



**PensionsEurope's answer to the Targeted Consultation Document on the implementation of the Sustainable Finance Disclosures Regulation (SFDR)**

**15 December 2023**

[www.Pensionseurope.eu](http://www.Pensionseurope.eu)

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

Fields marked with \* are mandatory.

## Introduction

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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.

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**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

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### \* 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

Gabrielle

\* Surname

Kolm

\* Email (this won't be published)

info@pensionseurope.eu

\* Organisation name

*255 character(s) maximum*

PensionsEurope

\* 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.

5199259747-21

\* 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
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- 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

\* Please specify your activity field(s) or sector(s)

Trade Association

\* 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	EUR 7 trillion of AuM (our members overall)
<sup>*</sup> Products disclosing under Article 8	don't know
<sup>*</sup> Products disclosing under Article 9	don't know

\* 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

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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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Increasing transparency towards end investor with regard to the consideration of adverse sustainability impacts	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Strengthening protection of end investors and making it easier for them to benefit from and compare among a wide range of financial products and services, including those with sustainability claims	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Channelling capital towards investments considered sustainable, including transitional investments ('investments considered sustainable' should be understood in a broad sense, not limited to the definition of sustainable investment set out in Article 2(17) of SFDR)	<input type="radio"/>	<input checked="" type="radio"/>	<input 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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<p>Ensuring that remuneration policies of financial market participants and financial advisors are consistent with the integration of sustainability risks and, where relevant, sustainable investment targets and designed to contribute to long-term sustainable growth</p>	<input type="radio"/>	<input checked="" type="radio"/>	<input 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

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

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

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

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know - No opinion - Not applicable
Some disclosures required by the SFDR are not sufficiently useful to investors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Some legal requirements and concepts in the SFDR, such as 'sustainable investment', are not sufficiently clear	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
The SFDR is not used as a disclosure framework as intended, but as a labelling and marketing tool (in particular Articles 8 and 9)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Data gaps make it challenging for market participants to disclose fully in line with the legal requirements under the SFDR	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Re-use of data for disclosures is hampered by a lack of a common machine-readable format that presents data in a way that makes them easy to extract	<input type="radio"/>	<input type="radio"/>	<input 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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

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

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know - No opinion - Not applicable
The issues raised in question 1.6 create legal uncertainty for financial market participants and financial advisers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
The issues raised in question 1.6 create reputational risks for financial market participants and financial advisers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input 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 type="radio"/>	<input checked="" 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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Others



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

*5000 character(s) maximum*

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

PensionsEurope supports the European Commission's ambition of financing the transition of the broader economy by raising the bar for reporting on sustainability issues.

However, so far, the implementation of the SFDR has created significant challenges for pension funds.

We would like to highlight the following issues:

- Goal of the SFDR: Information on transparency is more useful for pension funds as investors rather than pension fund participants. The information provided under Articles 8 and 9 is too difficult for members and beneficiaries to understand. Participants often do not make any investment choice (in many MS, they do not even actively decide in which occupational pension scheme ("product") they participate), posing questions on the relevance of the SFDR. This problem is caused by the horizontal approach of the SFDR. We also feel that insights from consumer testing by supervisors supporting this conclusion were ignored.
- "Sustainable investment" definition: There are several issues with the definition of "sustainable investment", which is relevant both for the classification of Article 9 products and the reporting of the share of sustainable investments for Article 8 products. The narrow concepts of SI in the SFDR or even of "taxonomy-compliant activities" cannot serve as a realistic benchmark for the entire investments of IORPs given their broadly diversified asset allocations (investments regularly spread worldwide and across various economic sectors with well over 1,000 investment titles, which are justified under risk-return aspects and necessary to secure pension payments). The sustainability orientation of IORPs investments cannot only be judged by such very ambitious concepts (designed for marking the top edge of sustainability) nor compared with thematically limited financial products or investments with a limited number of investment titles. It also does not reflect enough "transformation strategies" of investments/investee companies. For these reasons, we believe that this definition should not be at the centre of the SFDR framework. Instead, we think that SI definition should be maintained as a pure disclosure tool only, in which flexibility should be promoted. Different products imply different challenges of interpretation and application. A general approach is more useful than a strict definition.
- The definition of "promotion" under Article 8: This broad definition could imply that pension funds are in the scope. Since Article 8 is currently interpreted as a labelling scheme, it would lead to higher reporting expectations for pension funds, as well as potential accusations of greenwashing. Deleting the notion of "promotion" could prevent pension funds from facing the risk of being forced to report under Article 8.
- Data gap: Comparability of data remains very low or absent. Pension funds have diverse portfolios, justified under risk-return aspects and necessary to secure pension payments. Most information on sustainability risk, therefore, remains mostly qualitative for now.
- Costs: A highly diversified portfolio also implies high costs for data acquisition. These costs are especially high for smaller IORPs, which lack internal resources. Ultimately, members and beneficiaries are those bearing these costs in the form of lower pensions.
- Reporting burden: The inability of pension funds to collect good-quality data and successfully fulfill the reporting requirements leads to a low portfolio ratio of Taxonomy-compliant ESG investment. This undermines trust between pension funds and their participants. A significant number of IORPs struggle to

fulfill the reporting requirements of Articles 8 and 9. They actively try to avoid having to disclose under these Articles by refraining from giving any information regarding the sustainability of their investments. The SFDR, in some cases, leads to green bleaching instead of IORPs showing their commitment to sustainability due to the unfavourable disclosure provisions.

- The transition: We are convinced that financial institutions can make the biggest impact by financing the transition, rather than investing in companies that are already sustainable. This approach is currently not sufficiently recognised by the SFDR. It does not encourage the best use of capital.

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## 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 checked="" type="radio"/>	<input 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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The possibility to consider the PAI indicators listed in Annex I of the Delegated Regulation for product level disclosures of Article 7 do not create methodological challenges	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It is clear how the disclosure requirements of Article 7 as regards principal adverse impacts interact with the requirement to disclose information according to Article 8 when the product promotes environmental and/or social characteristics and with the requirement to disclose information according to Article 9 when the product has sustainable investment as its objective	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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

*5000 character(s) maximum*

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

### General Comments

The difference between entity and product level is not always relevant for pension funds. In certain MS, IORPs only provide one "product", which is the pension scheme. Even in cases where multiple options are available, these IORPs typically present a limited number of investment choices (usually 2-3), often with only one incorporating sustainability feature. Furthermore, unlike most retail products that focus on a single asset class, pension funds diversify across various asset classes. Such diversification poses significant challenges when compiling PAI disclosures. We advocate for more alignment between the work done by the ESAs on the SFDR Delegated Regulation Review on PAI and financial product disclosures and the EC's ongoing work on the SFDR Regulation Review.

### Question 1.8

Some of our members (answer: 1) believe that basing PAI statements on a fixed list is not a useful approach to help members and beneficiaries of IORPs understand the negative sustainability impacts of their investments. In their view, the general approach of PAI statements should be changed. If the current approach were to be maintained, however, a general materiality analysis, as outlined in the Delegated Acts of the CSRD from July 2023, should always be conducted to determine the relevant material negative impacts.

Other members (answer: 5) explain that having a mandatory list for PAI is useful. It gives further guidance to data providers in developing products. It contributes to improving comparability. It can also allow investors to have a better understanding of FMPs' sustainable ambitions. It encourages them as well to continue improving their sustainability practices. Nevertheless, PAI statements should be streamlined and only composed of relevant PAI. Currently, the fixed list is very extensive, and the methodology and data shortage of some mandatory PAI are significant issues.

### Question 1.9

Maintaining consistent and reliable information from investee companies poses an ongoing challenge for IORPs engaged in PAI disclosures. Despite the efforts to refine the definition of "sustainable investment", we believe that methodological and legal challenges still persist within this concept.

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## 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.

As explained above, entity-level and product-level disclosures cannot be split in the case of IORPs.

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

*5000 character(s) maximum*

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



**Question 1.11.1 Could you please provide a split between:**

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

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

**Please specify what corresponds to “other” costs:**

*5000 character(s) maximum*

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

**Data and estimates**

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

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

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

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

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

environmental or social objective, element of the definition of 'sustainable investment' (product level)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The product's principal adverse impacts, including when assessed in the context of the 'do no significant harm' test which requires the consideration of PAI entity level indicators listed in Annex I of the Delegated Regulation and is an element of the definition of 'sustainable investment' (product level)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" 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 checked="" 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 type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Internal ESG score models	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
External ESG score models	<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 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 checked="" type="radio"/>	<input type="radio"/>
Estimates from data providers, based on data coming from other sources	<input checked="" type="radio"/>	<input 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"/>

**c) For sustainable investments (product level):**

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

**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.

Most of the data mapping for IORPs is done through data providers. The challenging assets classes include PD, PE, RE, and infrastructure. Data for equity funds in non-EU countries is also a problem.

The use of estimates, as defined by the SFDR Delegated Regulation, comes with requirements for documenting methodology and ensuring data quality. However, relying on estimates may result in higher costs compared to using actual data if available.

Engagement with investee companies to encourage reporting of missing data is limited for IORPs that invest indirectly (via AIF and UCITS).

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**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	
2021	
2022	
2023	

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

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

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

*5000 character(s) maximum*

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

The SFDR aims to establish a level playing field for all FMPs, but this one-size-fits-all approach does not work for IORPs. Instead, it creates a wrong image of their commitment to sustainable investments compared with other FMPs. IORPs cannot simply generate a new product. It will require more time and effort to move existing assets, which are part of a diverse portfolio with many different asset classes, progressively towards more sustainable investments.

## Section 2. Interaction with other sustainable finance legislation

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

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

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

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

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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

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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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The approach to DNSH and good governance in the SFDR is consistent with the environmental, social and governance exclusions under the PAB/CTB	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The ESG information provided by benchmark administrators is sufficient and is aligned with the information required by the SFDR for products tracking or referencing these benchmarks	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Both the SFDR and the Corporate Sustainability Reporting Directive (CSRD) introduce entity level disclosure requirements with a double-materiality approach<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](#)).

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<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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
There is room to streamline the entity level disclosure requirements of the SFDR and the CSRD	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input 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 type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Article 5, entity level disclosures about remuneration policies in relation to the integration of sustainability risks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Article 6, product level pre-contractual disclosures about the integration of sustainability risks 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 12, requirement to keep information disclosed according to Articles 3 and 5 up to date	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" 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.

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## **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.

Regarding the interaction between the CSRD and the SFDR, we observe a large divergence between the concept of PAIs (fixed set of indicators and values are always materially negative) and the materiality test under the Delegated Acts of the CSRD from July 2023. This discrepancy presents a challenge when attempting to derive value from PAIs. While we appreciate the EC's efforts to address this in the forthcoming ESRS Delegated Act, the statement emphasising that "FMPs and FAs may assume that any indicator reported as non-material by an investee company does not contribute to the corresponding indicator of principal adverse impacts in the context of the SFDR disclosures" requires further guidance on its interpretation and implementation by FMPs.

Another highly critical issue for IORPs is the potential overlap between the IORP II directive and the SFDR. Article 8 of the SFDR gives a very broad definition of "promotion". This promotion could appear in almost any type of document created by IORPs. Under IORP II, some of these disclosures are needed. We would be opposed to a scenario in which the IORP II amendments would force IORPs to automatically fall under Article 8 SFDR. We appreciate that EIOPA has addressed this issue in the Technical Advice for the Review of the IORP II Directive. There, EIOPA explains that if IORPs, under the prudent person rule, consider the adverse impacts of investment decisions on sustainability factors within the sustainability risk context only, it would avoid triggering SFDR Article 8. A judgment call still needs to be made, whether this is just a concern for IORPs or perhaps also other FMPs. It could be the case for PEPP providers, who are already obliged to take sustainability factors into account, but do operate in a commercial environment. It would be very helpful to have further guidance on the framework in which this issue should be clarified. Considering the complications arising from the concept of "promotion", we believe its removal would alleviate many associated issues.

MiFID II and IDD do not apply to IORPs, as distributors and financial advisors are typically not part of the process of providing occupational pensions.

## **Section 3. Potential changes to disclosure requirements for financial market participants**

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

In general, members and beneficiaries cannot select their pension fund nor choose the investment policy (they are not “customers”). Consequently, the engagement of a pension fund participant with information significantly differs from a retail client (actual “customers”), who actively selects an investment product. Additionally, there is no pre-contractual phase during which sustainability promises can be assessed. This implies that the information provided under the SFDR is not well-suited to pension fund participants.

Article 3 disclosures of SFDR information on sustainability risks is qualitative. SFDR has not improved information received from external asset managers. Currently, participants can only have a qualitative description of the potential risks. There is also an overlap with Article 30 of IORP II (statement of investment policy principles).

Article 5 disclosures of SFDR should consider that many IORPs do not have their own remuneration policy and that many of them are bound by collective agreements. Additionally, in many cases, there is either no variable pay structure, or if it exists, it is not linked to sustainability KPIs. Pension funds have explicitly highlighted these factors in their compliance with Article 5, rendering the disclosure of limited added value.

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.

Notwithstanding the concerns we have with PAI reporting (see above), the indicators we find the most relevant are:

- table 1: CO2 (1), fossil fuel exposure (4), OECD Guidelines (10 and 11), wage gap (12), gender diversity (13)

Other indicators are difficult to quantify:

- table 1: numbers 7, 8 and 9
- table 3: number 12

---

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.

The information provided under the SFDR is not well-suited to pension funds' participants. The distinction between entity and product level often lacks relevance as IORPs typically offer only one or a few (maximum 2-3) investment options to their members.

The current horizontal approach does not work for IORPs. Pension funds stand out from other financial players because they do not operate in a free market where consumers can choose the best option. Instead, they administer occupational pension schemes established by sponsoring undertakings or social partners for specific employee groups or industries. Furthermore, the structures of IORPs vary significantly across MS.

Therefore, we strongly advocate for the ESAs to be tasked with developing separate RTSs within the SFDR for each sub-sector, offering a more tailored and practical solution for IORPs. Considering the diverse IORP landscape across the EU, these RTSs should allow ample flexibility for MS and NCAs to adopt rules that align with their national contexts.

We would like to emphasise that the CSRD sets the “general” sustainability reporting standards at the entity level in the EU. To prevent redundancy, it is crucial to avoid duplicating periodic information requirements.

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## 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.

There could be some added value in having uniform requirements for some of the disclosures. The SFDR already does so under Articles 6 and 7. However, we are strongly opposed to a one-size-fits-all approach for all financial products.

We would like to stress that the use of PAIs for product-related information in the SFDR is one of our main concerns (limited relevance for members and beneficiaries and disproportionate costs). Thus, the general use of these indicators should be removed. We are clearly against amending the scope of delivering the current set or even a "reduced set" of the required PAI indicators (Annexes to the RTS) mandatorily for all or even for some financial products. Tailoring sustainability requirements for IORPs to suit their unique characteristics is essential. Hence, we propose a distinct RTS for IORPs as part of the SFDR. Considering the diversity among IORPs across the EU, this RTS should provide ample flexibility for MS and NCAs to adopt rules that align with their national contexts.

**Question 3.2.1 b) Please see a list of examples of disclosures that could also be required about all financial products for transparency purposes.**

**In your view, should these disclosures be mandatory, and/or should any other information be required about all financial products for transparency purposes?**

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

Currently, FMPs rely on external providers for both PAI and Taxonomy disclosures. It is worth noting that smaller FMPs might face comparatively lower costs, but these costs are not proportionate. For example, an annual cost of EUR 100,000 would account for 10 basis points to a pension fund with 100 million AuM, while for a pension fund with 100 billion, this would only amount to 0.01 basis points. Any cost increase directly results in reduced lifetime pensions. Notably, EIOPA estimates that a 1% increase in costs can lead to a

20% decrease in lifetime pensions.

It is very important to consider the specificities of different investment types. As addressed above, the principal use of indicators is not appropriate. We oppose the mandatory use of PAI disclosures on all products.

For all these reasons, IORPs cannot be considered financial products. Their specificities must be considered. Engagement is already covered by the SRD II, while exclusions are addressed in the IORP II Directive (SIPP).

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**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.

Pension funds have an interest in achieving some level of standardisation for financial products. However, investors that are primarily engaged in investments through AIF and UCITS should be excluded from these 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

**Question 3.2.2 c) Please see a list of examples of disclosures that could also be required about the group of financial products that would be subject to standardised disclosure obligations for transparency purposes (in line with your answer to Q 3.2.2 above).**

**In your view, should these disclosures be mandatory, and/or should any other information be required about that group of financial products?**

	1 (not at all)	2 (to a limited extent)	3 (to some extent)	4 (to a large extent)	5 (to a very large extent)	Don't know - No opinion - Not applicable
Taxonomy-related disclosures	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Engagement strategies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" 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"/>
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"/>
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**Please explain as necessary your replies to questions 3.2.2 and its sub-questions:**

*5000 character(s) maximum*

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

We would like to stress again our concerns about using PAI for SFDR's requirements regarding product-related information. There is no added value for members and beneficiaries. We also have some doubts about the materiality of some investments and strategies. We believe that the principal use of PAI indicators should be deleted. Therefore, we are against changing the scope of mandatory PAI indicators for all or some financial products.

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.

The development of a standard could be useful to achieve some degree of comparability. We still believe, however, that increasing requirements could hurt transparency and increase the possibility of greenwashing.

We propose that additional layers of rules and supervision are imposed on products intending to use the

categories outlined in Chapter 4. Past experiences have demonstrated that incorporating various sustainability levels into a disclosure framework has proven ineffective, often resulting in greenwashing.

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 support the idea of making disclosures more accessible to participants. However, we believe that only relevant information should be published. The current templates are too complicated for participants.

The SFDR is designed for a pre-contractual phase where information can be checked regularly. This pre-contractual phase does not apply to pension funds. Therefore, we suggest that regular disclosures on the website should suffice to inform members and beneficiaries about sustainability aspects. We also agree that periodic reporting is necessary to track the fund's sustainability performance over time.

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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 type="radio"/>	<input checked="" 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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sustainability information about financial products should be made available to potential investors, investors or the public according to rules in sectoral legislation (e.g.: UCITS, AIFM, IORPs directives); the SFDR should not impose rules in this regard	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

## Please explain as necessary your replies to question 3.2.6:

*5000 character(s) maximum*

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

We support the European Commission's commitment to improving transparency for end investors regarding sustainability impacts of their investments. However, we hold reservations about the value these disclosures requirements actually bring to members and beneficiaries. Indeed, they are often automatically enrolled and often do not make any investment decisions.

Furthermore, comparing IORPs with other products becomes challenging due to the diversified portfolio of pension funds. For instance, if a pension fund allocates 50% to equities and 50% to government bonds, it might achieve a 10% Taxonomy-alignment in its equity portfolio. It would result in a 5% Taxonomy-alignment at the product level. Does this mean the fund is less committed than another fund solely investing in equities with a 7.5% Taxonomy-alignment? Such comparisons can mislead and inadequately represent an IORP's sustainability efforts.

The nature of pension funds requires specific considerations, which are not currently addressed in the horizontal approach. We recommend the development of a separate RTS within the SFDR to establish an effective disclosure framework and reporting requirements tailored to pension funds. This RTS should align with the sustainability requirements under the IORP II directive to ensure a coherent approach towards sustainability-related disclosures. Additionally, considering the heterogeneity among IORPs across the EU, the RTS should allow MS and NCAs enough flexibility to adopt rules that suit their national contexts.

---

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

In some pension systems, individuals have the option to select their investment preferences within the pension fund. This warrants simpler and easily accessible information. Still, we believe that comparability should not come at the expense of comprehensibility and clarity.

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### **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.

There is no difference between product and entity levels for IORPs. The disclosures are the same and collecting data requires a lot of effort. However, for IORPs, it is useful to get a better insight into the sustainability aspects of their investments.

---

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

Pension funds have globally diversified portfolios and cannot always ensure the data quality of their entire investee companies. Moreover, when dealing with illiquid investments, substantial data gaps persist. Closing these gaps can only be done so gradually. While the quality of the data has improved to some extent, we expect more positive developments with the implementation of the CSRD.

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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 type="radio"/>	<input type="radio"/>	<input checked="" 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 type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
It would be useful to prescribe a specific machine-readable format for all (or some parts) of the reporting under the SFDR (e.g. iXBRL)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" 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 type="radio"/>	<input type="radio"/>	<input checked="" 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 type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" 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.

IORPs are customers on the capital market and providing them with sustainability-related investment information in a digital format could be beneficial. A machine-readable format could also enhance accessibility. Moreover, ensuring that sustainability disclosures are easily comprehensible for members is important.

Still, the implementation of the requirements outlined in 3.2.12 could potentially lead to higher costs for pension funds, which should be avoided.

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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 checked="" type="radio"/>	<input 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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Whether the underlying investments are in certain economic activities or in companies active in certain sectors	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other considerations as regards the type of product or underlying investments	<input 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.

The unique characteristics of IORPs should be duly considered, particularly in instances of compulsory enrolment where members and beneficiaries are not actively involved in investment decisions. The extent of information disclosed should be inversely proportional to the range of choices available to investors.

For some of our members, it is also crucial to support flexibility in disclosure requirements of Multi-Option Products (MOPs). These products offer a wide array of investment options, necessitating consideration within the legislative framework. Simplifications in periodic disclosures for MOPs can be enhanced by allowing cross-referencing.

## 4. Potential establishment of a categorisation system for financial products

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### 4.1 Potential options

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

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

Replies to questions in this section will help assess which type of investor would find product categories useful. Some questions relate to different possibilities as to how the system could be set-up, including whether disclosure requirements about products making sustainability claims should play a role. There are therefore certain links between questions in this section and section 3 on disclosures. Accordingly, respondents are invited to reply to questions in both sections, so that the Commission services can get insights into how they view disclosures and product categories separately, but also how they see the interlinkages between the two.

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

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

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

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know - No opinion - Not applicable
Sustainability product categories regulated at EU level would facilitate retail investor understanding of products' sustainability-related strategies and objectives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Sustainability product categories regulated at EU level would facilitate professional investor understanding of products' sustainability-related strategies and objectives	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input 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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input 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 type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
There is no need for product categories. Pure disclosure requirements of sustainability information are sufficient	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



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

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

Converting Articles 8 and 9 into formal categories

Some pension funds currently fall under Article 8 or 9. Efforts are ongoing to refine methodologies and best practices. Therefore, leveraging existing concepts and transforming them into more formal categories could save implementation costs compared to creating a new framework.

However, just sticking to Articles 8 and 9 will not completely solve confusion around disclosures, which can lead to greenwashing risks.

A major challenge is setting minimum requirements. For instance, the French supervisor AMF proposed imposing quantitative thresholds for assets aligned with the Taxonomy or yet-to-be-defined "transition assets." If such assets are primarily found in listed equity, a target for a pension fund with, for instance, 25% allocation to listed equity would be four times more ambitious than for an equity ETF. This difference could also occur within the pension sector, where pension funds with an older population are automatically investing more in government bonds compared to pension funds with a "young" population.

Similarly, for measuring the degree to which the ESG policy is "binding", it is proposed to do so by considering the minimum reduction of the investment universe. This approach is very much focused on the listed equity space. For asset classes like private equity, real estate, private debt, mortgages, securitisations, and hedge funds, there is no known universe from which titles can be excluded.

In conclusion, we firmly believe that using existing articles to establish proper categories for pension funds requires careful design and consideration of these issues.

New categorisation system

The listed concepts in option 1 are a sensible approach to reflect investment strategies.

In the case of IORPs, the disclosure of sustainability strategies must accommodate their extensively diversified portfolios and align with practical and applied concepts. Approach 1 demonstrates a partial reflection of these ideas.

Nevertheless, adopting this approach would require the development of an entirely new framework, potentially adding more complexity to pension funds. This might dissuade IORPs from engaging with any voluntary categorisation system.

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**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. investments in firms generating and distributing renewable energy, or in companies building social	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

housing or regenerating urban areas.						
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.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
C - Products that exclude investees involved in activities with negative effects on people and/or the planet	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
D - Products with a transition focus aiming to bring measurable improvements to the sustainability profile of the assets they invest in, e.g. investments in economic activities						

<p>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"/>
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**If you think there are other possible useful categories, please specify:**

*5000 character(s) maximum*

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

The listed categories would be a good practical starting point for categorisation. This concept reflects strategies and objectives well.

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

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

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

- 1 - Totally disagree

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

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

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

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

- Yes
- No
- There is another possible approach
- Don't know / no opinion / not applicable

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

*5000 character(s) maximum*

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

Pension funds typically adopt diverse strategies within their responsible investment policies. In the best-case scenario, these strategies should encompass various categories. Nevertheless, it is crucial to establish stringent rules to prevent any misapplication of such categories. Overly high thresholds might hinder pension funds from using the framework altogether. However, this most likely will not be a significant issue given that pension funds are neither distributed nor marketed.

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**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.

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



**Please explain your answers for product category A:**

*5000 character(s) maximum*

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

**For product category B of question 4.1.4:**

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

**Please explain your answers for product category B:**

*5000 character(s) maximum*

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

**For product category C of question 4.1.4:**

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

**Please explain your answers for product category C:**

*5000 character(s) maximum*

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

**For product category D of question 4.1.4:**

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't know - No opinion - Not applicable
Taxonomy alignment	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Engagement strategies	<input type="radio"/>	<input type="radio"/>	<input checked="" 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 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 explain your answers for product category D:**

*5000 character(s) maximum*

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

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

	1 (totally disagree)	2 (mostly disagree)	3 (partially disagree and partially agree)	4 (mostly agree)	5 (totally agree)	Don't No op ↑ appl
<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 he 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.

The process criteria must work for all FMPs and asset classes for pension funds to use these categories. This is not the case with the process criteria “minimum exclusion rate of the investable universe”, which does not work for private equity, infrastructure, securitisations, real estate, etc. Instead, it can only work for asset classes with a known finite universe. This approach is therefore not well-suited to pension funds, which typically combine both listed and non-listed, public, and private assets.

**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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The current concept of 'sustainable investment'	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The current element of 'contribution to an environmental or social objective' of the sustainable investment concept	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The current element 'do no significant harm' of the sustainable						



<p>investment concept, and its link with the entity level principal adverse impact indicators listed in tables 1, 2 and 3 of Annex I of the Delegated Regulation</p>	<input type="radio"/>	<input checked="" 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 type="radio"/>	<input checked="" 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>
‘contribution to an environmental or social objective’, element of the sustainable investment concept	A taxonomy-like framework would be useful to clarify this concept.
‘do no significant harm’, element of the sustainable investment concept	A taxonomy-like framework would be useful to clarify this concept.
‘investee companies’ good governance practices’, element of the sustainable investment concept	A taxonomy-like framework would be useful to clarify this concept.

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

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

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

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

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

*5000 character(s) maximum*

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

We believe that the notion of "promotion" should be deleted as outlined in our previous answers.

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

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

...fall under the potential new product category of Article 9?



---

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

*5000 character(s) maximum*

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

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## 4.2 General questions about the potential establishment of sustainability products categories

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

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

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

**Question 4.2.1 a) Please see a list of examples of disclosures that could be required when a product falls within a specific sustainability product category.**

**Should this information be required when a product falls within a specific sustainability product category, and/or should any other information be required about those products?**

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

**Please explain your answer to Question 4.2.2:**

*5000 character(s) maximum*

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

**Question 4.2.3 If a categorisation system was established, to what extent do you agree with the following statement?**

**“When determining the criteria for product categories it should be taken into account...”**

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



### Please explain your answer to question 4.2.3:

*5000 character(s) maximum*

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

It should be considered whether the product invests in multiple asset classes, especially in private assets.

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## 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 do not provide the KID and have no experience with it.

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

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

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

Pension funds are committed to providing accurate information to their participants about their investments, as required by regulations.

However, when it comes to the "promotion" of sustainability by pension funds, it may not be as crucial since participants' interests are already represented in the IORP's governance.

Pension funds generally operate without a commercial agenda and do not offer choices to participants, meaning that they do not engage in marketing, sales, or have any financial incentives to misleadingly promote ESG claims (i.e., no intention for greenwashing).

## **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) 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

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## **About PensionsEurope**

**PensionsEurope** represents national associations of pension funds and similar institutions for workplace and other funded pensions. Some members operate purely individual pension schemes.

PensionsEurope has **25 member associations** in 18 EU Member States and 4 other European countries<sup>2</sup>.

PensionsEurope member organisations cover different types of workplace pensions for over **110 million people**. Through its Member Associations PensionsEurope represents **€ 7 trillion of assets** managed for future pension payments. In addition, many members of PensionsEurope also cover personal pensions, which are connected with an employment relation.

PensionsEurope also has **20 Corporate and Supporter Members** which are various service providers and stakeholders that work with IORPs.

PensionsEurope has established a **Central & Eastern European Countries Forum (CEEC Forum)** to discuss issues common to pension systems in that region.

PensionsEurope has established a **Multinational Advisory Group (MAG)** which delivers advice on pension issues to PensionsEurope. It provides a collective voice and information sharing for the expertise and opinions of multinationals.

## **What PensionsEurope stands for**

- A regulatory environment encouraging workplace pension membership;
- Ensure that more and more Europeans can benefit from an adequate income in retirement;
- Policies which will enable sufficient contributions and good returns.

## **Our members offer**

- Economies of scale in governance, administration and asset management;
- Risk pooling and often intergenerational risk-sharing;
- Often “not-for-profit” and some/all of the costs are borne by the employer;
- Members of workplace pension schemes often benefit from a contribution paid by the employer;
- Wide-scale coverage due to mandatory participation, sector-wide participation based on collective agreements and soft-compulsion elements such as auto-enrolment;
- Good governance and alignment of interest due to participation of the main stakeholders.

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<sup>2</sup> EU Member States: Austria, Belgium, Bulgaria, Croatia, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg, Netherlands, Portugal, Romania, Spain, Sweden. Non-EU Member States: Iceland, Norway, Switzerland, UK.