe that MIFID/IDD sustainability preferences had the merit to raise awareness on ESG matters along all the value chain. Hence, we believe that the link between SFDR and MIFID/IDD is essential. However, we believe that product disclosures required under MIFID/IDD are too complex and not adapted for retail investors. It should also be reminded that some elements are based on proprietary methodologies (%SI and PAI considerations) and make a comparison between products difficult. We believe that the MIFID/IDD requirements should be simplified and focused on the products' intentionality and ambition (cf. S4).

PRIIPs requires market participants to provide retail investors with [key information documents \(KIDs\)](#). As part of the [retail investment strategy](#), 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:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

PRIIPS:

If a new section on the sustainability characteristics of the product were to be included in the PRIIPS KID, it should be aligned with the SFDR requirements (product categorisation and level of ambition, please refer to our position in section 4).

Section 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?

							Don't know
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	1 (not at all)	2 (not really)	3 (partially)	4 (mostly)	5 (totally)	No opinion Not applicat
Article 3	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Article 4	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Article 5	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your replies to question 3.1.1 as necessary:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We believe that the SFDR disclosure requirements are useful and allow for further transparency. However, we believe that some disclosure could be further clarified (notably requirements with regards remuneration). In any case, any requirement should be consistent with the CSRD to avoid any discrepancies. FMPs subject also subject to the CSRD should be allowed to make a reference to the PAI statement disclosure to avoid disclosing twice on the same information.

Complementing the [consultation by the European Supervisory Authorities \(ESAs\) on the revision of the regulatory technical standards of the SFDR](#), 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?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We believe the entity level PAI statement is useful to:

- Facilitate the comparison between FMPs;
- Allow investors to have a better understanding of FMPs' sustainable ambitions;
- Encourage FMPs to continue improving their sustainable practices.

Yet, we believe that such statement should be streamlined and only composed of relevant cross-sectoral PAI.

A mandate should be given to ESMA to assess which PAI are the most appropriate and relevant to be disclosed. This impact assessment should also consider the data availability.

It should not be imposed to require FMPs to disclose on "voluntary" indicators. FMPs may disclose other PAI but it should not be a requirement.

FMPs subject also subject to the CSRD should be allowed to make a reference to the PAI statement disclosure to avoid disclosing twice on the same information.

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 - Not at all
- 2 - Not really
- 3 - Partially
- 4 - Mostly
- 5 - Totally
- Don't know / no opinion / not applicable

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

- 1 - Not at all
- 2 - To a limited extent
- 3 - To some extent
- 4 - To a large extent
- 5 - To a very large extent
- Don't know / no opinion / not applicable

Please explain your replies to questions in section 3.1 as necessary:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

While we acknowledge the fact that the CSRD includes all PAI indicators of the SFDR, there are still cases where the definition of the datapoint is not exactly matching the SFDR indicator, which leads to interpretation. A better alignment of SFDR and CSRD/ESRS should be sought.

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 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 - Not at all
- 2 - To a limited extent
- 3 - To some extent
- 4 - To a large extent
- 5 - To a very large extent
- Don't know / no opinion / not applicable

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 - Not at all
- 2 - To a limited extent
-

- 3 - To some extent
- 4 - To a large extent
- 5 - To a very large extent
- Don't know / no opinion / not applicable

Please specify which principal adverse impact indicators should be required for all financial products offered in the EU:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

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 (not at all)	2 (to a limited extent)	3 (to some extent)	4 (to a large extent)	5 (to a very large extent)	Don't know - No opinion - Not applicable
Taxonomy-related disclosures	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Engagement strategies	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Exclusions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Information about how ESG-related information is used in	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

the investment process						
Other information	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Please specify what other information should be required about all financial products:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We believe that the template should include information regarding :

- The product sustainable category (please refer to our answer in part 4 of the consultation): no category, “Generic focus on Environmental and/or Social objective”, “Transition” or “Solutions, impact and contribution”.
- The product level of ambition (please refer to our answer in part 4 of the consultation): none, “significant” or “very significant”.

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

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

To allow for a simplification and further comparison between products, we see merits in having a single template for products.

All products don't have sustainable strategies, hence, the disclosure requirements for all products should not be too extensive. We believe that all products should disclose the following information:

- The product sustainable category (please refer to our answer in part 4 of the consultation): no category, “Generic focus on Environmental and/or Social objective”, “Transition” or “Solutions, impact and contribution”.
- The product level of ambition (please refer to our answer in part 4 of the consultation): none, “significant” or “very significant”.
- Exclusions applied at fund level.
- The information about how ESG-related information is used in the investment process.

Products that do not pursue a sustainable objective (please refer to our category proposal in part 4) must clearly include a disclaimer in the front page of their documentation stating that they do not take into consideration sustainability characteristics and that the absence of any PAI disclosure does not mean that they take into consideration these adverse impacts.

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, etc.)?**

(Please note that next question 3.2.3 asks specifically about the need for disclosures in cases of products making sustainability claims.)

- 1 - Not at all
- 2 - To a limited extent
- 3 - To some extent
- 4 - To a large extent
- 5 - To a very large extent
- Don't know / no opinion / not applicable

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?**

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

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 - Not at all
- 2 - To a limited extent
- 3 - To some extent
- 4 - To a large extent
- 5 - To a very large extent
- Don't know / no opinion / not applicable

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 (not at all)	2 (to a limited extent)	3 (to some extent)	4 (to a large extent)	5 (to a very large extent)	Don't know - No opinion - Not applicable
Taxonomy-related disclosures	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Engagement strategies	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Exclusions	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information about how ESG-related information is used in the investment process	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other information	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please specify what other information should be required about the financial products that would be subject to disclosure obligations:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

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

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We believe it is too complex to have a framework for some financial products depending on a specific approach as proposed under questions 3.2.2. Instead, we are in favor of a common approach for all products (please refer to our answer in questions 3.2.1) and specific disclosure depending on the product's objective (please refer to our answer in part 4 of the consultation).

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 - Totally disagree
- 2 - Mostly disagree
- 3 - Partially disagree and partially agree
- 4 - Mostly agree
- 5 - Totally agree
- Don't know / no opinion / not applicable

Please explain as necessary your replies to question 3.2.3:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We believe that products with a sustainable strategy should also disclose information on the binding and measurable KPI(s) used to demonstrate their sustainable strategy (please refer to our answer in part 4 of this consultation).

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 - Not at all
- 2 - To a limited extent
- 3 - To some extent
- 4 - To a large extent
- 5 - To a very large extent
- Don't know / no opinion / not applicable

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

- 1 - Not at all
- 2 - To a limited extent
- 3 - To some extent
- 4 - To a large extent
- 5 - To a very large extent
- Don't know / no opinion / not applicable

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

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

As stated by the Platform on Sustainable Finance (PSF), we believe that reporting requirements should focus on “the most relevant information for the purpose of measuring sustainability and impact, and for the benefit of investors in green and sustainable activities”.

We also agree with the need for a simplification to:

- Enable investors to make informed investment decisions and ensure a better understanding of financial products.
- Avoid a disproportionate burden on financial market participants.

The following proposals would have the merit to answer to these principles:

- Require a single template for products for both pre-contractual and periodic disclosures (instead of different templates based on the financial product category).

- Pre-contractual disclosures should be a maximum of 3 pages (i.e. alignment with the current KID).
- Disclosures under pre-contractual (“what the products aim to do”) and periodic (“what the product has achieved”) should be aligned.
- Pre-contractual disclosure must be distributed to customers upon subscription and on a mandatory basis (i.e. aligned with the current KID), and be disclosed on the website.
- The website sustainability disclosure and specifically the detailed requirements under SFDR article 10 (i.e. disclosure for each financial product) should be abolished and replaced by a reference to pre-contractual and periodic documents. FMPs should also include in website disclosure information about their internal methodologies.

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](#) (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) 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 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know - No opinion - Not applicable
It is useful that product disclosures under SFDR are publicly available, (e.g. because they have the potential to bring wider societal benefits)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Confidentiality aspects need to be taken into account when specifying the information that should be made available to the public under the SFDR	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
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	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Please explain as necessary your replies to question 3.2.6:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

While we believe it is useful that product disclosures under SFDR are publicly available, we also believe that confidentiality aspects should be taken into consideration in this regard.

Public disclosures will allow for products comparison and for investors to make informed decisions.

However, for some products we believe that public disclosure should not be required, notably for: dedicated funds or 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 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know - No opinion - Not applicable
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	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
The same sustainability disclosure topics should be required in all types of precontractual documentation to allow for comparability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Please explain as necessary your replies to question 3.2.7:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

As explained in Q3.2.1 and 3.2.6 we are in favor of a common template disclosure. However, the level of granularity will depend on the objective of the product. Products with a “sustainable objective” should be required to provide further information in this regard.

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 / no opinion / not applicable

Please explain as necessary your replies to question 3.2.8:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Product disclosures should not be conditional to entity disclosures as they do not relate to the same level of sustainability consideration. A product may take into consideration certain aspects that are not considered at entity level. Indeed, each product can have a different sustainable strategy that won't apply to the entire FMP.

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 opinion / not applicable

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

	1 (not at all)	2 (to a limited extent)	3 (to some extent)	4 (to a large extent)	5 (to a very large extent)	Don't know - No opinion - Not applicable
From direct enquiries to market participants	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Via SFDR disclosures provided by market participants	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

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 - Not at all
- 2 - Not really
- 3 - Partially
- 4 - Mostly
- 5 - Totally
- Don't know / no opinion / not applicable

Please explain as necessary your replies to questions 3.2.10 to 3.2.11:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

SFDR disclosures have enhanced the quality and transparency of information provided by FMPs. However, professional investors still liaise with FMPs to have further clarifications on the product's features.

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.

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.

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

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know - No opinion - Not applicable
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	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
It would be useful for all product information disclosed under the SFDR to be machine-readable, searchable and ready for digital use	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It would be useful for some of the product information disclosed under the SFDR to be machine-readable and ready for digital use	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It would be useful to make all product information disclosed under the SFDR available in the upcoming European Single Access Point as soon as possible	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Entity and product disclosures on websites should be interactive and offer a layered approach enabling investors to access additional information easily on demand	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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



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 - Not at all
- 2 - Not really
- 3 - Partially
- 4 - Mostly
- 5 - Totally
- Don't know / no opinion / not applicable

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

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 3.2.12 and 3.2.13:

- We believe that requiring all product information disclosed under the SFDR to be machine-readable, searchable and ready for digital use would have some benefits. However the risk of disproportionate costs compared to the benefits it would entail should be considered and properly addressed.
- We believe that the market should also capitalize on the EET that has the merit to exist and to be used by FMPs and distributors.

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 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know - No opinion - Not applicable
Whether the product is a wrapper offering choices between underlying investment options like a Multi-Option Product	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Whether some of the underlying investments are outside the EU	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Whether some of the underlying investments are in an emerging economy	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Whether some of the underlying investments are in SMEs	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Whether the underlying investments are in certain economic activities or in companies active in certain sectors	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other considerations as regards the type of product or underlying investments	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your reply to question 3.2.14:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We are in favor of simplification of existing templates. In this sense, requiring specific information depending on the underlying investment will further complexify disclosures.

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 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know - No opinion - Not applicable
Sustainability product categories regulated at EU level would facilitate retail investor understanding of products' sustainability-related strategies and objectives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Sustainability product categories regulated at EU level would facilitate professional investor understanding of products' sustainability-related strategies and objectives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Sustainability product categories regulated at EU level are necessary to combat greenwashing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sustainability product categories regulated at EU level are necessary to avoid fragmenting the capital markets union	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Sustainability product categories regulated at EU level are necessary to have efficient distribution systems based on investors' sustainability preferences	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
There is no need for product categories. Pure disclosure requirements of sustainability information are sufficient	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know - No opinion - Not applicable
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	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
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.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain as necessary your replies to questions 4.1.1 and 4.1.2.

Please keep in mind that there are further questions in this section that elaborate on these first two questions:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

AFG believes that SFDR should not be only a “disclosure regulation” but should evolve to a text that includes minimum investment requirements for products.

AFG believes that the European Commission should build its work on the existing sustainable finance framework by maintaining the existing categories (i.e., Article 6, Article 8 and 9 products) while introducing minimum criteria requirements to restrict these categories to products with measurable and comparable objectives.

We believe that the framework should focus on the financial products’ strategies and distinguish:

- Financial products with a “Generic focus on Environmental and/or Social objective”: products which can state and demonstrate the presence of binding environmental and/or social factors at the heart of the investment process, applicable to the whole investment portfolio. The financial product would be required to have one or more relevant KPI indicators relevant to the environmental and/or social objective(s) pursued that is binding on the investment portfolio. The PAI indicator(s) could be used to measure the progress of the product towards attaining its objective(s) and may be used for setting engagement targets with investee companies. In the event that the fund is able to justify the absence of PAI indicator(s) linked to its ESG objectives, it may select another KPI indicator(s) of its choice.

- Financial products with a “Transition” strategy: the objective is measured at the “product” level through the commitment of the investment fund. This strategy will allow to better differentiate between the financial product’s objective and its underlyings’ objective. Indeed, the “transitioning strategy” would be applied at the product level but not necessary at underlying level (i.e. not on line-by-line basis). This approach typically refers to Environmental products like to Net Zero aligned funds, decarbonation funds, transition-linked-bonds, sustainability-linked-bonds, Paris Aligned Benchmarks, Climate Transition Benchmarks, etc.

- Financial products with a “Solutions, Impact and Contribution” strategy: the objective is measured at “activity” or “project level”. This approach typically refers to Environmental products with an EU Taxonomy alignment or products investing in green bonds, green infrastructure, green equity, impact investing funds relating to Environment. This approach also typically refers to Social products investing in social bonds or impact investing funds relating to Social, etc. This approach also refers to products that offer targeted and measurable solutions to sustainability matters.

Where widely-used/recognised frameworks, standards or agreements exist (Paris agreement, Kunming-Montreal biodiversity agreement, impact investing framework, PSF Final report on Minimum Social Safeguards etc...), a reference should be made to them by the fund.

Financial products can have different level of ambition. In this context, and to avoid drawbacks identified in the past years, we believe that financial products should clearly specify which level of ambition they are deemed to achieve:

- Products without any ESG binding and measurable objective: such financial products won’t be allowed to make any “sustainable” claims nor promotion (please refer to our answer in Q3.2.1 for common disclosure requirements for all products).

- Products with a “significant” objective: the financial product objectives exceed significantly its benchmark / investment universe / threshold on the E and/or, S indicator defined as objective.

- Products with a “very significant” objective: the financial product objectives exceed very significantly its benchmark / investment universe / threshold on the E, and/or S indicator defined as objective.

One valuable approach could be demonstrating outperformance to the reference benchmark (a financial benchmark or defined investment universe). A second valuable approach could be an “absolute approach” (i.

e. set a minimum absolute threshold of portfolio's issuers with a "significant" or "very significant objective). The European Commission should also recognize existing labels:

- Leverage on the existing well-known market efforts: National ESG and green labels could be maintained. It would be very useful to have the possibility for these national labels to be recognised as EU labels.
- Funds that have equivalent strategies to the European Paris Aligned Benchmark and Climate Transition Benchmark, that have been recognized by the European Commission to be "useful and reliable labels for investment products" and are therefore considered has having a "very significant" objective towards the transition objective (i.e. Transitioning strategy with a very significant commitment).

SFDR level 1 should define a common basis of minimum requirements for products with a sustainable strategy (i.e. binding and measurable sustainable objectives).
Please refer to our position paper for further details.

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 - Totally disagree
- 2 - Mostly disagree
- 3 - Partially disagree and partially agree
- 4 - Mostly agree
- 5 - Totally agree
- Don't know / no opinion / not applicable

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

	1 (not at all)	2 (to a limited extent)	3 (to some extent)	4 (to a large extent)	5 (to a very large extent)	Don't know - No opinion - Not applicable
A - Products investing in assets that specifically strive to offer targeted, measurable solutions to sustainability related						

<p>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.</p>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<p>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.</p>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<p>C - Products that exclude investees involved in activities with negative effects on people and/or the planet</p>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<p>D - Products with a</p>						

<p>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.</p>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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If you think there are other possible useful categories, please specify:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We believe that the framework should focus on the financial products' strategies and distinguish:

- Financial products with a "Generic focus on Environmental and/or Social objective": products which can state and demonstrate the presence of binding E and/or S factors at the heart of the investment process, applicable to the whole investment portfolio.

The financial product would be required to have one or more relevant KPI indicators relevant to the E and/or S objective(s) pursued that is binding on the investment portfolio. The PAI indicator(s) could be used to measure the progress of the product towards attaining its objective(s) and may be used for setting engagement targets with investee companies. In the event that the fund is able to justify the absence of PAI indicator(s) linked to its ESG objectives, it may select another KPI indicator(s) of its choice.

- Financial products with a "Transition" strategy: the objective is measured at the "product" level through the commitment of the investment fund. This strategy will allow to better differentiate between the financial

product's objective and its underlyings' objective. Indeed, the "transitioning strategy" would be applied at the product level but not necessary at underlying level (i.e. not on line-by-line basis).

This approach typically refers to Environmental products like to Net Zero aligned funds, decarbonation funds, transition-linked-bonds, sustainability-linked-bonds, PAB, CTB etc.

- Financial products with a "Solutions, Impact and Contribution" strategy: the objective is measured at "activity" or "project level".

This approach typically refers to products with an EU Taxonomy alignment or products investing in green bonds, green infrastructure, green equity, impact investing funds relating to Environment or Social. This approach also refers to products that offer targeted and measurable solutions to sustainability matters.

Where widely-used/recognised frameworks, standards or agreements exist (Paris agreement, Kunming-Montreal biodiversity agreement, impact investing framework, etc...), a reference should be made to them by the fund.

Financial products can have different level of ambition. In this context, and to avoid drawbacks identified in the past years, we believe that financial products should clearly specify which level of ambition they are deemed to achieve:

- Products without any ESG binding and measurable objective: such financial products won't be allowed to make any "sustainable" claims nor promotion (apart from transparency on the integration of sustainability risks). Please also refer to our answer in Q3.2.1 for common disclosure requirements for all products.

- Products with a "significant" objective: the financial product objectives exceed significantly its benchmark / investment universe / threshold on the E and/or, S indicator defined as objective.

- Products with a "very significant" objective: the financial product objectives exceed very significantly its benchmark / investment universe / threshold on the E, and/or S indicator defined as objective.

One valuable approach could be demonstrating outperformance to the reference benchmark (a financial benchmark or defined investment universe). A second valuable approach could be an "absolute approach" (i.e. set a minimum absolute threshold of portfolio's issuers with a "significant" or "very significant objective).

The EC should also recognize existing labels:

- Leverage on the existing well-known market efforts: National ESG and green labels could be maintained. It would be very useful to have the possibility for these national labels to be recognised as EU labels.

Numerous member states have developed national labels that are widely used and recognized by both financial market participants and final retail clients. Moreover, each label has developed detailed specifications to identify which products can have the label. The EC should adopt an equivalence decision (passporting principle across Europe) to classify these labels under the above-mentioned categories until a European label is created.

- Funds that have equivalent strategies to the European PAB and CTB, that have been recognized by the EC to be "useful and reliable labels for investment products" and are therefore considered as having a "very significant" objective towards the transition objective (i.e. Transitioning strategy with a very significant commitment).

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 - Not at all
- 2 - To a limited extent
- 3 - To some extent
- 4 - To a large extent
-

5 - To a very large extent

- Don't know / no opinion / not applicable

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

- 1 - Totally disagree
- 2 - Mostly disagree
- 3 - Partially disagree and partially agree
- 4 - Mostly agree
- 5 - Totally agree
- Don't know / no opinion / not applicable

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

- 1 category
- 2 categories
- 3 categories
- 4 categories
- 5 categories
- More than 5 categories
- Don't know / no opinion / not applicable

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 / no opinion / not applicable

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

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

AFG strongly believes that the SFDR should focus on financial products' sustainable strategy. More precisely, we believe that the following three strategies should be considered (please refer to our answer in

Q4.1.4 for further details):

- Generic focus on E and/or S objective.
- Transition.
- Solutions, impact and contribution.

To avoid confusion for retail clients we believe that product categories should be mutually exclusive. We do not expect products to be 100% invested in a category but we believe that the product should be categorized in line with its' main objective. In any case, product could invest in several categories (example: multi-assets), but the product should select its main objective when selecting a category.

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 - Totally disagree
- 2 - Mostly disagree
- 3 - Partially disagree and partially agree
- 4 - Mostly agree
- 5 - Totally agree
- Don't know / no opinion / not applicable

Please explain your reply to question 4.1.9 as necessary:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The EC should provide sufficient to allow FMPs to understand and implement the new regime.

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 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know - No opinion - Not applicable
Taxonomy alignment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Engagement strategies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Exclusions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Pre-defined, measurable, positive environmental, social or governance-related outcome	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answers for product category A:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

For product category B of question 4.1.4:

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know - No opinion - Not applicable
Taxonomy alignment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Engagement strategies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Exclusions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Pre-defined, measurable, positive environmental, social or governance-related outcome	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answers for product category B:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

For product category C of question 4.1.4:

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know - No opinion - Not applicable
Taxonomy alignment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Engagement strategies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Exclusions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Pre-defined, measurable, positive environmental, social or governance-related outcome	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answers for product category C:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

For product category D of question 4.1.4:

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know - No opinion - Not applicable
Taxonomy alignment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Engagement strategies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Exclusions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Pre-defined, measurable, positive environmental, social or governance-related outcome	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answers for product category D:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

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 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't No op ↑ appl
Category A of question 4.1.4	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Category B of question 4.1.4	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Category C of question 4.1.4	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Category D of question 4.1.4	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 4.1.11 a) If the criteria should focus on the processes implemented by the product manufacturer, what process criteria would you deem most relevant to demonstrate the stringency of the strategy implemented?













5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

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 (not at all)	2 (to a limited extent)	3 (to some extent)	4 (to a large extent)	5 (to a very large extent)	Don't know - No opinion - Not applicable
The current concept of 'environmental and/or social characteristics'	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The current concept of 'sustainable investment'	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The current element of 'contribution to an environmental or social objective' of the sustainable investment concept	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The current element 'do no significant harm' of the sustainable						

<p>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</p>						
<p>The current element of 'investee companies' good governance practices' of the sustainable investment concept</p>						

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?

	Your answer
<p>‘contribution to an environmental or social objective’, element of the sustainable investment concept</p>	<p>The notion of “promotion” is vague and should be deleted. Products without any ESG binding and measurable objective: such financial products won’t be allowed to make any “sustainable” claims nor promotion (apart from transparency on the integration of sustainability risks). Please also refer to our answer in Q3.2.1 for common disclosure requirements for all products.</p>
<p>‘do no significant harm’, element of the sustainable investment concept</p>	<p>The DNSH is a good concept but should be further clarified.</p>
<p>‘investee companies’ good governance practices’, element of the sustainable investment concept</p>	<p>The good governance is a good concept but should be further clarified.</p>

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

- Yes
- No
- Don't know / no opinion / not applicable

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

- Yes
- No
- Don't know / no opinion / not applicable

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?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We believe that the notion of "promotion" should be deleted. Products without any ESG binding and measurable objective: such financial products won't be allowed to make any "sustainable" claims nor promotion (apart from transparency on the integration of sustainability risks and the common disclosure set in our answer to question 3.2.1).

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 - No opinion - Not applicable
...fall under the potential new product category of Article 8?	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

...fall under the potential new product category of 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?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

4.2 General questions about the potential establishment of sustainability products categories

If a sustainability products categorisation system was established, products will need to be distinguished according to a set of pre-established criteria.

Question 4.2.1 In addition to these criteria, and to other possible cross-cutting /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 - Totally disagree
- 2 - Mostly disagree
- 3 - Partially disagree and partially agree
- 4 - Mostly agree
- 5 - Totally agree
- Don't know / no opinion / not applicable

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 (not at all)	2 (to a limited extent)	3 (to some extent)	4 (to a large extent)	5 (to a very large extent)	Don't know - No opinion - Not applicable
Taxonomy-related disclosures	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Engagement strategies	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Exclusions	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information about how the criteria required to fall within a specific sustainability product category have been met	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Other information	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Please specify to what other information you refer in your answer to question 4.2.1 a):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

As already explained in Q3.2.1 we see merits in a common and unique template disclosure. We also believe that product falling in a specific sustainability product category should disclose information on the binding and measurable KPI(s) used to demonstrate their sustainable strategy.

The examples put forward by the EC (Taxonomy disclosures, engagement, exclusion,...) could be elements to demonstrate the objective of the product but should not be imposed to all “sustainable products”.

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

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know - No opinion - Not applicable
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)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Market participants should be able to use this categorisation system based on a self-declaration by the product manufacturer supervised by national competent authorities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Please explain your answer to Question 4.2.2:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

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 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know - No opinion - Not applicable
whether the product is a wrapper offering choices between underlying investment options like a Multi-Option Product	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
whether the underlying investments are outside the EU	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
whether the underlying investments are in an emerging economy	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
whether the underlying investments are in SMEs	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
whether the underlying investments are in certain economic activities	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
other considerations as regards the type of product or underlying investments	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answer to question 4.2.3:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to our answer in Q3.2.14.

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 / no opinion / not applicable

Please explain your answer to question 4.3.1:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

If a new section on the sustainability characteristics of the product were to be included in the PRIIPS KID, it should be aligned with the SFDR requirements (product categorisation and level of ambition).

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 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know - No opinion - Not applicable
The criteria set for the ESG benchmarks and the criteria defined for sustainability product categories should be closely aligned	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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 / no opinion / not applicable

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 - Totally disagree
- 2 - Mostly disagree
- 3 - Partially disagree and partially agree
- 4 - Mostly agree
- 5 - Totally agree
- Don't know / no opinion / not applicable

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 / no opinion / not applicable

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

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know - No opinion - Not applicable
The introduction of product categories should be accompanied by specific rules on how market participants must label and communicate on their products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
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	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Certain terms should be linked to a specific product category and should be reserved for the respective category	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

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 - Totally disagree
- 2 - Mostly disagree
- 3 - Partially disagree and partially agree
- 4 - Mostly agree
- 5 - Totally agree
- Don't know / no opinion / not applicable

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

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

As stated in a recent article from ESMA “The name of a fund is 'a powerful marketing tool', and is arguably the first piece of information that fund investors receive, far ahead of standardised documents such as Key Investor Information Documents (KIIDs).”.

We believe 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. It is essential to have a harmonized set of rules at EU level to avoid any discrepancies between NCAs interpretation. It should be reminded that ESMA launch at the end of 2022 a consultation on ESG funds naming and intends to publish a final report on the matter in Q4 2023. We believe that such naming rules should be set at the EC level and should apply to all financial products and not only funds to ensure a level playing field across the financial sector. In this matter, we also believe that the the scope of financial products subject to the SFDR could be expanded (ex.: structured products...). Such extension would ensure a level playing fields between different products proposed to retail clients while ensuring that all products under the scope of the SFDR comply with the same rules.

We believe that SFDR should fix specific rules about the use of particular terms provided that such rules only apply at product level.

Products without any ESG binding and measurable objective should not be allowed to communicate on ESG matters (please refer to our answer in Q3.2.1 for common disclosure requirements for all products).

Additional information

Should you wish to provide additional information (e.g. a position paper, report) or raise specific points not covered by the questionnaire, you can

upload your additional document(s) below. **Please make sure you do not include any personal data in the file you upload if you want to remain anonymous.**

The maximum file size is 1 MB.

You can upload several files.

Only files of the type pdf,txt,doc,docx,odt,rtf are allowed

9154bc98-1297-4596-b08c-bcee84318c7b/SFDR_L1_Review_AFG_december.pdf

Useful links

[More on this consultation \(https://finance.ec.europa.eu/regulation-and-supervision/consultations/finance-2023-sfd-implementation_en\)](https://finance.ec.europa.eu/regulation-and-supervision/consultations/finance-2023-sfd-implementation_en)

[Consultation document \(https://finance.ec.europa.eu/document/download/99bc25fe-4dd8-4b57-ab37-212b5ab05c41_en?2023-sfdr-implementation-targeted-consultation-document_en.pdf\)](https://finance.ec.europa.eu/document/download/99bc25fe-4dd8-4b57-ab37-212b5ab05c41_en?2023-sfdr-implementation-targeted-consultation-document_en.pdf)

[More on sustainability-related disclosure in the financial services sector \(https://finance.ec.europa.eu/sustainable-finance/disclosures/sustainability-related-disclosure-financial-services-sector_en\)](https://finance.ec.europa.eu/sustainable-finance/disclosures/sustainability-related-disclosure-financial-services-sector_en)

[Specific privacy statement \(https://finance.ec.europa.eu/document/download/a08edb89-59d8-44f8-873f-7a0f08b2f4c1_en?2022-sfdr-implementation-specific-privacy-statement_en.pdf\)](https://finance.ec.europa.eu/document/download/a08edb89-59d8-44f8-873f-7a0f08b2f4c1_en?2022-sfdr-implementation-specific-privacy-statement_en.pdf)

[Related targeted consultation \(https://finance.ec.europa.eu/regulation-and-supervision/consultations-0/public-consultation-implementation-sustainable-finance-disclosures-regulation-sfdr_en\)](https://finance.ec.europa.eu/regulation-and-supervision/consultations-0/public-consultation-implementation-sustainable-finance-disclosures-regulation-sfdr_en)

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