



# Public consultation on institutional investors and asset managers' duties regarding sustainability

Fields marked with \* are mandatory.

## Introduction

At the end of 2015, governments from around the world chose a more sustainable path for our planet and our economy by adopting the Paris agreement on climate change and the UN 2030 Agenda for Sustainable Development.

Sustainability has since long been at the heart of the European project. The EU is committed to development that meets the needs of the present without compromising the ability of future generations to meet their own needs ([Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions 'Next steps for a sustainable European future European action for sustainability' {SWD\(2016\) 390 final}](#)).

The EU wants its financial system to be aligned with its sustainability objectives. The commitment to incorporating sustainability elements into EU financial services policies and cross cutting initiatives is ingrained in the Mid-Term Review of the Capital Markets Union Action Plan ([Mid-Term Review of the Capital Markets Union Action Plan - COM\(2017\) 292 final](#)).

To develop the overall vision of sustainable finance that this requires, the Commission decided last year to appoint a High-Level Expert Group (HLEG) on sustainable finance under the chairmanship of Christian Thimann. This group is supporting the Commission to develop an overarching and comprehensive EU strategy on sustainable finance.

On 13 July 2017, the HLEG published its interim report which provided a comprehensive vision on sustainable finance. It identified two imperatives for Europe's financial system. "The first is to strengthen financial stability and asset pricing, by improving the assessment and management of long term risks and intangible factors of value creation. The second is to improve the contribution of the financial sector to sustainable and inclusive growth by financing long-term needs and accelerating the shift to a sustainable economy".

In its interim report ([EU High-Level Expert Group on Sustainable Finance, 'Financing a sustainable European economy' Interim report, July 2017](#)), the HLEG proposed eight early recommendations for policy action on sustainable finance. The third recommendation focused on establishing a "fiduciary duty"

that encompasses sustainability. The HLEG suggested clarifying that the duties of institutional investors and asset managers explicitly integrate material environmental, social and governance (ESG) factors and long term sustainability.

Given the maturity and the interest of the HLEG recommendation, the Commission has decided to start work on an impact assessment to assess whether and how a clarification of the duties of institutional investors and asset managers in terms of sustainability could contribute to a more efficient allocation of capital, and to sustainable and inclusive growth.

The duties of care, loyalty and prudence are embedded in the EU's financial framework governing obligations that institutional investors and asset managers owe to their end-investors/scheme members. These duties are the foundation of investment process.

The implementation of these duties implies fulfillment of various obligations for asset managers and institutional investors that include, for instance, the duty to act in the best interest of beneficiaries /investors, with due care, skill and diligence in performing their activities, including the identification and management of conflict of interests. They are also required to act honestly, and ensure adequate and proportionate performance of their activities.

Although these duties are embedded in the EU financial legal framework, it appears unclear that they require institutional investors and asset managers to assess the materiality of sustainability risks (i.e risks relating to environmental, social and governance issues). Market practices indicate that institutional investors and asset managers generally understand these duties as requiring a focus on maximising short-term financial returns and disregard long-term effects on performance due to sustainability factors and risks. This can lead to misallocation of capital and might give rise to concerns about financial stability since markets can be vulnerable to abrupt corrections, such as those associated with the delayed transition to low carbon economies.

This consultation will help the Commission gather and analyse the necessary evidence to determine possible action to improve the assessment and integration of sustainability factors in the relevant investment entities' decision-making process.

**Please note:** 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-investors-duties-sustainability@ec.europa.eu](mailto:fisma-investors-duties-sustainability@ec.europa.eu).

More information:

- [on this consultation](#)
- [on the protection of personal data regime for this consultation](#)

## Glossary

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**Relevant investment entities:** entities managing assets entrusted to them

**Sustainability factors:** for the purpose of this consultation, sustainability factors refer to environmental, social and governance issues as defined by the United Nations Environment Programme (UNEP) ([UNEP Inquiry, Definitions and Concepts: Background Note, 2016](#)). The exact scope of sustainability factors to be addressed is also the object of this consultation.

**Environmental issues** relate to the quality and functioning of the natural environment and natural systems including biodiversity loss; greenhouse gas emissions, renewable energy, energy efficiency, natural resource depletion or pollution; waste management; ozone depletion; changes in land use; ocean acidification and changes to the nitrogen and phosphorus cycles

**Social issues** relate to rights, well-being and interests of people and communities including human rights, labour standards, health and safety, relations with local communities, activities in conflict zones, health and access to medicine, consumer protection; and controversial weapons.

**Governance issues** relate to the management of investee entities. Issues include board structure, size, diversity, skills and independence; executive pay; shareholder rights; stakeholder interaction; disclosure of information; business ethics; bribery and corruption; internal controls and risk management; and, in general, issues dealing with the relationship between a company's management, its board, its shareholders and its other stakeholders.

## 1. Information about you

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\* Are you replying as:

- a private individual
- an organisation or a company
- a public authority or an international organisation

\* Name of your organisation:

PensionsEurope

Contact email address:

**The information you provide here is for administrative purposes only and will not be published**

matthies.verstegen@pensionseurope.eu

\* Is your organisation included in the Transparency Register?

(If your organisation is not registered, [we invite you to register here](#), although it is not compulsory to be registered to reply to this consultation. [Why a transparency register?](#))

- Yes
- No

\* If so, please indicate your Register ID number:

5199259747-21

\* Type of organisation:

- Academic institution
- Company, SME, micro-enterprise, sole trader
- Institutional investor
- Consultancy, law firm
- Consumer association
- Industry association
- Media
- Non-governmental organisation
- Think tank
- Trade union
- Other

\* Where are you based and/or where do you carry out your activity?

Belgium

\*Field of activity or sector (*if applicable*):

*at least 1 choice(s)*

- Accounting
- Auditing
- Banking
- Credit rating agencies
- Insurance
- Occupational pension provision
- Personal pension provision
- Collective Investment Management
- Individual portfolio management
- Financial advice
- Market infrastructure operation (e.g. CCPs, CSDs, Stock exchanges)
- Service provider (e.g. index provider, research providers)
- Other
- Not applicable

Total assets under management in EUR (as of 30.09.2017)

Our members' members manage EUR 3.5 trillion



## Important notice on the publication of responses

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\*Contributions received are intended for publication on the Commission's website. Do you agree to your contribution being published?

([see specific privacy statement](#) )

- Yes, I agree to my response being published under the name I indicate (*name of your organisation /company/public authority or your name if your reply as an individual*)
- No, I do not want my response to be published

## 2. Your opinion

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### 2.1 Questions addressed to all respondents:

#### I. General overview

**1) Do you think relevant investment entities should consider sustainability factors in their investment decision-making?**

- Yes
- No
-

No opinion

*Please explain the reasons:*

In our submission we would like to focus on the role of pension funds.

Pension funds are institutions with a social purpose that exist to provide occupational retirement provision. As awareness of the need to address sustainability challenges increases – in particular the need to tackle climate change – pension funds understand they will need to respond to societal expectations in the area of sustainable finance.

There is a clear trend of pension funds increasingly considering sustainability factors in their investment decision-making. In our view, the modern understanding of fiduciary duty does not obstruct pension funds from addressing sustainability risks, where those risks are considered to be material financial risks. In particular, the IORP II directive clarified that Member States shall allow IORPs to take into account the potential long-term impact of investment decisions on environmental, social, and governance factors within the prudent person rule.

There are many best practices and approaches of how pension funds consider sustainability factors. The diversity in approaches stems from a large number of factors. This includes, for example, societal preferences (e.g. stronger focus on environment concerns over social aspects or vice versa), the size of funds or the occupational pension system overall, the position of the sponsoring company towards ESG aspects and the role of the social partners.

Therefore, while pension funds more and more will need to address societal expectations on responsible investment, we believe that a prescriptive, mandatory approach would not be able to take account of this diversity of existing approaches. The IORP II Directive recognises that for smaller funds there is the possibility that “the costs of a system to monitor the relevance and materiality of [ESG] factors and how they are taken into account are disproportionate to the size, nature, scale and complexity of its activities.” (Recital 58).

Moreover, it should be noted that the ESG provisions of the IORP II Directive have yet to be transposed into national law so their value has yet to be assessed. We therefore advise to assess their impact under the normal review provisions of the IORP II Directive.

If new legislation would be introduced, pension funds would strongly prefer principle-based rules without reliance on delegated and implementing acts, so that Member States can cater for the local specificities of pension funds, which do not fall under a harmonised European framework.

It is important to recognise that, that in making investment decisions, ESG criteria can only be one among many other risk factors. A stronger focus on ESG risks should not result in reduced focus on other sources of risks.

Finally, we would like to comment on question 5 on the extent to which investors incorporate ESG criteria. A differentiation should be made between the number of funds and the assets under management. Looking at IORPs, there are thousands of single member schemes, but their total assets are much smaller than the smaller group of funds that manage tens or even hundreds of billions of euros. Just looking at the number of pension funds that incorporate ESG criteria does not give a full picture of the impact that efforts from the pensions sector has.

**2) What are the sustainability factors that the relevant investment entities should consider? (Please make a choice and indicate the importance of the different factors (1 is not important and 5 is very important). (Please refer to the definition in the Glossary).**

	Yes	No	No opinion
Climate factors (these include climate mitigation factors as well as climate resilience factors)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other environmental factors	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Social factors	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Governance factors	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Others	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Importance for climate factors:

- 1
- 2
- 3
- 4
- 5

Importance for other environmental factors:

- 1
- 2
- 3
- 4
- 5

Importance for social factors:

- 1
- 2
- 3
- 4
- 5

Importance for governance factors:

- 1
- 2
- 3
- 4
- 5

*Please specify, which specific factors within the above categories you are considering, if any:*

As explained above, pension funds will have different views and preference on the different elements that make up sustainability across Europe, based on societal views and the values of the sponsor. We therefore believe that there should be room for pension funds to prioritise and focus on specific sustainability issues in their investment decision-making.

**3) Based on which criteria should the relevant investment entities consider sustainability factors in their investment decision making?**

*Please explain:*

See answer to question 2.

**4) Which of the following entities should consider sustainability factors in their investment decision-making? (Possibility to select several answers). If so, please indicate the level of impact that this would have (1 is the smallest impact and 5 is the highest impact).**

	Yes	No	No opinion
Occupational pension providers	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Personal pension providers	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Life insurance providers	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Non-life insurance providers	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Collective investment funds (UCITS, AIF, EuVECA, EuSEF, ELTIF)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Individual portfolio managers	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

*Please explain:*

See answer to question 1.

The impact of considering sustainability factors in investment decisions depends on the requirements that would be introduced. Moreover, larger pension funds would be able to distribute some of the fixed costs over a larger number of participants and would therefore be less impacted. We would therefore urge the European Commission to consider the proportionality of any new mandatory requirements.

Level of impact for occupational pension providers:

- 1
- 2
- 3
- 4
-

## II. Problem

**5) To your knowledge, what share of investment entities active in the EEA (European Economic Area) currently consider sustainability factors in their investment decisions?**

	All or almost all	More than two thirds	More than half	More than a third	None or almost none	No opinion
Occupational pension providers	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Personal pension providers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Life insurance providers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Non-life insurance providers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Collective investment funds (UCITS, AIF, EuVECA, EuSEF, ELTIF)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Individual portfolio managers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

**6) To your knowledge, which is the level of integration of sustainability factors by the different investment entities (active in the EEA)?**

	High integration	Medium integration	Low integration	No integration	No opinion
Occupational pension providers	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Personal pension providers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Life insurance providers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Non-life insurance providers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Collective investment funds (UCITS, AIF, EuVECA, EuSEF, ELTIF)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Individual portfolio managers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

**7) Which constraints prevent relevant investment entities from integrating sustainability factors or facilitate their disregard. Please provide the importance of the different constraints that you consider relevant (1 is not important and 5 is very important).**

	1	2	3	4	5	No opinion
Lack of expertise and experience	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



Lack of data/research	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of impact on asset performance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Inadequate methodologies for the calculation of sustainability risks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Inadequate sustainable impact metrics	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Excessive costs for the scale of your company	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
No interest from financial intermediaries	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
No interest from beneficiaries/clients	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
European regulatory barriers	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
National regulatory barriers	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of fiscal incentives	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of eligible entities	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Others	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

*Please provide more details on what the constraints/reasons are and how they limit the integration of sustainability factors:*

In terms of European and national regulatory barriers, incorporating sustainability considerations could prove challenging if other regulatory or supervisory initiatives discourage pension funds from long-term investments. As the Interim Report of the High-Level Expert Group pointed out, longer investment horizons make investors more sensitive to sustainability risks that may materialise only in the longer term.

At the moment, there are examples of national prudential regulation or supervision that discourages long-term investments, by focusing on short-term liquidity and too strictly regulating illiquid assets. This is not sufficiently in accordance with the nature of the liabilities of pension funds, and may excessively limit asset allocation to long-term investment categories.

The EU should also refrain from adopting EIOPA's 'common framework balance sheet' as a risk management and transparency tool and the call for regulatory responses by the national competent authorities based on it, and instead ensure capital requirements do not penalise long-term investment in infrastructure and other long-term assets.

**8) How challenging is it for relevant investment entities to integrate the different sustainability factors? (1 is not challenging and 5 is very challenging) - Please refer to the definition in the Glossary).**

	1	2	3	4	5	No opinion
Climate factors ( <i>these include climate mitigation factors as well as climate resilience factors</i> )	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other Environment factors	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Social factors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Governance factors	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Others	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Please explain:

### III. Policy options

**9) In which area should relevant investment entities consider sustainability factors within their investment decision-making? Please make a choice and indicate the relevance of the different areas (1 is minor relevance and 5 is very high relevance).**

	Yes	No	No opinion
Governance	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Investment strategy	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Asset allocation	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Risk management	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Others	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Relevance for governance:

- 1
- 2
- 3
- 4
- 5

**10) Within the area of governance, which arrangements would be most appropriate to enable the integration of sustainability factors? (1 is the not appropriate and 5 is the very appropriate).**

	1	2	3	4	5	No opinion
Specific sustainability investment Committee	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Specific sustainability member of the Board	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sustainability performance as part of remuneration criteria	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Integration of sustainability factors in the investment decision process	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Integration of sustainability checks in the control process	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Periodic reporting to senior management/board	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Others	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

**11) Should insurance and pension providers consult their beneficiaries on an annual/periodic basis on their preference as regards sustainability factors?**

- Yes  
 No  
 No opinion

*Please explain:*

Some pension funds are consulting their beneficiaries on their preferences regarding sustainability factors. We strongly feel that these initiatives should not be required by EU regulation but remain voluntary or fall under national requirements, so that this engagement can be tailored to the specificities of the fund or member state.

For example, it could be relevant to consider whether the fund is defined-benefit or defined-contribution. In the case of defined-benefit, the sponsor carries the investment risk and may be called on for sponsor support if the investment returns do not cover the liabilities. The sponsor therefore has a stronger vested interest in the performance and asset allocation than in the case of a defined-contribution scheme. Moreover, if a requirement to consult members were to be introduced, we strongly feel there should be low degree of prescriptiveness in these rules.

**12) Within the portfolio's asset allocation, should relevant investment entities consider sustainability factors even if the consideration of these factors would lead to lower returns to beneficiaries/clients in the medium/short term?**

- Yes  
 No  
 No opinion

*Please explain:*

It is the primary object of pension funds to achieve investment returns for their members. There is a lively academic and professional debate about the link between sustainability factors and investment returns. There are studies that seem to indicate that that ESG portfolios do not necessarily underperform compared to 'normal' portfolios. Nonetheless, there are still others that believe that limiting the extent to which an investor can diversify their portfolio will ultimately lead to worse risk/return ratios. We believe that ultimately pension funds should be free to choose their investment believes and principles. Their fiduciary duty already obliges pension funds to then act according to those believes in the best interest of their members, which will include striking a balance between the longer-term obligations towards younger members and the shorter-term obligations towards members receiving benefits. In any case the current understanding of fiduciary duty does not prevent pension funds from accepting short-term reduced returns if they believe it will generate better outcomes for their members in the long run.

**13) Within the area of risk management, does the current set of corporate disclosures provide the relevant investment entities with adequate information to perform sustainability risk assessments in respect of investee companies?**

- Yes
- No
- No opinion

*Please explain where the possible gaps are, if any:*

A combination of mandatory and voluntary reporting standards are an important tool for investors such as pension funds, but currently there is not sufficient information available. However, some improvements will be achieved with the implementation of the Shareholders' Rights Directive.

We feel that climate related standards should be linked to the TCFD framework and represent an integrated approach.

**14) Do the overall information or risk metrics available enable the relevant investment entities to adequately perform sustainability risk assessments?**

- Yes
- No
- No opinion

*Please explain where the possible gaps are, if any:*

**15) Do you think that uniform criteria to perform sustainability risk assessments should be developed at EU level?**

- Yes
- No
- No opinion

*Please explain:*

We do not believe there is merit in enforcing uniform criteria to perform sustainability risk assessment. It is important to note that certain categories of sustainability risks are highly dependent on policies, for example in the case of stranded assets. The materiality of long-term sustainability risks may also dependent on technological change and innovation. A uniform framework may not be fluid enough to deal with the diversity of views about the impact of these factors. Moreover, if the process in which sustainability criteria are considered by institutional investors becomes too harmonised, the risk of herd behaviour and 'green bubbles' could occur. Finally, pension funds differ greatly in size and therefore capacity to deal with sustainability risk assessments. New regulation should avoid excessive costs that ultimately will fall on

pensioners. Uniform criteria may not provide the flexibility for larger funds that can spread the costs over many members to assess risks in a granular fashion and smaller funds to choose a more parsimonious method. It would therefore be preferable to issue non-binding guidelines in the area.

**16) In case material exposure to sustainability factors is identified, what are the most appropriate actions to be performed by the relevant investment entity?**

Pension funds have risk management processes in place to address all types of risk. These processes are supervised by national supervisors and the IORP Directive requires these processes to be effective and well-integrated into the organisational structure and in the decision-making processes of the IORP. If material exposures are identified, this will need to be taken into account in the strategic decisions of the IORP. We therefore believe that national supervisory structure are already well-equipped to assess whether sustainability risks, if identified, are acted upon.

**17) Should relevant investment entities disclose how they consider sustainability factors within their investment decision-making?**

- Yes
- No
- No opinion

*Please explain:*

Under the IORP II Directive pension funds will already be required to report if they consider ESG factors and if so, how.

**If yes, what areas should the disclosure cover? Please make a choice and indicate the relevance of disclosure within the different areas (1 is minor relevance and 5 is high relevance):**

	Yes	No	No opinion
Governance	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Investment strategy	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Asset allocation	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Risk management	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Relevance for governance:

- 1
- 2
- 3
- 4

5

Relevance for investment strategy:

- 1
- 2
- 3
- 4
- 5

Relevance for asset allocation:

- 1
- 2
- 3
- 4
- 5

Relevance for risk management:

- 1
- 2
- 3
- 4
- 5

**If yes, where?**

	Yes	No	No opinion
Pre-contractual disclosure (e.g. prospectuses)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Semi-annual/annual reports	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Periodic reports	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Website	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Newsletters	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Factsheets	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Marketing materials	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Others	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

#### IV. Impacts for stakeholders

**18) Which stakeholder groups would incur costs and which would benefit from integrating sustainability factors within investment decision-making by relevant investment entities?**

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	Benefits	Costs
Occupational pension providers	<input type="checkbox"/>	<input type="checkbox"/>
Personal pension providers	<input type="checkbox"/>	<input type="checkbox"/>
Life insurance providers	<input type="checkbox"/>	<input type="checkbox"/>
Non-life insurance providers	<input type="checkbox"/>	<input type="checkbox"/>
Collective investment funds (UCITS, AIF, EuVECA, EuSEF, ELTIF)	<input type="checkbox"/>	<input type="checkbox"/>
Individual portfolio managers	<input type="checkbox"/>	<input type="checkbox"/>
General public	<input type="checkbox"/>	<input type="checkbox"/>
Retail investors	<input type="checkbox"/>	<input type="checkbox"/>
Financial advisors	<input type="checkbox"/>	<input type="checkbox"/>
Service providers (index provider, research providers...)	<input type="checkbox"/>	<input type="checkbox"/>
Other stakeholders (please specify)	<input type="checkbox"/>	<input type="checkbox"/>

## 2.2 Questions addressed to end-investors

1) Do you take into account sustainability factors when you choose your investment products or investment entity?

- Yes  
 No

## 2.3 Question specifically addressed to relevant investment entities

1) As a relevant investment entity do you consider sustainability factors?

- Yes  
 No

2) What would be the level of costs associated with the integration of sustainability factors in investment decision making in the different areas? Please tick the relevant box. (Costs as % of the AUM).

	< 0.5% of the AUM	0.51% to 1% of the AUM	1.01% to 3% of the AUM	3.01% to 5% of the AUM	> 5% of the AUM	No opinion
Governance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Investment policy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Valuation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Risk management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Disclosure	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Overall cost	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**3) Please explain whether integration of sustainability factors in any of the above mentioned areas would lead to particularly significant (or potentially disproportionate) impacts in terms of costs or benefits incurred by stakeholders.**

**4) Do you engage with your clients/beneficiaries as regards their sustainability preference?**

- Yes
- No

**5) What could be the benefits associated with the integration of sustainability factors? Please, specify and quantify where possible and relevant.**

### 3. Additional information

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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) here:

#### Useful links

[More on the Transparency register \(http://ec.europa.eu/transparencyregister/public/homePage.do?locale=en\)](http://ec.europa.eu/transparencyregister/public/homePage.do?locale=en)

[Consultation details \(https://ec.europa.eu/info/consultations/finance-2017-investors-duties-sustainability\\_en\)](https://ec.europa.eu/info/consultations/finance-2017-investors-duties-sustainability_en)

[Specific privacy statement \(https://ec.europa.eu/info/files/specific-privacy-statement-institutional-investors-and-asset-managers-duties-regarding-sustainability\\_en\)](https://ec.europa.eu/info/files/specific-privacy-statement-institutional-investors-and-asset-managers-duties-regarding-sustainability_en)



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**Contact**

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