

# 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](mailto: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

Jacqui

\* Surname

Bungay

\* Email (this won't be published)

jbungay@aref.org.uk

\* Organisation name

*255 character(s) maximum*

Association of Real Estate Funds (AREF)

\* 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.

5804781152-61

\* 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 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

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

(If not applicable, please indicate N/A)

	<b>Your assets under management (in million EUR)</b>
<sup>*</sup> Overall	N/A
<sup>*</sup> Products disclosing under Article 8	N/A
<sup>*</sup> Products disclosing under Article 9	N/A



\* 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):

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 type="radio"/>	<input checked="" 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 type="radio"/>	<input checked="" 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 type="radio"/>	<input type="radio"/>	<input checked="" 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 type="radio"/>	<input type="radio"/>	<input checked="" 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 type="radio"/>	<input type="radio"/>	<input checked="" 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 checked="" type="radio"/>	<input 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 checked="" type="radio"/>	<input 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 checked="" type="radio"/>	<input 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 type="radio"/>	<input type="radio"/>	<input checked="" 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 checked="" type="radio"/>	<input 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 checked="" type="radio"/>	<input 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 type="radio"/>	<input checked="" 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.

The Real Estate PAIs are not fit for purpose and create confusion. The biggest challenges are the lack of clarity on how to report against the fossil fuel exposure PAI and the reference to the EPC and NZEB in the inefficient buildings PAI. These don't apply outside of Europe and are not consistent within Europe, so guidance on how to apply the inefficient buildings PAI where NZEB or the EPC isn't available is required. The same problems and others mean that the Sustainable Investment definition is very opaque for real estate, which creates a lack of consistency and transparency as well as potential inadvertent greenwashing.

In addition, the use of the SFDR as a labelling regime (rather than as a disclosure regime as intended) has created an artificial hierarchy whereby Article 9 is seen as more green than Article 8, despite the fact that "stranded to green" strategies (which arguably have the most potential for positive impact) are excluded from Article 9 products if they cause significant harm at the point of investment.

There is a real desire in the market for labels, as evidenced by the November 2023 FCA policy statement on the SDR and investment labels regime, and we would welcome the introduction of a labelling regime in addition to the disclosure regime.

---

## 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 type="radio"/>	<input type="radio"/>	<input checked="" 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 type="radio"/>	<input checked="" 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 type="radio"/>	<input checked="" 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 type="radio"/>	<input checked="" 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 type="radio"/>	<input checked="" 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.

Despite recently updated guidance, significant uncertainty remains regarding how to account for fossil fuels and how real estate assets located in countries where EPC labels are not used should be dealt with. In addition, requirements for EPC labels for real estate assets do not work well for funds with transition strategies that purposefully acquire non-sustainable assets with a view toward retrofitting them to be sustainable.

---

## **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.

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

<b>Total costs of SFDR disclosure requirements</b>		
--	--	--

**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.

	<b>Product-level disclosures (in %)</b>	<b>Entity-level disclosures (in %)</b>
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.

**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.

From liaising with other associations and our members it would appear that, on average, more than 10 FTEs are involved in preparing SFDR disclosures.

**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.

	<b>Retrieving the data (in %)</b>	<b>Analysing the data (in %)</b>	<b>Reporting SFDR disclosures (in %)</b>	<b>Other (in %)</b>
<b>Estimated percentage</b>	40%	40%	20%	

**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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
The proportion of taxonomy-aligned investments (product level)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" 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 type="radio"/>	<input checked="" 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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The good governance practices of investee companies (product level)	<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 checked="" 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 checked="" 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 checked="" type="radio"/>



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

**Please specify to what other kind(s) of estimates you refer in your answer to question 1.12.3 a):**

*5000 character(s) maximum*

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

**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 checked="" 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 checked="" type="radio"/>

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

**d) Other data points:**

	<b>1</b> (not at all)	<b>2</b> (to a limited extent)	<b>3</b> (to some extent)	<b>4</b> (to a large extent)	<b>5</b> (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 checked="" 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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In-house estimates	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Internal ESG score models	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
External ESG score models	<input checked="" 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 checked="" 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.

---

**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)

	<b>Percentage of the total financial products</b>
2020	Not available
2021	11%
2022	18%
2023	30%

**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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Retail investor interest	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Professional investor interest	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Market competitiveness	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other factors	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Please specify what other factor(s) influenced this increase:**

*5000 character(s) maximum*

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

**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.

## 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 prejudge future positions that might be taken by the Commission.

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

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

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

---

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

**Question 2.1 The [Commission recently adopted a FAQ](#) clarifying that investments in taxonomy-aligned 'environmentally sustainable' economic activities can automatically qualify as 'sustainable investments' in those activities under the SFDR.**

**To what extent do you agree that this FAQ offers sufficient clarity to market participants on how to treat taxonomy-aligned investment in the SFDR product level disclosures?**

- 1 - 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 <a href="#">questions &amp; answers published by the Commission in April 2023</a> 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 type="radio"/>	<input checked="" 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 type="radio"/>	<input checked="" 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 type="radio"/>	<input type="radio"/>	<input checked="" 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<sup>[1]</sup>. The CSRD sets out sustainability reporting requirements mainly for all large and all listed undertakings with limited liability (except listed micro-enterprises)<sup>[2]</sup>, 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](#)).

---

<sup>1</sup> 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').

<sup>2</sup> 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 type="radio"/>	<input checked="" 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 type="radio"/>	<input checked="" 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 type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Article 4, entity level disclosures						

about consideration of principal adverse impacts	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input 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 type="radio"/>	<input checked="" 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

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.

We believe that retail investors should also be given more information regarding PAI considerations.

The requirement to consider sustainability preferences has led to distributors paying more attention to the sustainability information that they disclose and they are also more careful towards greenwashing, using data where possible to back their claims. There is also more integration of information regarding sustainability risks.

Where we have agreed above that the CSRD and SFDR entity-level disclosures should be streamlined, our preference would be that SFDR entity-level disclosures are removed and CSRD disclosures apply.

## 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?**

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

Article 5	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input 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.

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 greenhouse gas emissions is the most useful indicator in terms of measuring the environmental impact of real estate assets (both in the case of standing assets and new construction / major renovation projects).

For new construction and major renovation projects, raw materials consumption is also an important indicator.

However, for standing real estate assets, we consider biodiversity, raw materials consumption and exposure to fossil fuels indicators to be the least useful.

- Raw materials consumption is simply not relevant for standing real estate assets not undergoing renovation or re-development.
- It is currently unclear how to calculate exposure to fossil fuels for real assets, resulting in different approaches in the market, and meaning that this indicator is not particularly useful in its current form. We do, however, welcome the proposed amendments to the RTS which seek to clarify the calculation of exposure, and should encourage comparability.

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.

If a categorisation or labelling system is developed it should focus on the particular product.

If entity level disclosures beyond describing how entity policies apply at the product level are desired, these should be CSRD disclosures. We would caution against requiring too many metrics and KPIs as part of the disclosures.

SFDR should focus on the commitments of FMPs at the product level, whereas NFRD/CSRD should focus on entity level commitments.

---

## 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.

GHG emissions

**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 type="radio"/>	<input type="radio"/>	<input checked="" 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 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 type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other information	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

**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 minimise high compliance costs with corresponding benefits, we believe that single mandates where investors and fund managers agree on specific sustainability reporting that fits their needs, could be exempted from the disclosure requirements.

---

**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.

We are not fundamentally opposed to the principle of imposing uniform disclosure requirements for some financial products, but further clarification is needed regarding which disclosures and which products are contemplated. In particular, it might be disproportionate for products making no sustainability claims to be

required to provide the same disclosures as products with a sustainability focus. Additionally, this proposal should only apply to funds that are still in the process of raising capital and as set out above, single investor mandates should be able to be exempted from these disclosure requirements.

**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

**Please specify which principal adverse impact indicators should be required:**

*5000 character(s) maximum*

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

We believe that PAIs for exposure to energy-inefficient real estate assets should be applicable to assets outside of Europe as well. Furthermore, greenhouse gas emissions and energy consumption could also be required.

The PAI requirements should also take into account the fact that there is not a one-size-fits-all list of relevant disclosures for different asset classes, especially not for real estate, where asset types can differ considerably – e.g. the principal adverse impacts stemming from standing assets are very different to those stemming from new construction and major renovation.

If the PAI for exposure to energy-inefficient real estate assets is maintained, it should be clearly set out how this should be calculated for assets which do not use EPC ratings (e.g. assets in Germany and Poland / outside of Europe). We note that this does not appear to be addressed in the proposed updates to the RTS.

**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	3 (to some extent)	4 (to a large extent)	5	Don't know - No opinion - Not
--	-------------------	---	-----------------------	--------------------------	---	-------------------------------------

		(to a limited extent)			(to a very large extent)	applicable
Taxonomy-related disclosures	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Engagement strategies	<input type="radio"/>	<input type="radio"/>	<input checked="" 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 ESG-related information is used in the investment process	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other information	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

**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.

While some of the indicators do not apply to real estate funds, in principle we are not against the idea of mandatory indicators and full data disclosures that are relevant to the real estate sector.

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 strongly urge the Commission to avoid additional disclosure requirements that do not fit real estate and, instead, to enhance the existing disclosure requirements by requiring more granular disclosure of the methodology in order to avoid vague claims.

A principles-based approach in which managers are encouraged to provide more information about the investment strategy for their products, along with the timeline for achieving the strategy goals, could be a best practice rather than a mandatory additional disclosure. This would still enhance transparency to a great extent.

---

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.

We consider that consolidating all product-related information in one place would be a more user-friendly approach, rather than spreading them across precontractual disclosures, periodic disclosures and website disclosures.

Consistent precontractual and periodic disclosures would be adequate, at least for funds marketing to institutional investors, as in practice, institutional investors are less inclined to rely on website disclosures and more likely to ask for relevant information as part of their ESG due diligence process.

We also note that all disclosure obligations should be considered within the wider context of the relevant manager's duties and legal obligations – e.g. confidentiality obligations and marketing restrictions might restrict a manager from publishing disclosures in a public manner.

---

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 type="radio"/>	<input type="radio"/>	<input checked="" 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 checked="" type="radio"/>	<input 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.

As noted above in 3.2.5, the publication of SFDR disclosures should be considered within the wider legal and regulatory context.

---

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 checked="" type="radio"/>	<input 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 checked="" type="radio"/>	<input type="radio"/>	<input 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.

If categories or labels are introduced, it is crucial to ensure comparability. Even if a categorisation or labelling system is not adopted, funds would still be required to comply with disclosure requirements under SFDR Article 8 or Article 9, at least during a transition period. As a result, a certain degree of standardisation would still be necessary to ensure comparability.

However, it is important to note that while the same level of granularity might help with comparability within certain asset classes, it may not be feasible to compare how the categories apply across all asset classes at the same level of granularity.

---

### **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.

---

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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Via SFDR disclosures provided by market participants	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input 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.

In response to Question 3.2.10, a combination of the two options could be beneficial, as it depends on the investors' level of sophistication and their ability to obtain information. At present, SFDR disclosures are not very comparable, so clear standards for disclosures applicable to different product types would be useful.

---

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 type="radio"/>	<input checked="" 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 type="radio"/>	<input checked="" 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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It would be useful to make <b>all product information</b> 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 checked="" type="radio"/>	<input 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 type="radio"/>	<input checked="" 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.

Article 2(2) of the SFDR Delegated Regulation already requires financial market participants to make disclosures in a searchable electronic format, unless sectoral legislation requires otherwise. While we generally agree that this is sufficient, there is still a need for more clarity on this matter.

Additionally, there seems to be a lack of clarity on what exactly constitutes a machine-readable format. Regarding the European Single Access Point, it is important that confidentiality concerns are taken into account and respected, as noted above.

---

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 type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Whether some of the underlying investments are outside the EU	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Whether some of the underlying investments are in an emerging economy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Whether some of the underlying investments are in SMEs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Whether the underlying investments are in certain economic activities or in companies active in certain sectors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other considerations as regards the type of product or underlying investments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" 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 mostly agree that when deciding on what disclosures should be required at the product level, it is important to take into account all of the suggested options mentioned above. However, this may vary depending on the type of product or underlying investments. Therefore, a one-size-fits-all approach may not be feasible.

We note that the FCA policy statement has specific rules around the approach to feeder funds, which might be helpful to consider in the context of the SFDR as well.

## 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 checked="" type="radio"/>	<input 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 checked="" type="radio"/>	<input 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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
There is no need for product categories. Pure disclosure requirements of sustainability information are sufficient	<input type="radio"/>	<input type="radio"/>	<input checked="" 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
<b>Approach 1:</b> 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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Approach 2:</b> 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 checked="" type="radio"/>	<input type="radio"/>	<input 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.

SFDR and Article 8 and Article 9 are useful for regulating transparency and disclosure requirements and therefore, for fighting against greenwashing. However, whilst helpful frameworks for disclosures, we do not consider that they should form the basis of labels. If Article 8 and 9 labels were retained, there is a risk that the artificial hierarchy mentioned above (i.e. whereby Article 9 products are seen as more green than Article 8 products) could be reinforced. In the real estate context, we note that this is could have a potentially harmful effect on the demand for “brown to green” strategies, which have the highest potential positive impact but are largely excluded from Article 9 strategies.

We believe the categorisation/labelling system should follow suggested Approach 1: ‘Splitting categories in a different way than according to existing concepts used in Articles 8 and 9, 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.’ We consider that the FCA’s approach to labels in its recent policy statement could be a good starting point, particularly given the desire amongst managers to have interoperability of regimes.

It is crucial that a clear and well-defined categorising/labelling system is implemented. The disclosure requirements of Article 8 and Article 9 should focus solely on disclosing the sustainability strategy of a fund, rather than labelling it. [We would therefore advocate eliminating Article 8 and Article 9 after a transition period. During the transition period, both systems could coexist but, in the long run, having SFDR stand alongside a categorisation based on the type of investment strategy would likely lead to two labeling systems and risk creating confusion for investors.

Ultimately, it would be most helpful to have a clear explanation of the difference between the classification and disclosure regimes, and how they complement each other.

We support the labelling system being introduced in the UK, as indicated in the Financial Conduct Authority’s (“FCA”) Policy Statement PS23/16 (SDR PS) relating to Sustainability Disclosure Requirements (SDR) and investment labels of 28th November 2023. We note that in SDR PS the FCA states:

“(Paragraph 2.15) We also received feedback on the importance of ensuring compatibility with other regimes, most notably the Sustainable Finance Disclosure Regulation (SFDR) in the European Union (EU). We continue to engage with counterparts in the EU and other jurisdictions to encourage interoperability and compatibility as they consider their sustainability regimes.

(Paragraph 2.16) We have included a revised mapping to the SFDR requirements in Annex 3 to help firms that will face obligations under both regimes. We note the European Commission’s ongoing review of the SFDR, and its consultation published in September 2023. Among the Commission’s consultation proposals is consideration of a labelling regime to help consumers navigate the market. As our regime is among the first to consider introducing investment labels, we stand ready to work with the EU authorities on this important issue. We are also engaged with developments in other international jurisdictions, and will continue to do so”.

We recommend that the European Commission engages with the FCA and takes up the FCA's offer to work with the European Commission in the context of the European Commission considering a labelling regime under SFDR which achieve coherence with the UK's SDR.

We believe that standardisation at the label level (i.e. within a particular label) could be more beneficial than standardisation across all labels as sustainability strategies can differ widely between labels. This approach is consistent with the FCA approach to SDRs and investment labels in SDR PS.













**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 problems that affect people and/or the planet, e.g.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

<p>investments in firms generating and distributing renewable energy, or in companies building social housing or regenerating urban areas.</p>						
<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>						
<p>C - Products that exclude investees involved in activities with negative effects on people and/or the planet</p>						
<p>D - Products with a transition focus aiming to bring measurable</p>						



<p>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 type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
---	-----------------------	-----------------------	-----------------------	-----------------------	----------------------------------	-----------------------

**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.

Categories A, B and D would be very welcome for real estate; however, category C would not be especially relevant – given that a wide range of funds have baseline exclusions (e.g. in relation to child labour, cluster munitions) without having a particular sustainability focus, a label acknowledging this could be seen as of little value.

**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 great 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 what that other possible approach could be:**

*5000 character(s) maximum*

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

We suggest that strategies such as real estate social impact and Net Zero buildings should be able to fall within a label, particularly given their importance for the real estate industry. We also believe it should be clarified that the categories should not be mutually exclusive – the Commission might consider adopting a “mixed strategy” label, similar to the FCA in the recent consultation paper on SDR and investment labels.

**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.

---

**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.

We believe a transition to a new regime is critically important. In addition, we urge that more clarity be provided, including definitions. Consideration should also be given to grandfathering certain types of funds from the new regime, for example, it is not appropriate for closed end funds that are no longer raising capital or open to new investors to be required to update disclosures for a 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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Engagement strategies	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Exclusions	<input type="radio"/>	<input type="radio"/>	<input checked="" 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 checked="" 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.

We agree that more clarity around the concept of sustainability standards would be useful and would support a commitment to report on those outcomes. This is currently used for the sustainable debt market with green bonds where impact reports are used, although these are different than those used for impact strategies.

**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 checked="" 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 checked="" 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 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"/>

## 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.

Further clarification on the concept of sustainability standards in relation to category B would be helpful.

Setting a minimum alignment with taxonomy would be challenging because real estate funds invest both inside and outside of Europe. However, we support pre-defined, measurable, positive environmental, social or governance-related outcomes, and believe that certifications are an excellent method to show these.

We advocate a minimum threshold whereby at least 50% of the assets must satisfy the relevant sustainability criteria, in order for a product to qualify for a label. In this context, we suggest that real estate certifications – such as the BREEAM certification used in Europe and LEED used widely in North America - be viewed as extremely beneficial in addition to establishing a certain degree of standardisation.



**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 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 type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Pre-defined, measurable, positive environmental, social or governance-related outcome	<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"/>

**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.

As stated above, we do not support the adoption of Category C.

**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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Engagement strategies	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Exclusions	<input type="radio"/>	<input type="radio"/>	<input checked="" 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 checked="" 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.

Although it depends in part on the strategy, we believe that relevant minimum criteria could be appropriate for taxonomy alignment, engagement strategies, and pre-defined, measurable, positive environmental, social, or governance-related outcomes. For instance, it might be very challenging for legitimate transition funds whose assets are located outside of the EU.

We believe that the concept of sustainability standards needs further clarification, particularly as some of the minimal requirements may be sector-specific.

**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)?**

	<b>1</b> (totally disagree)	<b>2</b> (mostly disagree)	<b>3</b> (partially disagree and partially agree)	<b>4</b> (mostly agree)	<b>5</b> (totally agree)	Don't No op N appl
<b>Category A</b> of question 4.1.4	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Category B</b> of question 4.1.4	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Category C</b> of question 4.1.4	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Category D</b> 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 type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
The current concept of 'sustainable investment'	<input type="radio"/>	<input checked="" type="radio"/>	<input 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 type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

<p>The current element 'do no significant harm' of the sustainable investment concept, and its link with the entity level principal adverse impact indicators listed in tables 1, 2 and 3 of Annex I of the Delegated Regulation</p>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<p>The current element of 'investee companies' good governance practices' of the sustainable investment concept</p>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**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?**

	<b>Your answer</b>
<p>‘contribution to an environmental or social objective’, element of the sustainable investment concept</p>	<p>We believe this is the essence of the sustainability. However, a principle-based approach about what a ‘minimum contribution’ is would be welcome ‘Sustainable investments’ are supposed to be delivering higher sustainability outcomes, and so there needs to be a measurable and significant contribution for it to be meaningful.</p>
<p>‘do no significant harm’, element of the sustainable investment concept</p>	<p>Keeping some elements of the second block is how genuine sustainable investing and potential greenwashing can be distinguished.</p> <p>However, we believe that the way the DNSH assessment is currently structured is not fit for purpose, which is mainly due to how the PAIs were designed, as we argued in the SFDR Real Estate Solutions Paper (<a href="https://www.inrev.org/system/files/2023-06/SFDR-Real-Estate%20Solutions-Paper-June-2023.pdf">https://www.inrev.org/system/files/2023-06/SFDR-Real-Estate%20Solutions-Paper-June-2023.pdf</a>). For example, the PAI indicator for exposure to energy-inefficient real estate assets suggests that an EPC C or below is inefficient (although we do note that under the proposed amendments to the RTS, this is due to change to D or below, a change which we welcome). We do not consider that this automatically equates to “significant harm” and so these thresholds should not be imposed in the context of the DNSH test.</p> <p>Furthermore, a significant challenge for DNSH is timing, which is an issue for real estate, as well as for all other asset classes. For example, acquiring a building for the purpose of decarbonising it, even though at acquisition stage its EPC rating may have been very low, should not be considered as a ‘significantly harmful’ activity, per se. The focus of DNSH should be more on how the renovation work is conducted in a way that is not harmful to the environment rather than focusing on the asset itself.</p> <p>Therefore, we urge more clarity on when the requirements would need to be met.</p>
<p>‘investee companies’ good governance practices’, element of the sustainable investment concept</p>	<p>Risk based on DNSH criteria would be sufficient for ensuring good governance rather than having an explicit good governance requirement. Requiring good governance from early in an investment might be difficult, especially when investing in real estate through mid-size, smaller or newly set-up companies.</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

**If the good governance concept should be adapted to include investments in real estate investments, what should be the minimum criteria required for this element?**

*5000 character(s) maximum*

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

We believe good governance is important; however we recommend the Commission take into account how current regulatory requirements applicable to FMPs already meet the good governance requirement, which can vary depending on the asset class.

Real estate funds can be broadly categorised as: 1) direct real estate 2) real estate debt and 3) real estate securities.

For category (1) we believe that good governance should account for current regulatory frameworks applicable to the FMP. For example, if the FMP is subject to AIFMD requirements and outsourcing /delegation rules, we believe that this should cover good governance requirements throughout the value chain of the fund.

For categories (2) and (3), further clarity should be provided regarding how borrower (sponsor)/real estate security subject to a regulatory regime that has detailed governance requirements can act as a safe harbour to comply with the good governance criterion. This safe harbour could apply in cases where no information is identified suggesting non-compliance by the borrower (sponsor)/real estate security. Furthermore, the good governance requirements in respect of real estate debt should be tied to the companies using the proceeds of the loans/debt financing, which are often specified in the facility agreement.

---

**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.

In the context of real estate, promotion of environmental and social characteristics is extremely important and should be part of the investment strategy. AREF and other real estate associations have developed proposed metrics for social characteristics, an updated version of which will be publicly available in December. INREV has also recently released an ESG SDDS (Standard data Delivery Sheet) which contains environmental and social characteristics (available here). Both can help inform the current discussion.

While environmental characteristics can be measured at the portfolio level regarding reducing energy consumption, water consumption, etc., and can be tracked and quantified, metrics applicable to the social dimension, such as affordable housing, are limited. Concerning the threshold applied to those characteristics, we would propose 50% or higher; however, more clarity on the definition of environmental and social characteristics would also be needed.

With regard to the minimum criteria, we would also encourage the use of EPCs where available or, when not available, Energy Efficiency indicators (Energy Intensity, Primary Energy Demand) or other certifications, for example certifications used outside the EU, to demonstrate business plans to decarbonise for both real estate equity and debt funds. We believe that it would also be helpful to have a list of different criteria that need to be met as minimum criteria.

Further thinking also needs to be done regarding comparability of building certifications; specifically, how to treat systems outside of Europe that might use somewhat different KPIs and apply different requirements.

**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?	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

**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.

If a product falls under Article 8 or Article 9 as disclosure regimes, we believe that the current criteria are sufficient. However, if Articles 8 and 9 are used as product categories, clearer definitions are needed.

## 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	3 (to some extent)	4 (to a large extent)	5	Don't know - No opinion - Not
--	-------------------	---	-----------------------	--------------------------	---	-------------------------------------

		(to a limited extent)			(to a very large extent)	applicable
Taxonomy-related disclosures	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Engagement strategies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" 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 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 type="radio"/>	<input checked="" type="radio"/>
Other information	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**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 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.

We believe third-party verification should be optional, and possibly even encouraged for certain types of strategies; however, it should not be mandatory in every case. If third-party verification is adopted, it should be proportionate.

---

**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 type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
whether the underlying investments are outside the EU	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
whether the underlying investments are in an emerging economy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
whether the underlying investments are in SMEs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
whether the underlying investments are in certain economic activities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
other considerations as regards the type of product or underlying investments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" 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.

We suggest the Commission consider the need to apply a materiality standard as these cannot be applied equally in every case.

---

## **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.

We believe retail investors may use those labels as a way of categorising investments; however, it is important to note that it may not be very helpful. It is important to exercise caution and ensure that the labeling is not misleading.

**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 checked="" 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 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.

SFDR is not the appropriate legal instrument to deal with marketing communications. While SFDR is a suitable instrument for disclosure requirements, we believe that marketing rules related to sustainable investments should be included together with other marketing rules, for example in AIFMD. However, high level rules would be sufficient, and we caution against sustainability-related marketing rules that are too strict.

We also note that the FCA has revised its approach to use of sustainability terms in fund names and marketing in its recent policy statement and has made this more flexible.

## **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

## 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)

## Contact

fisma-sfdr@ec.europa.eu