

European Commission

**SUBMITTED VIA ONLINE QUESTIONNAIRE**

[finance-2023-sfdr-implementation \(europa.eu\)](https://finance-2023-sfdr-implementation.europa.eu)

**Targeted consultation on the implementation of the Sustainable Finance Disclosures  
Regulation**

## **INTRODUCTION**

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

**CONSULTATION QUESTIONS**

## 1. CURRENT REQUIREMENTS OF THE SFDR

The EU’s sustainable finance policy is designed to attract private investment to support the transition to a sustainable, climate-neutral economy. The SFDR is designed to contribute to this objective by providing transparency to investors about the sustainability risks that can affect the value of and return on their investments (‘outside-in’ effect) and the adverse impacts that such investments have on the environment and society (‘inside-out’). This is known as double materiality. This section of the questionnaire seeks to assess to what extent respondents consider that the SFDR is meeting its objectives in an effective and efficient manner and to identify their views about potential issues in the implementation of the regulation.

We are seeking the views of respondents on how the SFDR works in practice. In particular, we would like to know more about potential issues stakeholders might have encountered regarding the concepts it establishes and the disclosures it requires.

Questions						Rating/LMA comment												
<p><b>Question 1.1:</b> 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?</p> <p><i>(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)</i></p> <table border="1"> <thead> <tr> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> <th>Don’t Know</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td>x</td> <td></td> </tr> </tbody> </table>						1	2	3	4	5	Don’t Know					x		
1	2	3	4	5	Don’t Know													
				x														
<p><b>Question 1.2:</b> Do you think the SFDR disclosure framework is effective in achieving the following specific objectives (included in its <a href="#">Explanatory Memorandum</a> and mentioned in its recitals)<sup>1</sup>:</p> <p><i>(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)</i></p> <table border="1"> <thead> <tr> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> <th>Don’t Know</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>						1	2	3	4	5	Don’t Know							
1	2	3	4	5	Don’t Know													

<sup>1</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52018PC0354>

Questions	Rating/LMA comment												
Increasing transparency towards end investors with regard to the integration of sustainability risks <sup>2</sup>	3												
Increasing transparency towards end investors with regard to the consideration of adverse sustainability impacts	3												
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	3												
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)	4												
Ensuring that ESG considerations are integrated into the investment and advisory process in a consistent manner across the different financial services sectors	3												
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	<b>LMA is not intending to respond to this question.</b>												
<p><b>Question 1.3:</b> 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?</p> <p><i>(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)</i></p> <table border="1"> <thead> <tr> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> <th>Don't Know</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td>x</td> <td></td> </tr> </tbody> </table>	1	2	3	4	5	Don't Know					x		5
1	2	3	4	5	Don't Know								
				x									

<sup>2</sup> 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.

Questions	Rating/LMA comment													
<p><b>Question 1.4:</b> Do you agree with the following statement? <i>(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)</i></p> <table border="1" data-bbox="209 443 1007 562"> <tr> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>Don't Know</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>	1	2	3	4	5	Don't Know								
1	2	3	4	5	Don't Know									
<p>The costs of disclosure under the SFDR framework are proportionate to the benefits it generates (informing end investors, channelling capital towards sustainable investments)</p>														
<p><b>Question 1.5:</b> To what extent do you agree with the following statements? <i>(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)</i></p> <table border="1" data-bbox="209 934 1007 1052"> <tr> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>Don't Know</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>	1	2	3	4	5	Don't Know								
1	2	3	4	5	Don't Know									
<p>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</p>	5													
<p>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.</p>	5													
<p>The SFDR has had indirect positive effects by increasing pressure on investee companies to act in a more sustainable manner.</p>	4													
<p>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.</p>														

Questions	Rating/LMA comment													
<p><b>Question 1.6:</b> To what extent do you agree or disagree with the following statements?</p> <p><i>(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)</i></p> <table border="1" data-bbox="209 483 1007 600"> <thead> <tr> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> <th>Don't Know</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	1	2	3	4	5	Don't Know								
1	2	3	4	5	Don't Know									
Some disclosures required by the SFDR are not sufficiently useful to investors	3													
Some legal requirements and concepts in the SFDR, such as 'sustainable investment', are not sufficiently clear	4													
The SFDR is not used as a disclosure framework as intended, but as a labelling and marketing tool (in particular Articles 8 and 9)	3													
Data gaps make it challenging for market participants to disclose fully in line with the legal requirements under the SFDR	4													
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 it easy to extract	4													
There are other deficiencies with the SFDR rules (please specify in text box following question 1.7)														
<p><b>Question 1.7:</b> To what extent do you agree or disagree with the following statements?</p> <p><i>(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)</i></p> <table border="1" data-bbox="209 1603 1007 1720"> <thead> <tr> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> <th>Don't Know</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	1	2	3	4	5	Don't Know								
1	2	3	4	5	Don't Know									
The issues raised in question 1.6 create legal uncertainty for financial market participants and financial advisers	4													
The issues raised in question 1.6 create reputational risks for financial market participants and financial advisers	4													

Questions	Rating/LMA comment
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	3
The issues raised in question 1.6 create a risk of greenwashing and mis-selling	4
The issues raised in question 1.6 prevent capital from being allocated to sustainable investments as effectively as it could be	3
The current framework does not effectively capture investments in transition assets	4
The current framework does not effectively support a robust enough use of shareholder engagement as a means to support the transition	3
Others:	

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

The LMA is committed to supporting the EU’s sustainable finance policy and we recognise the vital role that loan products have in achieving a just transition to a sustainable, climate neutral economy.

Loans (including, but not limited to, sustainability-linked loans and use of proceeds loans) are an integral part of the sustainability information chain. Obtaining information from companies is crucial for disclosure and reporting throughout the investment and finance chain.

The challenges set out above have made the process of reporting and disclosure complex, time-consuming, resource intensive and costly particularly in the case of participants operating in the mid-market, the private debt sector and funds focusing on transitional investment or hard-to-abate sectors. Compliance with multiple disclosure and reporting regimes has resulted in a significant cost burden on financial market participants and financial advisors.

The LMA notes that the current sustainability disclosure and reporting landscape has developed significantly since SFDR first came into force with changes including the ISSB standards, European Sustainability Reporting Standards and UK Sustainability Disclosure Regulations. Multiple misaligned regimes have resulted in increased complexity, ultimately making the achievement of the overall goals of transparency and comparability much more challenging.

A wave of consultations and different timings for implementation of sustainability regulations across the EU and globally has made it extremely difficult for market participants, including borrowers, to understand, analyse and implement requirements of a complex, interrelated and evolving sustainability regulatory landscape. The LMA therefore urges the European Commission to ensure that any resulting changes to SFDR enhance interoperability between global reporting and disclosure regimes, and avoids an approach which results in changes to SFDR (including in



Questions	Rating/LMA comment
<p>respect of product labelling) which are more granular than other reporting and disclosure regimes currently being developed. Clear statements (including examples) of good and poor practice would be very helpful in obtaining more certainty and alignment.</p> <p>As outlined above, market participants are grappling with the challenges referred to in this consultation. This means that “greenwashing” is difficult to comprehensively define as it applies across multiple disclosure and reporting regimes including SFDR. Market participants are attempting to use resources, peer-to-peer learning, industry bodies and best practice to ensure compliance with SFDR.</p> <p>Whilst a review of SFDR in order to address fundamental issues is welcome, this should be balanced with consideration of the potential impact (including cost, time and resource) of implementing any changes, and so should be limited accordingly.</p>	

## 1.1 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](#)<sup>3</sup> 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.

<sup>3</sup> [Commission Delegated Regulation \(EU\) 2022/1288 of 6 April 2022](#)

In this context:

Questions	Rating/LMA comment												
<p><b>Question 1.8:</b> To what extent do you agree with the following statements about entity level disclosures? <i>(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)</i></p> <table border="1" data-bbox="209 600 1007 719"> <thead> <tr> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> <th>Don't Know</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	1	2	3	4	5	Don't Know							
1	2	3	4	5	Don't Know								
<p>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).</p>	2												
<p>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.</p>	2												
<p>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.</p>	3												
<p><b>Question 1.8.1:</b> 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? <i>(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)</i></p> <table border="1" data-bbox="209 1552 1007 1704"> <thead> <tr> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> <th>Don't Know</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td>x</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	1	2	3	4	5	Don't Know			x				
1	2	3	4	5	Don't Know								
		x											

Questions	Rating/LMA comment												
<p><b>Question 1.9:</b> To what extent do you agree with the following statements about product level disclosures?</p> <table border="1" data-bbox="209 465 1007 616"> <thead> <tr> <th data-bbox="209 465 336 555">1</th> <th data-bbox="336 465 464 555">2</th> <th data-bbox="464 465 592 555">3</th> <th data-bbox="592 465 719 555">4</th> <th data-bbox="719 465 847 555">5</th> <th data-bbox="847 465 1007 555">Don't Know</th> </tr> </thead> <tbody> <tr> <td data-bbox="209 555 336 616"></td> <td data-bbox="336 555 464 616"></td> <td data-bbox="464 555 592 616">x</td> <td data-bbox="592 555 719 616"></td> <td data-bbox="719 555 847 616"></td> <td data-bbox="847 555 1007 616"></td> </tr> </tbody> </table> <p><i>(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)</i></p>	1	2	3	4	5	Don't Know			x				
1	2	3	4	5	Don't Know								
		x											
<p>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.</p>	4												
<p>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</p>	3												
<p>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.</p>	2												
<p>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.</p>	2												
<p>Please provide any additional explanations as necessary for questions 1.8, 1.8.1 and 1.9:</p>													

Questions	Rating/LMA comment
<p>As indicated above, the LMA notes some general challenges with obtaining and using PAIs in investment processes relating to loans with issues regarding data collection. In turn this means that different approaches are being taken to data collection, analysis and therefore analysis in terms of scope, data collection, proxies, reporting methodologies, scoring and asset considered. At an entity-level, this is further complicated by the variation and aggregating of information from underlying financial products. As referred to above, loan products themselves may be either labelled products in accordance with industry principles and guidance or otherwise take a range of approaches to contractual disclosure and reporting obligations. Given the range of approaches and potential for variation, market participants have questioned whether entity level disclosures offer the consistency and comparability of meaningful and transparent disclosures.</p>	

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

## **1.2 THE COST OF DISCLOSURES UNDER THE SFDR TODAY**

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.

Questions	Rating/LMA Comment
<p><b>Question 1.10:</b> 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</p>	

Questions				Rating/LMA Comment								
<p>market participant and any external services contracted to assist in complying with the requirements (services from third-party data providers, advisory services ...). If such a breakdown is not possible, please provide the total figures.</p> <table border="1"> <thead> <tr> <th>EUR</th> <th>Estimated one off costs</th> <th>Estimated recurring annual costs</th> <th>Don't know</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>				EUR	Estimated one off costs	Estimated recurring annual costs	Don't know					
EUR	Estimated one off costs	Estimated recurring annual costs	Don't know									
Internal costs												
Thereof personnel costs												
Thereof IT costs												
External costs												
Thereof data providers												
Thereof advisory services												
Total costs of SFDR disclosure requirements												
<p><b>Question 1.10.1:</b> Could you split the total costs between product level and entity level disclosures?</p> <table border="1"> <thead> <tr> <th>%</th> <th>Product-level disclosures</th> <th>Entity-level disclosures</th> <th>Don't know</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>				%	Product-level disclosures	Entity-level disclosures	Don't know					
%	Product-level disclosures	Entity-level disclosures	Don't know									
Estimated percentage of costs												
If you wish to provide additional details, please use the box below:												
<p><b>Question 1.11:</b> In order to have a better understanding of internal costs, could you provide an estimate of how many full-time-equivalents (FTEs - FTEs - 1 FTE corresponds to 1 employee working full-time the whole year) are involved in preparing SFDR disclosures?</p>												

Questions						Rating/LMA Comment
Could you please provide a split between:						
%	Retrieving the data	Analysing the data	Reporting SFDR disclosures	Other	Don't know	
Estimated percentage						

### 1.3 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.

Questions						Rating/LMA comment
<b>Question 1.12:</b> Are you facing difficulties in obtaining good-quality data?						Yes
Yes	No	Don't know				
<b>Question 1.12.1:</b> If so, do you struggle to find information about the following elements? <i>(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)</i>						
1	2	3	4	5	Don't Know	
The entity level principal adverse impacts						4
The proportion of taxonomy-aligned investments (product level)						4
The contribution to an environmental or social objective, element of the definition of 'sustainable investment' (product level)						4

Questions	Rating/LMA comment												
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)	4												
The good governance practices of investee companies (product level)	4												
Other													
<p><b>Question 1.12.2:</b> Is the SFDR sufficiently flexible to allow for the use of estimates?</p> <p><i>(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)</i></p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>Don’t Know</td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </table>	1	2	3	4	5	Don’t Know							
1	2	3	4	5	Don’t Know								
<p><b>Question 1.12.3:</b> Is it clear what kind of estimates are allowed by the SFDR?</p> <p><i>(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)</i></p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>Don’t Know</td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </table>	1	2	3	4	5	Don’t Know							
1	2	3	4	5	Don’t Know								
<p><b>Question 1.12.4:</b> If you use estimates, what kind of estimates do you use to fill the data gap?</p> <p><i>(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)</i></p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td style="width: 20%;"></td> <td style="width: 20%;">Entity level principal adverse impacts</td> <td style="width: 20%;">Taxonomy aligned investments (product level)</td> <td style="width: 20%;">Sustainable investments (product level)</td> <td style="width: 20%;">Other</td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </table>		Entity level principal adverse impacts	Taxonomy aligned investments (product level)	Sustainable investments (product level)	Other								
	Entity level principal adverse impacts	Taxonomy aligned investments (product level)	Sustainable investments (product level)	Other									
Estimates from data providers, based on data coming from the investee companies													
Estimates from data providers, based on data coming from other sources													
In-house estimates													

Questions	Rating/LMA comment												
Internal ESG score models													
External ESG score models													
Other													
<p><b>Question 1.12.5:</b> Do you engage with investee companies to encourage reporting of the missing data?</p> <p><i>(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)</i></p> <table border="1" data-bbox="209 689 1007 808"> <thead> <tr> <th data-bbox="209 689 336 768">1</th> <th data-bbox="336 689 464 768">2</th> <th data-bbox="464 689 592 768">3</th> <th data-bbox="592 689 719 768">4</th> <th data-bbox="719 689 847 768">5</th> <th data-bbox="847 689 1007 768">Don't Know</th> </tr> </thead> <tbody> <tr> <td data-bbox="209 768 336 808"></td> <td data-bbox="336 768 464 808"></td> <td data-bbox="464 768 592 808"></td> <td data-bbox="592 768 719 808"></td> <td data-bbox="719 768 847 808"></td> <td data-bbox="847 768 1007 808"></td> </tr> </tbody> </table>	1	2	3	4	5	Don't Know							
1	2	3	4	5	Don't Know								
Please also provide further explanations to your replies to questions 1.12 to 1.12.5.													



Questions	Rating/LMA comment
<p>We have referred above to challenges around data and analysis as well as issues around data reporting under CSRD. In addition to these points, the LMA notes some general challenges with obtaining data and consideration of PAI in investment processes relating to loans. This includes issues around relevance of indicators, the availability of data and consistency of approach. For example, disclosure by borrowers in the leveraged finance and mid-market is often backward looking and inconsistent across the entity and product level. Ultimately, this can result in distorted figures which makes the relevant information (where available) difficult to compare and assess.</p> <p>Members have also raised concerns regarding the quality of the data provided by external vendors with a lack of coverage in respect of the loan and private markets.</p> <p>In addition, common methodologies for certain metrics are still illusive.</p> <p>Taken together, it can therefore be challenging to capture all the data which is required and could result in variable data and a lack of relevant information for end-investors.</p> <p>As part of this review, market participants would find it useful to have further clarity as to the correct approach to use when data is not reported and the circumstances/parameters for using estimates and proxies.</p> <p>Market participants would also welcome clarity with respect to the DNSH framework to ensure consistency of approach and, in order to enhance compatibility, details of any alternative approaches to DNSH (including, for example, net positive outcomes frameworks).</p>	

Questions	Rating/LMA comment												
<p><b>Question 1.13:</b> 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)?</p> <p><i>(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)</i></p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>Don't Know</td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </table>	1	2	3	4	5	Don't Know							
1	2	3	4	5	Don't Know								
<p><b>Question 1.13.1:</b> 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.)</p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td>2020</td> <td>2021</td> <td>2022</td> <td>2023</td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </table>	2020	2021	2022	2023									
2020	2021	2022	2023										
<p><b>Question 1.13.2:</b> If you have increased your offering of financial products making sustainability claims, in your view, has any of the following factors influenced this increase?</p> <p><i>(1= not at all, 2= not really, 3= partially, 4= mostly, 5= totally)</i></p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>Don't Know</td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </table>	1	2	3	4	5	Don't Know							
1	2	3	4	5	Don't Know								
SFDR requirements													
Retail investor interest													
Professional investor interest													
Market competitiveness													
Other factors													
If other, please specify. Please also provide further explanations to your replies to questions 1.13, 1.13.1 and 1.13.2.													

## 2. INTERACTION WITH OTHER SUSTAINABLE FINANCE LEGISLATION

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

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

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

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

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

Questions	Rating/LMA comment												
<p><b>Question 2.1:</b> 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?</p> <p><i>(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)</i></p> <table border="1" data-bbox="209 757 1031 875"> <thead> <tr> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> <th>Don't Know</th> </tr> </thead> <tbody> <tr> <td></td> <td>X</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	1	2	3	4	5	Don't Know		X					2
1	2	3	4	5	Don't Know								
	X												
<p>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.</p>													
<p><b>Question 2.2:</b> To what extent do you agree or disagree with the following statements?</p> <p><i>(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)</i></p> <table border="1" data-bbox="209 1556 1031 1675"> <thead> <tr> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> <th>Don't Know</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	1	2	3	4	5	Don't Know							
1	2	3	4	5	Don't Know								
<p>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</p>													
<p>The approach to DNSH and good governance in the SFDR is consistent with the environmental, social and governance exclusions under the PAB/CTB</p>	2												

Questions	Rating/LMA comment												
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													
<p>Both the SFDR and the Corporate Sustainability Reporting Directive (CSRD) introduce entity level disclosure requirements with a double-materiality approach.<sup>4</sup> The CSRD sets out sustainability reporting requirements mainly for all large and all listed undertakings with limited liability (except listed micro-enterprises),<sup>5</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 <a href="#">European Sustainability Reporting Standards (ESRS)</a><sup>6</sup>.</p>													
<p><b>Question 2.3:</b> To what extent do you agree or disagree with the following statements?</p> <p><i>(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)</i></p> <table border="1" data-bbox="209 1111 1031 1229"> <thead> <tr> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> <th>Don't Know</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	1	2	3	4	5	Don't Know							
1	2	3	4	5	Don't Know								
The SFDR disclosures are consistent with the CSRD requirements, in particular with the European Sustainability Reporting Standards	3												
There is room to streamline the entity level disclosure requirements of the SFDR and the CSRD	5												

<sup>4</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>5</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).

<sup>6</sup> Provided positive scrutiny of co-legislators of the [ESRS delegated act](#).

Questions	Rating/LMA comment												
<p>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.</p>													
<p><b>Question 2.4:</b> To what extent do you agree that the product disclosures required in the SFDR and its <a href="#">Delegated Regulation</a> (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 MiFID2 and the IDD?</p> <p><i>(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)</i></p> <table border="1" data-bbox="209 1008 1031 1128"> <thead> <tr> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> <th>Don't Know</th> </tr> </thead> <tbody> <tr> <td></td> <td>X</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	1	2	3	4	5	Don't Know		X					<p>2</p>
1	2	3	4	5	Don't Know								
	X												
<p><b>Question 2.5:</b> 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?</p> <p><i>(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)</i></p> <table border="1" data-bbox="209 1442 1031 1563"> <thead> <tr> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> <th>Don't Know</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	1	2	3	4	5	Don't Know							
1	2	3	4	5	Don't Know								
<p>Article 3, entity level disclosures about the integration of sustainability risks policies in investment or insurance advice</p>													
<p>Article 4, entity level disclosures about consideration of principal adverse impacts</p>													
<p>Article 5, entity level disclosures about remuneration policies in relation to the integration of sustainability risks</p>													
<p>Article 6, product level pre-contractual disclosures about the integration of sustainability risks in investment or insurance advice</p>													

Questions	Rating/LMA comment						
Article 12, requirement to keep information disclosed according to Articles 3 and 5 up to date							
<p><b>Question 2.6:</b> Have the requirements on distributors to consider sustainability preferences of clients impacted the quality and consistency of disclosures made under SFDR?</p> <table border="1" data-bbox="209 573 1031 689"> <thead> <tr> <th data-bbox="209 573 475 616">Yes</th> <th data-bbox="475 573 742 616">No</th> <th data-bbox="742 573 1031 616">Don't Know</th> </tr> </thead> <tbody> <tr> <td data-bbox="209 616 475 689">x</td> <td data-bbox="475 616 742 689"></td> <td data-bbox="742 616 1031 689"></td> </tr> </tbody> </table>	Yes	No	Don't Know	x			Yes
Yes	No	Don't Know					
x							
<p><b>Question 2.6.1:</b> If so, how?</p> <p>PRIPs requires market participants to provide retail investors with <a href="#">key information documents (KIDs)</a>. As part of the <a href="#">retail investment strategy</a><sup>7</sup>, 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.</p>							
Please clarify your replies to questions in section 2 as necessary:							
<u>It has provided distributors with a regulatory reason why they need certain information, which has made it hard for product providers to refuse to provide it.</u>							

<sup>7</sup> [https://finance.ec.europa.eu/publications/retail-investment-strategy\\_en](https://finance.ec.europa.eu/publications/retail-investment-strategy_en)

### 3. POTENTIAL CHANGES TO DISCLOSURE REQUIREMENTS FOR FINANCIAL MARKET PARTICIPANTS

#### 3.1 ENTITY LEVEL DISCLOSURES

The SFDR contains entity level disclosure requirements for financial market participants and financial advisers. They shall disclose on their website their policies on the integration of sustainability risks in their investment decision-making process or their investment or insurance advice (Article 3). In addition, they shall disclose whether, and if so, how, they consider the principal adverse impacts of their investment decisions on sustainability factors. For financial market participants with 500 or more employees, the disclosure of a due diligence statement, including information of adverse impacts, is mandatory (Article 4). In addition, financial market participants and financial advisers shall disclose how their remuneration policies are consistent with the integration of sustainability risks (Article 5).

Questions	Rating/LMA comment												
<p><b>Question 3.1.1:</b> Are these disclosures useful? (1= not at all, 2= not really, 3= partially, 4= mostly, 5= totally)</p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>Don't Know</td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </table>	1	2	3	4	5	Don't Know							
1	2	3	4	5	Don't Know								
Article 3													
Article 4													
Article 5													
Please explain your replies to question 3.1.1 as necessary:													

Complementing the [consultation by the European Supervisory Authorities \(ESAs\) on the revision of the Regulatory Technical Standards of the SFDR](#)<sup>8</sup>, the Commission is interested in respondents' views as regards the principal adverse impact indicators required by the current Delegated Regulation.

<sup>8</sup> <https://www.esma.europa.eu/press-news/consultations/joint-consultation-review-sfdr-delegated-regulation>  
– placeholder see what in right hyperlink in September when we launch OPC.



Questions	Rating/LMA comment
<p><b>Question 3.1.2:</b> Among the specific entity level principal adverse impact indicators required by the <a href="#">Delegated Regulation of the SFDR</a> adopted pursuant to Article 4 (tables 1, 2 and 3 of Annex I), which indicators do you find the most (and least) useful?</p>	

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).

<p><b>Question 3.1.3:</b> In this context, is the SFDR the right place to include entity level disclosures?</p> <p><i>(1= not at all, 2= not really, 3= partially, 4= mostly, 5= totally)</i></p> <table border="1" data-bbox="209 1184 1059 1312"> <thead> <tr> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> <th>Don't know</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	1	2	3	4	5	Don't know							
1	2	3	4	5	Don't know								
<p><b>Question 3.1.4:</b> To what extent is there room for streamlining sustainability-related entity level requirements across different pieces of legislation?</p> <p><i>(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)</i></p> <table border="1" data-bbox="209 1547 1059 1675"> <thead> <tr> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> <th>Don't know</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	1	2	3	4	5	Don't know							
1	2	3	4	5	Don't know								
<p>Please explain your replies to questions in section 3.1 as necessary.</p>													
<p>The value of entity-level disclosures has been a subject of debate this year due to publication of first PAI statements (please see response to paragraph 1.8.1 above) . Market participants have highlighted that meaningful comparisons at entity-level are difficult due to the different approaches being applied to information and data between firms, sectors and financial</p>													

Questions	Rating/LMA comment
products. SFDR should therefore focus on product-level disclosures where disclosures can be more specific and comparable.	

### 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, the 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).

Questions	Rating/LMA comment												
<p><b>Question 3.2.1:</b> Standardised product disclosures - Should the EU impose uniform disclosure requirements for <b>all</b> financial products offered in the EU, regardless of their sustainability-related claims or any other consideration?</p> <p><i>(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)</i></p> <table border="1" data-bbox="209 600 1038 725"> <thead> <tr> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> <th>Don't know</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	1	2	3	4	5	Don't know							
1	2	3	4	5	Don't know								
<p><b>Question 3.2.1. a):</b> 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?</p> <p><i>(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)</i></p> <table border="1" data-bbox="209 1059 1038 1184"> <thead> <tr> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> <th>Don't know</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	1	2	3	4	5	Don't know							
1	2	3	4	5	Don't know								
<p>Please specify which ones:</p>													
<p><b>Question 3.2.1 b):</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 <b>all</b> financial products for transparency purposes?</p> <p><i>(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)</i></p> <table border="1" data-bbox="209 1738 1038 1863"> <thead> <tr> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> <th>Don't know</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	1	2	3	4	5	Don't know							
1	2	3	4	5	Don't know								
<p>Taxonomy-related disclosures</p>													
<p>Engagement strategies</p>													

Questions	Rating/LMA comment
Exclusions	
Information about how ESG-related information is used in the investment process	
Other information	
If you selected 'Other information' please specify:	
Please explain as necessary your replies to questions 3.2.1 and its sub-questions:	
<p><u>We believe that it is useful to retain the distinction between financial products that factor in sustainability claims and those that do not. Article 8 and 9 of SFDR has developed into a de facto labelling regime despite the original intention and market clarification. Amid concerns of greenwashing, there has been a steady decline in Article 9 disclosures with corresponding “down-grades” to Article 8. Article 9 disclosures are increasingly less likely to be used for transition finance and investment. The value of retaining the distinction between Article 8 and 9 should therefore be considered as part of this review.</u></p> <p><u>It is important that any labelling or categorisation regime is developed in a way to ensure comparability with clarity as to the granularity of information and data required.</u></p>	
<p><b>Question 3.2.2:</b> 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...)? Please note that next question 3.2.3 asks specifically about the need for disclosures in cases of products making sustainability claims.</p> <p><i>(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)</i></p>	

Questions						Rating/LMA comment
1	2	3	4	5	Don't know	
<p><b>Question 3.2.2 a):</b> 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?</p>						
<p><u>Further clarification is required in respect of the disclosures and products to which this would apply.</u></p>						
<p><b>Question 3.2.2. b):</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?</p> <p><i>(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)</i></p>						
1	2	3	4	5	Don't know	
<p>Please specify which ones:</p>						
<p><b>Question 3.2.2. c):</b> 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?</p> <p><i>(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)</i></p>						
1	2	3	4	5	Don't know	
<p>Taxonomy-related disclosures</p>						
<p>Engagement strategies</p>						

Questions	Rating/LMA comment												
Exclusions													
Information about how ESG-related information is used in the investment process													
Other information													
If you selected 'Other information' please specify:													
Please explain as necessary your replies to questions 3.2.2 and its sub-questions:													
<p>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).</p>													
<p><b>Question 3.2.3:</b> 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?</p> <p><i>(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)</i></p> <table border="1" data-bbox="209 1541 1038 1659"> <thead> <tr> <th data-bbox="209 1541 341 1615">1</th> <th data-bbox="341 1541 474 1615">2</th> <th data-bbox="474 1541 606 1615">3</th> <th data-bbox="606 1541 738 1615">4</th> <th data-bbox="738 1541 871 1615">5</th> <th data-bbox="871 1541 1038 1615">Don't Know</th> </tr> </thead> <tbody> <tr> <td data-bbox="209 1615 341 1659"></td> <td data-bbox="341 1615 474 1659"></td> <td data-bbox="474 1615 606 1659"></td> <td data-bbox="606 1615 738 1659"></td> <td data-bbox="738 1615 871 1659"></td> <td data-bbox="871 1615 1038 1659"></td> </tr> </tbody> </table>	1	2	3	4	5	Don't Know							
1	2	3	4	5	Don't Know								
Please explain as necessary your replies to question 3.2.3:													
<p>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.</p>													

Questions	Rating/LMA comment												
<p><b>Question 3.2.4:</b> 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?</p> <p><i>(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)</i></p> <table border="1" data-bbox="209 613 1038 741"> <tr> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>Don't know</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>	1	2	3	4	5	Don't know							
1	2	3	4	5	Don't know								
<p><b>Question 3.2.5:</b> More specifically, is the current breakdown of information between precontractual, periodic documentation and website disclosures appropriate and user friendly?</p> <p><i>(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)</i></p> <table border="1" data-bbox="209 992 1038 1120"> <tr> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>Don't know</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>	1	2	3	4	5	Don't know							
1	2	3	4	5	Don't know								
<p>Please explain as necessary your replies to question 3.2.4 and 3.2.5:</p>													
<p><u>We suggest that some consolidation of product-related information is included as part of this review as well as ensuring that the approach is user-friendly and efficient.</u></p>													
<p>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 <a href="#">Q&amp;A published by the Commission in July 2021</a><sup>9</sup> 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.</p>													

<sup>9</sup> 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](#).

Questions	Rating/LMA comment												
<p><b>Question 3.2.7:</b> To what extent do you agree with the following statements?</p> <p><i>(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)</i></p> <table border="1" data-bbox="209 539 1038 667"> <thead> <tr> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> <th>Don't know</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	1	2	3	4	5	Don't know							
1	2	3	4	5	Don't know								
<p>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</p>													
<p>The same sustainability disclosure topics should be required in all types of precontractual documentation to allow for comparability</p>													
<p>Please explain as necessary your replies to question 3.2.7:</p>													
<p><b>Question 3.2.8:</b> 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)?</p> <table border="1" data-bbox="209 1435 1038 1552"> <thead> <tr> <th>Yes</th> <th>No</th> <th>Don't Know</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Yes	No	Don't Know										
Yes	No	Don't Know											
<p>Please explain as necessary your replies to question 3.2.8:</p>													
<p>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.</p>													



Questions	Rating/LMA comment												
<p><b>Question 3.2.9:</b> 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)?</p> <table border="1" data-bbox="209 517 1038 629"> <thead> <tr> <th data-bbox="209 517 475 562">Yes</th> <th data-bbox="475 517 746 562">No</th> <th data-bbox="746 517 1038 562">Don't Know</th> </tr> </thead> <tbody> <tr> <td data-bbox="209 562 475 629"></td> <td data-bbox="475 562 746 629"></td> <td data-bbox="746 562 1038 629"></td> </tr> </tbody> </table>	Yes	No	Don't Know										
Yes	No	Don't Know											
<p><b>Question 3.2.9.1:</b> If so, how should those scales be established and which information should be expressed on a scale?</p>													
<p><b>Question 3.2.10:</b> If you are a professional investor, where do you obtain the sustainability information you find relevant? <i>(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)</i></p> <table border="1" data-bbox="209 1070 1038 1182"> <thead> <tr> <th data-bbox="209 1070 344 1137">1</th> <th data-bbox="344 1070 480 1137">2</th> <th data-bbox="480 1070 616 1137">3</th> <th data-bbox="616 1070 751 1137">4</th> <th data-bbox="751 1070 887 1137">5</th> <th data-bbox="887 1070 1038 1137">Don't know</th> </tr> </thead> <tbody> <tr> <td data-bbox="209 1137 344 1205"></td> <td data-bbox="344 1137 480 1205"></td> <td data-bbox="480 1137 616 1205"></td> <td data-bbox="616 1137 751 1205"></td> <td data-bbox="751 1137 887 1205"></td> <td data-bbox="887 1137 1038 1205"></td> </tr> </tbody> </table>	1	2	3	4	5	Don't know							
1	2	3	4	5	Don't know								
<p>From direct enquiries to market participants</p>													
<p>Via SFDR disclosures provided by market participants</p>													
<p><b>Question 3.2.11:</b> 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? <i>(1= not at all, 2= not really, 3= partially, 4= mostly, 5= totally)</i></p> <table border="1" data-bbox="209 1641 1038 1753"> <thead> <tr> <th data-bbox="209 1641 344 1709">1</th> <th data-bbox="344 1641 480 1709">2</th> <th data-bbox="480 1641 616 1709">3</th> <th data-bbox="616 1641 751 1709">4</th> <th data-bbox="751 1641 887 1709">5</th> <th data-bbox="887 1641 1038 1709">Don't know</th> </tr> </thead> <tbody> <tr> <td data-bbox="209 1709 344 1776"></td> <td data-bbox="344 1709 480 1776"></td> <td data-bbox="480 1709 616 1776"></td> <td data-bbox="616 1709 751 1776"></td> <td data-bbox="751 1709 887 1776"></td> <td data-bbox="887 1709 1038 1776"></td> </tr> </tbody> </table>	1	2	3	4	5	Don't know							
1	2	3	4	5	Don't know								
<p>Please explain as necessary your replies to question 3.2.10 and 3.2.11:</p>													

Questions	Rating/LMA comment
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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.<sup>10</sup>

<p><b>Question 3.2.12:</b> To what extent do you agree or disagree with the following statements?</p> <p><i>(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)</i></p> <table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> <th>Don't know</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	1	2	3	4	5	Don't know							
1	2	3	4	5	Don't know								
<p>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.</p>													
<p>It would be useful for all product information disclosed under the SFDR to be machine-readable, searchable and ready for digital use.</p>													
<p>It would be useful for some of the product information disclosed under the SFDR to be machine-readable and ready for digital use.</p>													
<p>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).</p>													
<p>It would be useful to make all product information disclosed under the SFDR available in the upcoming European Single Access Point as soon as possible.</p>													
<p>Entity and product disclosures on websites should be interactive and offer a layered approach enabling investors to access additional information easily on demand.</p>													

<sup>10</sup> 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

Questions	Rating/LMA comment												
<p>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.</p>													
<p><b>Question 3.2.13:</b> Do you think the costs of introducing a machine-readable format for the disclosed information would be proportionate to the benefits it would entail? <i>(1= not at all, 2= not really, 3= partially, 4= mostly, 5= totally)</i></p> <table border="1" data-bbox="209 808 1038 936"> <thead> <tr> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> <th>Don't know</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	1	2	3	4	5	Don't know							
1	2	3	4	5	Don't know								
<p>Please provide any comments or explanations to explain your answers to questions 3.2.12 and 3.2.13:</p>													

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.

<p><b>Question 3.2.14:</b> 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: ...” <i>(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)</i></p> <table border="1" data-bbox="209 1630 1038 1758"> <thead> <tr> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> <th>Don't know</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	1	2	3	4	5	Don't know							
1	2	3	4	5	Don't know								
<p>Whether the product is a wrapper offering choices between underlying investment options like a Multi-Option Product</p>													
<p>Whether some of the underlying investments are outside the EU</p>													

Questions	Rating/LMA comment
Whether some of the underlying investments are in an emerging economy	
Whether some of the underlying investments are in SMEs	
Whether the underlying investments are in certain economic activities or in companies active in certain sectors	
Other considerations as regards the type of product or underlying investments	
Please explain your reply to question 3.2.14:	

## 4. POTENTIAL ESTABLISHMENT OF A CATEGORISATION SYSTEM FOR FINANCIAL PRODUCTS

### 4.1 POTENTIAL OPTIONS

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

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

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

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

If the Commission was to propose the development of a more precise product categorisation system, two broad strategies could be envisaged. On the one hand, the product categorisation system could build on and develop the distinction between Articles 8 and 9 and the existing concepts embedded in them (such as environmental/social characteristics, sustainable investment or do no significant harm), complemented by additional (minimum) criteria that more clearly define the products falling within the scope of each article. On the other hand, the product categorisation system could be based on a different approach, for instance focused on the type of investment strategy (promise of positive contribution to certain sustainability

objectives, transition focus, etc.), based on criteria that do not necessarily relate to those existing concepts. In such a scenario, concepts such as environmental/social characteristics or sustainable investment and the distinction between current Articles 8 and 9 of SFDR may disappear altogether from the transparency framework.

Questions	Rating/LMA comment												
<p><b>Question 4.1.1:</b> To what extent do you agree with the following statements?</p> <p><i>(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)</i></p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>Don't know</td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </table>	1	2	3	4	5	Don't know							
1	2	3	4	5	Don't know								
Sustainability product categories regulated at EU level would facilitate retail investor understanding of products' sustainability-related strategies and objectives													
Sustainability product categories regulated at EU level would facilitate professional investor understanding of products' sustainability-related strategies and objectives													
Sustainability product categories regulated at EU level are necessary to combat greenwashing													
Sustainability product categories regulated at EU level are necessary to avoid fragmenting the capital markets union.													
Sustainability product categories regulated at EU level are necessary to have efficient distribution systems based on investors' sustainability preferences.													
There is no need for product categories. Pure disclosure requirements of sustainability information are sufficient.													
<p><b>Question 4.1.2:</b> If a categorisation system was established, how do you think categories should be designed?</p> <p><i>(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)</i></p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>Don't know</td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </table>	1	2	3	4	5	Don't know							
1	2	3	4	5	Don't know								
<b>Approach 1:</b> Splitting categories in a different way than according to existing concepts used in Articles 8 and 9, for	-												

Questions	Rating/LMA comment
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.	
<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.	
Please explain your reply to questions 4.1.2 and 4.2.2:	
<u>Please see comments above regarding Article 8 and 9 SFDR. Any labelling and categorisation system should also take into account transition strategies, ensure interoperability with global disclosure and labelling regimes and also clarify the difference between and application of any resulting disclosure and labelling regimes.</u>	

**If a categorisation system was established according to approach 1 of question 4.1.2**

Questions	Rating/LMA comment												
<p><b>Question 4.1.3:</b> 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?</p> <p><i>(1= totally disagree, 2= mostly disagree, 3= partially disagree and partially agree, 4= mostly agree, 5= totally agree)</i></p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>Don't know</td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </table>	1	2	3	4	5	Don't know							
1	2	3	4	5	Don't know								
<p><b>Question 4.1.4:</b> To what extent would you find the following categories of sustainability products useful?</p> <p><i>(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)</i></p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>Don't know</td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </table>	1	2	3	4	5	Don't know							
1	2	3	4	5	Don't know								

Questions	Rating/LMA comment												
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 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.													
C - Products that exclude activities and/or investees involved in activities with negative effects on people and/or the planet													
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 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. <sup>11</sup>													
Other													
If you think there are other possible useful categories, please specify which ones:													
<p><b>Question 4.1.5:</b> To what extent do you think it is useful to distinguish between sustainability product category A and B described above?</p> <p><i>(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)</i></p> <table border="1" data-bbox="204 1637 1061 1765"> <thead> <tr> <th data-bbox="204 1637 347 1709">1</th> <th data-bbox="347 1637 491 1709">2</th> <th data-bbox="491 1637 635 1709">3</th> <th data-bbox="635 1637 778 1709">4</th> <th data-bbox="778 1637 922 1709">5</th> <th data-bbox="922 1637 1061 1709">Don't know</th> </tr> </thead> <tbody> <tr> <td data-bbox="204 1709 347 1765"></td> <td data-bbox="347 1709 491 1765"></td> <td data-bbox="491 1709 635 1765"></td> <td data-bbox="635 1709 778 1765"></td> <td data-bbox="778 1709 922 1765"></td> <td data-bbox="922 1709 1061 1765"></td> </tr> </tbody> </table>	1	2	3	4	5	Don't know							
1	2	3	4	5	Don't know								
<p><b>Question 4.1.6:</b> Do you see merits in distinguishing between products with a social and environmental focus?</p>													

<sup>11</sup> In line with the transition to a climate neutral and sustainable economy.



Questions	Rating/LMA comment												
<p><i>(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)</i></p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>Don't know</td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </table>	1	2	3	4	5	Don't know							
1	2	3	4	5	Don't know								
<p><b>Question 4.1.7:</b> How many sustainability product categories in total do you think there should be?</p> <p><i>(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)</i></p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>Don't know</td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </table>	1	2	3	4	5	Don't know							
1	2	3	4	5	Don't know								
<p><b>Question 4.1.8:</b> 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)?</p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td>Yes</td> <td>No</td> <td>There is another possible approach</td> <td>Don't know</td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </table>	Yes	No	There is another possible approach	Don't know									
Yes	No	There is another possible approach	Don't know										
<p>In case you have selected "There is another possible approach", please specify below.</p>													
<p>Please explain your replies to questions 4.1.5, 4.1.6, 4.1.7 and 4.1.8.</p>													
<p><b>Question 4.1.9:</b> 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?</p>													

Questions	Rating/LMA comment												
<p><i>(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)</i></p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>Don't know</td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </table>	1	2	3	4	5	Don't know							
1	2	3	4	5	Don't know								
<p>Please explain your replies to questions 4.1.9 as necessary:</p>													
<p><b>Question 4.1.10:</b> 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:</p> <p><i>(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)</i></p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>Don't know</td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </table>	1	2	3	4	5	Don't know							
1	2	3	4	5	Don't know								
For product category A of question 4.1.4													
Taxonomy alignment													
Engagement strategies													
Exclusions													
Pre-defined, measurable, positive environmental, social or governance-related outcome													
Other													
Please specify reply:													
For product category B of question 4.1.4													
Taxonomy alignment													
Engagement strategies													
Exclusions													

Questions	Rating/LMA comment
Pre-defined, measurable, positive environmental, social or governance-related outcome	
Other	
Please specify reply:	
For product category C of question 4.1.4	
Taxonomy alignment	
Engagement strategies	
Exclusions	
Pre-defined, measurable, positive environmental, social or governance-related outcome	
Other	
Please specify reply:	
For product category D of question 4.1.4	
Taxonomy alignment	
Engagement strategies	
Exclusions	
Pre-defined, measurable, positive environmental, social or governance-related outcome	
Other	
Please specify reply:	

Questions	Rating/LMA comment												
<p><b>Question 4.1.11 a):</b> If so, what process criteria would you deem most relevant to demonstrate the stringency of the strategy implemented?</p> <p><i>(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)</i></p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>Don't know</td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </table>	1	2	3	4	5	Don't know							
1	2	3	4	5	Don't know								

**If a categorisation system was established according to approach 2 of question 4.1.2**

Questions	Rating/LMA comment												
<p><b>Question 4.1.12:</b> If a categorisation system was established based on existing Articles 8 and 9, are the following concepts of the SFDR fit for that purpose?</p> <p><i>(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)</i></p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>Don't know</td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </table>	1	2	3	4	5	Don't know							
1	2	3	4	5	Don't know								
The current concept of 'environmental and/or social characteristics'													
The current concept of 'sustainable investment'													
The current element of 'contribution to an environmental or social objective' of the sustainable investment concept													
The current element 'do no significant harm' of the sustainable investment concept, and its link with the entity level principal adverse impact indicators listed in tables 1, 2 and 3 of Annex I of the Delegated Regulation													
The current element of 'investee companies' good governance practices' of the sustainable investment concept													

Questions	Rating/LMA comment			
<p><b>Question 4.1.12 b):</b> Should the good governance concept be adapted to include investments in government bonds?</p> <table border="1" data-bbox="209 405 1059 461"> <tr> <td data-bbox="209 405 491 461">Yes</td> <td data-bbox="491 405 774 461">No</td> <td data-bbox="774 405 1059 461">Don't know</td> </tr> </table>	Yes	No	Don't know	
Yes	No	Don't know		
<p>If yes, what should be the minimum criteria required for this element?</p>				
<p><b>Question 4.1.12 c):</b> Should the good governance concept be adapted to include investments in real estate investments?</p> <table border="1" data-bbox="209 804 1059 860"> <tr> <td data-bbox="209 804 491 860">Yes</td> <td data-bbox="491 804 774 860">No</td> <td data-bbox="774 804 1059 860">Don't know</td> </tr> </table>	Yes	No	Don't know	
Yes	No	Don't know		
<p>If yes, what should be the minimum criteria required for this element?</p>				
<p><b>Question 4.1.13:</b> 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?</p>				
<p><b>Question 4.1.14:</b> Do you think that a minimum proportion of investments in taxonomy aligned activities shall be required as a criterion to:</p> <p><i>(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)</i></p> <table border="1" data-bbox="209 1650 1059 1706"> <tr> <td data-bbox="209 1650 491 1706">Yes</td> <td data-bbox="491 1650 774 1706">No</td> <td data-bbox="774 1650 1059 1706">Don't know</td> </tr> </table>	Yes	No	Don't know	
Yes	No	Don't know		
<p>...fall under the potential new product category of Article 8?</p>				
<p>...fall under the potential new product category of Article 9?</p>				
<p><b>Question 4.1.14 a):</b> If yes, what should be this minimum proportion for Article 8?</p>				

Questions	Rating/LMA comment
<b>Question 4.1.14 b):</b> If yes, what should be this minimum proportion for Article 9?	
<b>Question 4.1.15:</b> 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?	

#### 4.2 GENERAL QUESTIONS ABOUT THE POTENTIAL ESTABLISHMENT OF SUSTAINABILITY PRODUCTS CATEGORIES

Questions	Rating/LMA comment												
<p><b>Question 4.2.1:</b> 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.</p> <p><i>(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)</i></p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>Don't know</td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </table>	1	2	3	4	5	Don't know							
1	2	3	4	5	Don't know								
<p><b>Question 4.2.1 a):</b> 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?</p> <p><i>(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)</i></p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>Don't know</td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </table>	1	2	3	4	5	Don't know							
1	2	3	4	5	Don't know								

Questions						Rating/LMA comment												
Taxonomy-related disclosures																		
Engagement strategies																		
Exclusions																		
Information about how the criteria required to fall within a specific sustainability product category have been met																		
Other information																		
Please specify any other information:																		
<p><b>Question 4.2.2:</b> If a product categorisation system was set up, what governance system should be created?</p> <p><i>(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)</i></p> <table border="1"> <thead> <tr> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> <th>Don't know</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>						1	2	3	4	5	Don't know							
1	2	3	4	5	Don't know													
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)																		
Market participants should be able to use this categorisation system based on a self-declaration by the product manufacturer supervised by national competent authorities																		
Other																		
Please explain your answer to question 4.2.2:																		
<p><b>Question 4.2.3:</b> If a categorisation system was established, to what extent do you agree with the following statement? “When</p>																		

Questions	Rating/LMA comment												
<p>determining the criteria for product categories it should be taken into account: ...”</p> <p><i>(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)</i></p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>Don't know</td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </table>	1	2	3	4	5	Don't know							
1	2	3	4	5	Don't know								
Whether the product is a wrapper offering choices between underlying investment options like a Multi-Option Product													
Whether the underlying investments are outside the EU													
Whether the underlying investments are in an emerging economy													
Whether the underlying investments are in SMEs													
Whether the underlying investments are in certain economic activities													
Other considerations as regards the type of product or underlying investments													
Please explain your reply to question 4.2.3:													

### **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.

Questions	Rating/LMA comment
<b>Question 4.3.1:</b> 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	



Questions	Rating/LMA comment												
<p>the SFDR, the category that a particular product falls in should be included in the PRIIPS KID?</p> <p><i>(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)</i></p> <table border="1" data-bbox="209 488 1059 544"> <tr> <td data-bbox="209 488 491 544">Yes</td> <td data-bbox="491 488 774 544">No</td> <td data-bbox="774 488 1059 544">Don't know</td> </tr> </table>	Yes	No	Don't know										
Yes	No	Don't know											
<p>Please explain your answer to question 4.3.1:</p>													
<p><b>Question 4.3.2:</b> 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?</p> <p><i>(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)</i></p> <table border="1" data-bbox="209 1010 1059 1137"> <tr> <td data-bbox="209 1010 349 1081">1</td> <td data-bbox="349 1010 491 1081">2</td> <td data-bbox="491 1010 632 1081">3</td> <td data-bbox="632 1010 774 1081">4</td> <td data-bbox="774 1010 916 1081">5</td> <td data-bbox="916 1010 1059 1081">Don't know</td> </tr> <tr> <td data-bbox="209 1081 349 1137"></td> <td data-bbox="349 1081 491 1137"></td> <td data-bbox="491 1081 632 1137"></td> <td data-bbox="632 1081 774 1137"></td> <td data-bbox="774 1081 916 1137"></td> <td data-bbox="916 1081 1059 1137"></td> </tr> </table>	1	2	3	4	5	Don't know							
1	2	3	4	5	Don't know								
<p>The criteria set for the ESG benchmarks and the criteria defined for sustainability product categories should be closely aligned</p>													
<p>Other</p>													
<p>If you chose other, please specify how should these criteria interact:</p>													
<p><b>Question 4.3.3:</b> 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?</p> <p><i>(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)</i></p> <table border="1" data-bbox="209 1787 1059 1843"> <tr> <td data-bbox="209 1787 491 1843">Yes</td> <td data-bbox="491 1787 774 1843">No</td> <td data-bbox="774 1787 1059 1843">Don't know</td> </tr> </table>	Yes	No	Don't know										
Yes	No	Don't know											
<p><b>Question 4.3.4:</b> 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?</p>													

Questions						Rating/LMA comment
<i>(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)</i>						
1	2	3	4	5	Don't know	

#### 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?

Questions			Rating/LMA comment					
<p><b>Question 4.4.1:</b> 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?</p> <p><i>(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)</i></p>								
Yes	No	Don't know						
<p><b>Question 4.4.2:</b> To what extent do you agree with the following statements?</p> <p><i>(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)</i></p>								
1	2	3				4	5	Don't know

Questions	Rating/LMA comment												
The introduction of product categories should be accompanied by specific rules on how market participants must label and communicate on their products													
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.													
Certain terms should be linked to a specific product category and should be reserved for the respective category.													
<p><b>Question 4.4.3:</b> Would naming and marketing communication rules be sufficient to avoid misleading communications from products that do not fall under a product sustainability category? <i>(1= not at all, 2= to a limited extent, 3= to some extent, 4= to a large extent, 5= to a very large extent)</i></p> <table border="1" data-bbox="209 981 1059 1106"> <thead> <tr> <th data-bbox="209 981 349 1048">1</th> <th data-bbox="349 981 489 1048">2</th> <th data-bbox="489 981 630 1048">3</th> <th data-bbox="630 981 770 1048">4</th> <th data-bbox="770 981 911 1048">5</th> <th data-bbox="911 981 1059 1048">Don't know</th> </tr> </thead> <tbody> <tr> <td data-bbox="209 1048 349 1106"></td> <td data-bbox="349 1048 489 1106"></td> <td data-bbox="489 1048 630 1106"></td> <td data-bbox="630 1048 770 1106"></td> <td data-bbox="770 1048 911 1106"></td> <td data-bbox="911 1048 1059 1106"></td> </tr> </tbody> </table>	1	2	3	4	5	Don't know							
1	2	3	4	5	Don't know								
Please explain your replies to questions 4.4.1, 4.4.2 and 4.4.3:													