



JOINT COMMITTEE OF THE EUROPEAN  
SUPERVISORY AUTHORITIES

# ESAs Survey on templates for Environmental and/or Social financial products under SFDR

Fields marked with \* are mandatory.

## Introduction

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The European Supervisory Authorities (ESAs) welcome comments on this survey setting out the details of the **presentation of the information** to be disclosed pursuant to Article 8(3), Article 9(5) and Article 11(4) of the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services (SFDR). This information concerns pre-contractual and periodic disclosures to be included in existing disclosures provided for under EU sectoral legislation and provided by, for example, AIFMs, UCITS management companies, insurance undertakings, IORPs or PEPP providers. The ESAs propose to standardise the disclosures by requiring the use of specific templates, recognising the need for standardisation of disclosures to promote comparability of different financial products in different Member States with respect to ESG information, in line with Recital 9 of the SFDR.

The colour of the font and of the template's background, as well as type of font to be used are not prescribed in the templates. These should be adapted by the financial market participants to fit the formatting of the underlying document to which the templates are integrated (prospectus, annual report, pre-enrolment disclosure for prospective pension scheme members, etc).

The final content of the templates is subject to the outcome of concurrent consumer testing exercise and the final report of the ESAs on the draft RTS under SFDR.

The consultation package includes:

- Three preliminary, **illustrative mock-ups** of pre-contractual and periodic disclosure templates of products promoting Environmental and/or Social (E/S) characteristics (under Article 8 and Article 11 of the SFDR). The templates for the disclosure of products with a sustainable investment objective (Article 9) are very similar to those for the products promoting E/S characteristics and have not been included in the on-line survey. **N.B. These mock-ups are purely illustrative for the purposes of gathering feedback on the presentation of information. The pre-contractual mock-up is presented in two variations: with and without icons, to gather feedback on the use of the icons. Please note that some of the sections of the templates (notably on "benchmarks", are not applicable for all products when not relevant - as defined in the draft RTS).**

- An on-line survey

The ESAs particularly invite comments on presentational aspects of the mock-ups as the content of the mock-ups already reflects the current text of the draft RTS which were addressed in the recent public consultation on the on content, methodologies and presentation of disclosures under the SFDR that ran from 23 April until 1 September 2020.

Comments are most helpful if they:

- contain a clear rationale; and describe any alternatives the ESAs should consider.
- When describing alternative approaches, the ESAs encourage stakeholders to consider how the approach would achieve the key objectives of the SFDR regarding product disclosures, namely to prevent “greenwashing” and reduce information asymmetries for end investors.

### **Submission of responses**

The consultation paper is available on the websites of the three ESAs and the Joint Committee. Comments must be sent using the EUsurvey by **16 October 2020**.

Contributions not provided in the EUsurvey tool for comments, or after the deadline will not be processed.

### **Publication of responses**

All contributions received will be published following the close of the consultation, unless you request otherwise in the respective field in the template for comments. A confidential response may be requested from us in accordance with ESAs rules on public access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by ESAs Board of Appeal and the European Ombudsman.

### **Data protection**

The protection of individuals with regard to the processing of personal data by the ESAs is based on Regulation (EU) 2018/17253. Further information on data protection can be found under the Legal notice section of the EBA website and under the Legal notice section of the EIOPA website and under the Legal notice section of the ESMA website.

## **About you**

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### **\* Language of my contribution**

- ☐ Bulgarian
- ☐ Croatian
- ☐ Czech
- ☐ Danish
- ☐ Dutch
- ☒ English
- ☐ Estonian

- ☐ Finnish
- ☐ French
- ☐ Gaelic
- ☐ German
- ☐ Greek
- ☐ Hungarian
- ☐ Italian
- ☐ Latvian
- ☐ Lithuanian
- ☐ Maltese
- ☐ Polish
- ☐ Portuguese
- ☐ Romanian
- ☐ Slovak
- ☐ Slovenian
- ☐ Spanish
- ☐ Swedish

\* I am giving my contribution as

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

\* First name

Olivia

\* Surname

Blanchard

\* Email (this won't be published)

olivia.blanchard@afresponsable.com

\* Organisation name

*255 character(s) maximum*

\* Organisation size

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

Transparency register number

*255 character(s) maximum*

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

\* Country of origin

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

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<input type="radio"/> Bermuda	<input type="radio"/> Greece	<input type="radio"/> Mozambique	<input type="radio"/> Suriname
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<input type="radio"/> British Indian Ocean Territory	<input type="radio"/> Guinea-Bissau	<input type="radio"/> Nicaragua	<input type="radio"/> Thailand
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<input type="radio"/> Cocos (Keeling) Islands	<input type="radio"/> Japan	<input type="radio"/> Philippines	<input type="radio"/> United States Minor Outlying Islands
<input type="radio"/> Colombia	<input type="radio"/> Jersey	<input type="radio"/> Pitcairn Islands	<input type="radio"/> Uruguay
<input type="radio"/> Comoros	<input type="radio"/> Jordan	<input type="radio"/> Poland	<input type="radio"/> US Virgin Islands
<input type="radio"/> Congo	<input type="radio"/> Kazakhstan	<input type="radio"/> Portugal	<input type="radio"/> Uzbekistan
<input type="radio"/> Cook Islands	<input type="radio"/> Kenya	<input type="radio"/> Puerto Rico	<input type="radio"/> Vanuatu
<input type="radio"/> Costa Rica	<input type="radio"/> Kiribati	<input type="radio"/> Qatar	<input type="radio"/> Vatican City
<input type="radio"/> Côte d'Ivoire	<input type="radio"/> Kosovo	<input type="radio"/> Réunion	<input type="radio"/> Venezuela
<input type="radio"/> Croatia	<input type="radio"/> Kuwait	<input type="radio"/> Romania	<input type="radio"/> Vietnam
<input type="radio"/> Cuba	<input type="radio"/> Kyrgyzstan	<input type="radio"/> Russia	<input type="radio"/> Wallis and Futuna
<input type="radio"/> Curaçao	<input type="radio"/> Laos	<input type="radio"/> Rwanda	<input type="radio"/> Western Sahara
<input type="radio"/> Cyprus	<input type="radio"/> Latvia	<input type="radio"/> Saint Barthélemy	<input type="radio"/> Yemen

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| <input type="radio"/> Democratic Republic<br>of the Congo | <input type="radio"/> Lesotho | <input type="radio"/> Saint Kitts and Nevis                             | <input type="radio"/> Zimbabwe |
| <input type="radio"/> Denmark                             | <input type="radio"/> Liberia | <input type="radio"/> Saint Lucia                                       |                                |

\* Publication privacy settings

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

☐ **Anonymous**

Only your type of respondent, country of origin and contribution will be published. All other personal details (name, organisation name and size, transparency register number) will not be published.

☒ **Public**

Your personal details (name, organisation name and size, transparency register number, country of origin) will be published with your contribution.

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

## Survey - introduction

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The illustrative mock-ups relate to disclosure documents for a fictitious exchange traded fund (ETF).

Most ETFs are index funds. This means that they usually replicate the index by holding the same securities in the same proportions as a certain stock market index. This product replicates a fictitious index, called TRXI World Fossil Fuel Free Index, which replicates the total market index TRXI World Index, but excludes from it companies that own solid fossil fuel reserves.

The three documents that you can download are illustrative mock-ups of ESG information from the following underlying documents:

- Prospectus of the ETF – which provides information before buying the product
- Annual report of the ETF – which provides information on the product for the last 12 months

The mock-ups are named as follows:

- Mock-up 1: pre-contractual disclosure for a product promoting Environmental or/and Social characteristics (with icons)
- Mock-up 2: pre-contractual disclosure for a product promoting Environmental or/and Social characteristics (without icons)
- Mock-up 3: periodic disclosure for a product promoting Environmental or/and Social characteristics (with icons)

**Before answering the questions, please click on these three links to download the three illustrative mock-ups (PDF):**

[Illustrative mock-up 1 Pre-contractual with icons.pdf](#)

[Illustrative mock-up 2 Pre-contractual without icons.pdf](#)

[Illustrative mock-up 3 Periodic with icons.pdf](#)

## Questions

**\* Q1. How useful is the highly standardised presentation of the information in this format?**

*between 1 and 1 choices*

- ☐ Useless
- ☐ Fairly useless
- ☐ Neither useless nor useful
- ☒ Fairly useful
- ☐ Very useful

Please explain:

In general, those documents provide more information to the investor to understand how the product has been structured, however in certain key part of the document, the information could be more exhaustive.

1/ Mock Up 1 & 2 Part “How will sustainable investments contribute to a sustainable objective and not significantly harm any other sustainable investment objectives during the reference period?”

The full classification of the taxonomy could be represented by a Graph where it is clear how the product contributes to a sustainable objective.

We insist on the fact that all narrative and illustrative information should be articulated with other SFDR requirement such as “transparency of the integration of sustainability risks” under article 6. In addition, the link with regulatory requirement under taxonomy regulation 2020/852 should be more evidenced with graphical representation of the proportion of investment linked to each of 6 objectives. A progressive approach should be implemented and start with the first 2 objectives of taxonomy (mitigation and adaptation).



\* **Q2.** More specifically, how useful is the presentation of the information with the use of **icons** as visual aids (in mock-up 1 and 3)?

*The pictures below show examples of the icons used in the templates.*

*between 1 and 1 choices*

- ☐ Useless
- ☐ Fairly useless
- ☐ Neither useless nor useful
- ☒ Fairly useful
- ☐ Very useful

Examples of the icons used in mock-up 1 and 3

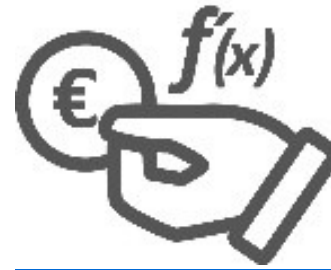
1.jpg



2.jpg



4.jpg



5.jpg



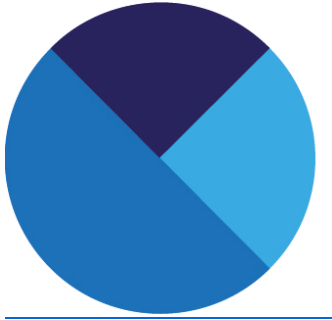
6.jpg



ESG\_additional\_icons\_hands-01.jpg



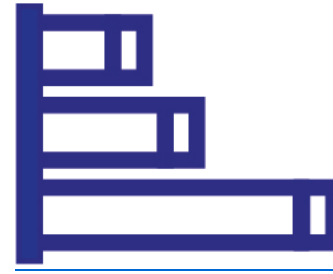
ESG\_additional\_icons\_pie\_chart-01.jpg



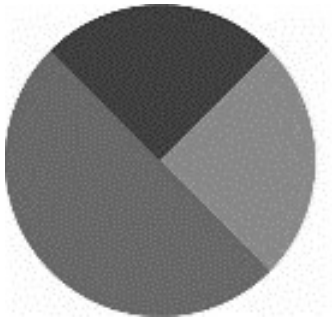
ESG\_additional\_icons\_clock-01.jpg



ESG\_additional\_icons\_bar\_chart-01.jpg



3.jpg



Please explain:

The idea of using icons to help the investor to compare different products it is useful. It could be interesting to limit the use of those Icons to only important part where The risk of greenwashing is higher.

Mock 1

“What is the minimum asset allocation planned for this product?”

“How will sustainable investments contribute to a sustainable objective and not significantly harm any other sustainable investment objectives during the reference period?”

Mock 3

“What actions have been taken to meet the environmental and/or social characteristics during the reference period?”

In this part, it is important for the Asset Manager to clearly explains the methodology behind the actions taken.

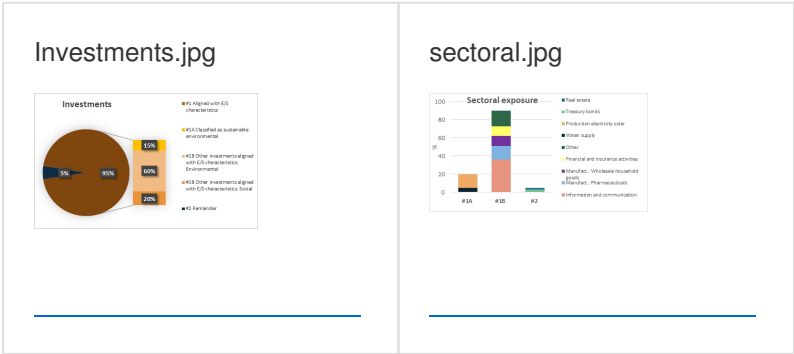
\* **Q3.** More specifically, how useful is the presentation of the information with the use of **graphs** as visual aids?

*The graphs below are examples of the graphs used in the templates.*

*between 1 and 1 choices*

- ☐ Useless
- ☐ Fairly useless
- ☐ Neither useless nor useful
- ☐ Fairly useful
- ☒ Very useful

Examples of the graphs used



Please explain:



The graphs really helps to clarify and simplify the presentation, however this could be enhanced by the introduction of all the Taxonomy classification.

\* **Q4.** More specifically, how useful is the presentation of the information with the use of **explanatory notes**, in the column at the right side of the document, which are presented on a grey background)?

*The picture below shows an example of one of the explanatory notes used in the templates.*

*between 1 and 1 choices*

- ☐ Useless
- ☐ Fairly useless
- ☐ Neither useless nor useful
- ☒ Fairly useful
- ☐ Very useful

The category **#1 Aligned with E/S characteristics** includes any investment that is aligned with the characteristic:

- The **Subcategory #1A** covers investments that are qualified as sustainable. A sustainable investment means an investment in an economic activity that contributes to an environmental objective, measured for example by key resource efficiency indicators such as CO2 emissions, or the use of water, or an investment that contributes to a social objective, such as tackling inequality or that fosters social cohesion.

- The **sub-category #1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that **do not** meet the criteria of 'sustainable investment'.

Please explain:

The concept of this explanatory note is fairly useful for the format; however, the contents is too generic and could lead to confusion.

As suggestion, it could be more relevant to have a glossary common at the beginning of the document with a reference number for each of the terms defined. The term subjects to definition should be put in bold or highlighted by using a specific color.

In the column on the right side, it could be only information specific to the product, as the benchmark used.

We insist on the fact that only the reference to E,S,G definition or methodology should be evidenced. More common financial definition can be put in a glossary.

\* **Q5.** Are there any presentational aspects that might make it hard to understand the sustainability-aspects of products?

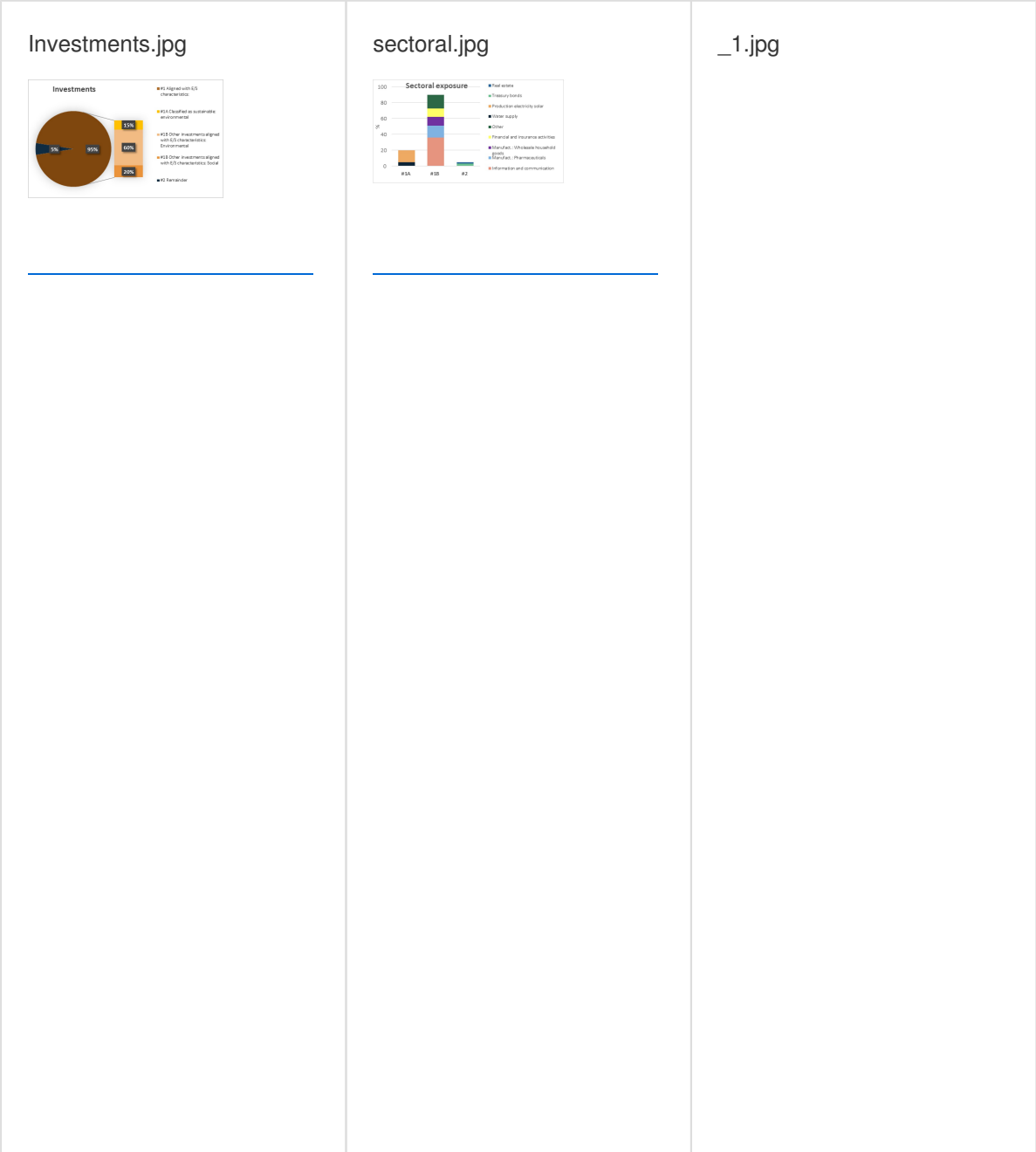
For example, with regards the distinction between the sub-categories of investments, namely between #1A and #1B?

*The pictures below show examples of the use of #1A and #1B sub-categories in the templates.*

*between 1 and 1 choices*

- ☐ Yes
- ☐ No
- ☒ Other

Illustrations of the distinction between sub-categories



The category **#1 Aligned with E/S characteristics** includes any investment that is aligned with the characteristic:

- The **Subcategory #1A** covers investments that are qualified as sustainable. A sustainable investment means an investment in an economic activity that contributes to an environmental objective, measured for example by key resource efficiency indicators such as CO2 emissions, or the use of water, or an investment that contributes to a social objective, such as tackling inequality or that fosters social cohesion.

- The **sub-category #1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that **do not** meet the criteria of 'sustainable investment'.

Please explain:



We highlight the fact that for investment under #1A “classified as sustainable” the link with the taxonomy should be done. A further detailed information on “taxonomy eligible” investment should be done.

In addition, we insist on the fact the definition under #1A and #1B should be articulated with definition given with E,S,G integration under MIFID project (modification of 2017/565 and 2017/593), and clearly explained by financial advisor.

To clarify the distinction between #1A and #1B, a link with Article 7 “Transparency of adverse sustainability impacts at financial product level” could be helpful.

**Q6.** Do you have any other suggestions or comments to improve the presentation of these disclosure documents?

The use of a common color code to use for the classification of the sustainability aspects like between the sub-categories could help the investor to make a comparison between same products from two different companies.

**Q7.** When the templates are presented via **digital media**, can you foresee any particular challenges? Can you suggest how these particular challenges could be overcome while retaining the core aspects of the standardised template format?

The narrative explanation are usefull but quite long. We suggest a more interactive presentation.

## **Useful links**

[Consultation Paper Draft RTS \(https://www.esma.europa.eu/press-news/consultations/joint-esa-consultation-esg-disclosures\)](https://www.esma.europa.eu/press-news/consultations/joint-esa-consultation-esg-disclosures)

## **Background Documents**

[Mock-up 1 Pre-contractual with icons](#)

[Mock-up 2 Pre-contractual without icons](#)

[Mock-up 3 Periodic with icons](#)

## **Contact**

[Contact Form](#)