



JOINT COMMITTEE OF THE EUROPEAN  
SUPERVISORY AUTHORITIES

# Reply form

**on the Joint Consultation Paper on the review of SFDR Delegated Regulation regarding PAI and financial product disclosures**

12 April 2023  
ESMA34-45-1218

## Responding to this paper

The ESAs invite comments on all matters in the Joint Consultation Paper and in particular on the specific questions in this reply form. Comments are most helpful if they:

- respond to the question stated;
- indicate the specific question to which the comment relates;
- contain a clear rationale; and
- describe any alternatives the ESAs should consider.

ESMA will consider all comments received by **4 July 2023**.

## Instructions

In order to facilitate analysis of responses to the Joint Consultation Paper, respondents are requested to follow the below steps when preparing and submitting their response:

- Insert your responses to the questions in the Joint Consultation Paper in this reply form.
- Please do not remove tags of the type <ESMA\_QUESTION\_SFDR\_1>. Your response to each question has to be framed by the two tags corresponding to the question.
- If you do not wish to respond to a given question, please do not delete it but simply leave the text “TYPE YOUR TEXT HERE” between the tags.
- When you have drafted your responses, save the reply form according to the following convention: ESMA\_CP SFDR Review\_nameofrespondent.

For example, for a respondent named ABCD, the reply form would be saved with the following name: ESMA\_CP SFDR Review\_ABCD.

- Upload the Word reply form containing your responses to ESMA’s website (**pdf documents will not be considered except for annexes**). All contributions should be submitted online at [www.esma.europa.eu](http://www.esma.europa.eu) under the heading ‘Your input - Consultations’.

## Publication of responses

All contributions received will be published following the close of the consultation, unless you request otherwise. Please clearly and prominently indicate in your submission any part you do not wish to be publicly disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure. A confidential response may be requested from us in accordance with ESAs' rules on 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 ESMA's 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) 2018/1725<sup>1</sup>. 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.

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<sup>1</sup> Regulation (EU) 2018/1725 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC, OJ L 295, 21.11.2018, p. 39.

## General information about respondent

Name of the company / organisation	Eumedion
Activity	Institutional investment
Are you representing an association?	<input checked="" type="checkbox"/>
Country/Region	The Netherlands

## Questions

**Q1 : Do you agree with the newly proposed mandatory social indicators in Annex I, Table I (amount of accumulated earnings in non-cooperative tax jurisdictions for undertakings whose turnover exceeds € 750 million, exposure to companies involved in the cultivation and production of tobacco, interference with the formation of trade unions or election worker representatives, share of employees earning less than the adequate wage)?**

<ESMA\_QUESTION\_SFDR\_1>

Yes. We especially welcome the inclusion of the tax-related PAI, even though this topic is not (yet) included in the ESRS.

<ESMA\_QUESTION\_SFDR\_1>

**Q2 : Would you recommend any other mandatory social indicator or adjust any of the ones proposed?**

<ESMA\_QUESTION\_SFDR\_2>

We would like to point out that in the area of 'governance-factors', the PAI-indicators are (1) very thinly spread, and (2) with labelling inconsistently applied. This is also showcased by the absence of any proposals specifically dedicated to the category of 'governance' in this joint consultation.

Regarding the first point: as is unfortunately the case also within the ESRS, governance-indicators are mostly limited to metrics related to issues such as fraud or bribery, but presently hardly cover the governance-pillar of the E, S and G-umbrella. Eumedion is of the opinion that the 'G'-category, as an important pre-condition to sustainable long-term value creation by companies, should be treated on a more equal footing to the E- and S-categories. This would make it easier for responsible investors to also screen companies in relation to their performance on governance-factors, which is at present

not easily done. It should therefore be explored how indicators e.g. related to minimum shareholder rights, the structure and quantum of executive remuneration, and the number of independent and diverse non-executive directors could be better reflected in the broader EU sustainable finance framework and the SFDR-framework in particular. In order to limit further changes to or expansion of the PAI-indicators, we suggest to explore how such criteria can be part of more specific guidance needed to establish whether companies follow 'good governance practices', as per SFDR article 8 (1).

Regarding the second point: while the inclusion of governance-factors is more important than how they are labelled, we would like to point out that throughout the SFDR-requirements the indicators or information-requirements regarding tax are inconsistently labelled, namely as 'social factor' (in the current PAI-proposal) but also as 'governance factor', e.g. as PAI-indicator for sovereign investments and in the template for pre-contractual disclosures for article 8 and 9 products ('How is it assessed whether the companies which are invested in, follow good governance practices, such as tax compliance'.

<ESMA\_QUESTION\_SFDR\_2>

**Q3 : Do you agree with the newly proposed opt-in social indicators in Annex I, Table III (excessive use of non-guaranteed-hour employees in investee companies, excessive use of temporary contract employees in investee companies, excessive use of non-employee workers in investee companies, insufficient employment of persons with disabilities in the workforce, lack of grievance/complaints handling mechanism for stakeholders materially affected by the operations of investee companies, lack of grievance/complaints handling mechanism for consumers/ end-users of the investee companies)?**

<ESMA\_QUESTION\_SFDR\_3>

Yes. However, we would like to point out that, going forward, a more comprehensive (level 1?) re-evaluation of the disclosure frameworks of SFDR and CSRD (in conjunction) is warranted, taking into account also developments around global sustainability reporting frameworks.

Not only is the availability of data an on-going issue, also the more fundamental principles of decision usefulness and relevance need to be addressed. The concept of double materiality, introduced as a foundational element in CSRD reporting to safeguard the relevance of information being reported, is at present absent from the SFDR disclosure framework. This means that the added value of SFDR disclosures, in terms of decision usefulness for investors, is potentially at risk. This is amplified by the fact that, regardless of the level of materiality for an investee company, investors in that company still may need to disclose the indicator. Furthermore, if such datapoints in turn will have to be estimated or sourced from elsewhere, then both materiality as well as reliability potentially hinder decision usefulness for investors. The question could be raised, why investors would need to be required to collect and report certain information, if this is not required from the investee company for reasons of materiality.

However, at this point in time, we are of the opinion that the concept of materiality cannot easily be introduced into the SFDR framework through a revision of PAI-indicators and other technical elements of SFDR disclosures alone. Further evaluation should contribute to a more substantial and holistic review. Pending a more thorough re-evaluation and reassessment after the initial phases of CSRD ESRS implementation, it would appear prudent to currently limit the amount of changes to the SFDR disclosures. |

<ESMA\_QUESTION\_SFDR\_3>

**Q4 : Would you recommend any other social indicator or adjust any of the ones proposed?**

<ESMA\_QUESTION\_SFDR\_4>

|We refer to our answer under Q2, where we point out that in the area of ‘governance factors’, the PAI-indicators are very thinly spread, with labelling inconsistently applied. |

<ESMA\_QUESTION\_SFDR\_4>

**Q5 : Do you agree with the changes proposed to the existing mandatory and opt-in social indicators in Annex I, Table I and III (i.e. replacing the UN Global Compact Principles with the UN Guiding Principles and ILO Declaration on Fundamental Principles and Rights at Work)? Do you have any additional suggestions for changes to other indicators not considered by the ESAs?**

<ESMA\_QUESTION\_SFDR\_5>

|Yes |

<ESMA\_QUESTION\_SFDR\_5>

**Q6 : For real estate assets, do you consider relevant to apply any PAI indicator related to social matters to the entity in charge of the management of the real estate assets the FMP invested in?**

<ESMA\_QUESTION\_SFDR\_6>

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<ESMA\_QUESTION\_SFDR\_6>

**Q7 : For real estate assets, do you see any merit in adjusting the definition of PAI indicator 22 of Table 1 in order to align it with the EU Taxonomy criteria applicable to the DNSH of the climate change mitigation objective under the climate change adaptation objective?**

<ESMA\_QUESTION\_SFDR\_7>

[TYPE YOUR TEXT HERE ]

<ESMA\_QUESTION\_SFDR\_7>

**Q8 : Do you see any challenges in the interaction between the definition ‘enterprise value’ and ‘current value of investment’ for the calculation of the PAI indicators?**

<ESMA\_QUESTION\_SFDR\_8>

We do not necessarily see challenges in the interaction between these two definitions. That the two denominators differ will not necessarily result in weaknesses. We applaud the intention of using a denominator that is as neutral as possible to how much debt a company has. However, in Eumedion’s view, the denominator should also be as neutral as possible to show much cash a company has. Impact is caused by the operations of a corporate and it’s not controlled associates, not by its cash balance. The taxonomy also doesn’t identify cash balances as causing impacts. Unfortunately, the proposed usage of Enterprise Value as the denominator is not neutral to differences in cash balances. We therefore attest that the numerator (currently Enterprise value) should also exclude the value of cash & cash equivalents. Investors define ‘Firm value’ as Enterprise Value less cash & cash equivalents. So instead of Enterprise Value, the PAIs should use Firm Value as a denominator.

The effect of using Enterprise Value is, that cash-rich companies are unduly favoured in comparison with less cash-rich companies. Eumedion attests that if two companies are identical, except for their cash balance, the impact ratios required by the PAIs should also have identical outcomes.

Please find below a stylised example:

Company A

CO2 emissions 2,400,000 t

EBITDA 100 mln

Firm Value / EBITDA valuation multiple: 9x

Firm Value 900 mln

Cash balance 300 mln

Enterprise Value 1,200 mln

CO2 2000 t / EUR mln Enterprise Value: 2,400,000 / ( 900 + 300)

CO2 2667 t / EUR mln Firm Value: 2,400,000 / (900)

Company B is identical, but has only 100 mln cash balances.

Company B has 2400 Co2 t / EUR mln Enterprise Value: 2,400,00 / (900 + 100).

Company B has 2667 CO2 t / EUR mln Firm Value: 2,400,000 / (900).

This example shows how sensitive the Enterprise Value is to cash and equally, that our proposed Firm Value is neutral to cash, while maintaining its key characteristic of being neutral to ('net'-) leverage.

Eumedion therefore suggests to use Firm Value as a denominator in impact ratios instead of Enterprise Value. |

<ESMA\_QUESTION\_SFDR\_8>

**Q9 : Do you have any comments or proposed adjustments to the new formulae suggested in Annex I?**

<ESMA\_QUESTION\_SFDR\_9>

| We welcome further harmonisation and standardisation in this area. We would like to point out that as a consequence, differences might occur between the formulae already adopted by investors and the proposed adjustments, which would need to be addressed.

On a side note, on page 13 (paragraph 23), the ESAs list as part of the technical changes that separate indicators are proposed for hazardous waste and radioactive waste. The formula presented on page 83-83 (under (10)) seems not to distinguish between the two. |

<ESMA\_QUESTION\_SFDR\_9>

**Q10 : Do you have any comments on the further clarifications or technical changes to the current list of indicators? Did you encounter any issues in the calculation of the adverse impact for any of the other existing indicators in Annex I?**

<ESMA\_QUESTION\_SFDR\_10>

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<ESMA\_QUESTION\_SFDR\_10>



**Q11 : Do you agree with the proposal to require the disclosure of the share of information for the PAI indicators for which the financial market participant relies on information directly from investee companies?**

<ESMA\_QUESTION\_SFDR\_11>

We agree that there would be some benefit to making clear which share of information is directly based on company information. However, this should not be understood as a quality indicator of the information per se. In itself, the source of the information is not an indicator of, for example, information quality. While the usefulness of such a disclosure could be improved by distinguishing between, for example, quality indicators such as whether the information has been audited and to what extent, this would make the proposal very difficult to consistently implement and would probably not outweigh the administrative burden required. |

<ESMA\_QUESTION\_SFDR\_11>

**Q12 : What is your view on the approach taken in this consultation paper to define ‘all investments’? What are the advantages and drawbacks you identify? Would a change in the approach adopted for the treatment of ‘all investments’ be necessary in your view?**

<ESMA\_QUESTION\_SFDR\_12>

We would argue that the approach to cover all investments made by the financial market participant has a critical drawback. As the example used by the ESAs shows, this approach reduces the PAI value by implicitly assigning a value of 0 for assets that are excluded by the numerator but included in the denominator. The same problem arises when data is not available for certain investments, but their value is included in the denominator; the PAI values of such investments implicitly becomes 0.

This may result in underestimating PAIs as reported in the PAI statement. Instead, we recommend that ‘all investments’ only includes the relevant type (i.e. investee companies, sovereigns and supranationals, or real estate assets) and that investments for which data is lacking the precautionary approach is taken to exclude them from the denominator as well. |

<ESMA\_QUESTION\_SFDR\_12>

**Q13 : Do you agree with the ESAs’ proposal to only require the inclusion of information on investee companies’ value chains in the PAI calculations where the investee company reports them? If not, what would you propose as an alternative?**

<ESMA\_QUESTION\_SFDR\_13>

No. While we are strongly in favour of including an investee company's value chain-impact in reporting on adverse impacts, the nature of current and even future (ESRS) company value chain reporting is too fragmented and company-specific. This is already the case within the EU, let alone globally. This means that PAI disclosures based on company reporting alone will be incomplete at best, and this will not lead to meaningful PAI disclosures nor to comparability (y-on-y but also between funds). At the moment, we see no practical and meaningful alternative that will allow a workable and sufficiently meaningful inclusion of the value chain in the PAI-reporting. This could change if, in the future, CSDDD legislation would make the value chain-assessments by companies more normative and consistent. At that point, a reassessment of the PAI indicator(s) regarding the value chain-impacts could be re-evaluated. |

<ESMA\_QUESTION\_SFDR\_13>

**Q14 : Do you agree with the proposed treatment of derivatives in the PAI indicators or would you suggest any other method?**

<ESMA\_QUESTION\_SFDR\_14>

| |

<ESMA\_QUESTION\_SFDR\_14>

**Q15 : What are your views with regard to the treatment of derivatives in general (Taxonomy-alignment, share of sustainable investments and PAI calculations)? Should the netting provision of Article 17(1)(g) be applied to sustainable investment calculations?**

<ESMA\_QUESTION\_SFDR\_15>

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<ESMA\_QUESTION\_SFDR\_15>

**Q16 : Do you see the need to extend the scope of the provisions of point g of paragraph 1 of Article 17 of the SFDR Delegated Regulation to asset classes other than equity and sovereign exposures?**

<ESMA\_QUESTION\_SFDR\_16>

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<ESMA\_QUESTION\_SFDR\_16>

**Q17 : Do you agree with the ESAs' assessment of the DNSH framework under SFDR?**

<ESMA\_QUESTION\_SFDR\_17>

| Yes |

<ESMA\_QUESTION\_SFDR\_17>

**Q18 : With regard to the DNSH disclosures in the SFDR Delegated Regulation, do you consider it relevant to make disclosures about the quantitative thresholds FMPs use to take into account the PAI indicators for DNSH purposes mandatory? Please explain your reasoning.**

<ESMA\_QUESTION\_SFDR\_18>

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<ESMA\_QUESTION\_SFDR\_18>

**Q19 : Do you support the introduction of an optional “safe harbour” for environmental DNSH for taxonomy-aligned activities? Please explain your reasoning.**

<ESMA\_QUESTION\_SFDR\_19>

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<ESMA\_QUESTION\_SFDR\_19>

**Q20 : Do you agree with the longer term view of the ESAs that if two parallel concepts of sustainability are retained that the Taxonomy TSCs should form the basis of DNSH assessments? Please explain your reasoning.**

<ESMA\_QUESTION\_SFDR\_20>

| Yes, this should be considered in due time. However, in its current form or phase of development, the Taxonomy does not address in sufficient detail all the ESG areas that are targeted by the SFDR in particular and the broader EU sustainable finance framework in general. It would require as well to align the conceptual approaches regarding activity of company-level assessment. |

<ESMA\_QUESTION\_SFDR\_20>

**Q21 : Are there other options for the SFDR Delegated Regulation DNSH disclosures to reduce the risk of greenwashing and increase comparability?**

<ESMA\_QUESTION\_SFDR\_21>

An alternative approach could be to provide more guidance regarding PAI-thresholds. We reference the EC notice of June 12, 2023, indicating alignment with social PAI-indicators DNSH if an investment is aligned with OECD Guidelines and the UN Guiding Principles in terms of having in place due diligence and remedy processes. This appears to be signalling what seems to constitute an acceptable 'threshold' in terms of DNSH.

<ESMA\_QUESTION\_SFDR\_21>

**Q22 : Do you agree that the proposed disclosures strike the right balance between the need for clear, reliable, decision-useful information for investors and the need to keep requirements feasible and proportional for FMPs? Please explain your answers.**

<ESMA\_QUESTION\_SFDR\_22>

As regards additional disclosures in the area of GHG emission reduction targets, we would be in favour of weaving them into the current disclosure framework. This would reduce the need to introduce significant changes at this moment in time, while perhaps in the near future a more comprehensive reassessment and realignment of the SFDR-disclosure framework in combination with the CSRD ESRS materiality-based reporting requirements should preferably be executed.

<ESMA\_QUESTION\_SFDR\_22>

**Q23 : Do you agree with the proposed approach of providing a hyperlink to the benchmark disclosures for products having GHG emissions reduction as their investment objective under Article 9(3) SFDR or would you prefer specific disclosures for such financial products? Do you believe the introduction of GHG emissions reduction target disclosures could lead to confusion between Article 9(3) and other Article 9 and 8 financial products? Please explain your answer.**

<ESMA\_QUESTION\_SFDR\_23>

Linking to the EU climate benchmarks disclosures would be preferred over specific disclosures, and would preferably further strengthen a harmonised approach to the broader EU sustainable finance framework.

<ESMA\_QUESTION\_SFDR\_23>

**Q24 : The ESAs have introduced a distinction between a product-level commitment to achieve a reduction in financed emissions (through a strategy that possibly relies only on divestments and reallocations) and a commitment to achieve a reduction in investees' emissions (through investment in companies that has adopted and duly executes a convincing transition plan or through active ownership). Do you find this distinction useful for investors and actionable for FMPs? Please explain your answer.**

<ESMA\_QUESTION\_SFDR\_24>

No. While the ESAs have correctly assessed the different options available to FMPs to reach GHG emission objectives for their investment portfolios, there is a big qualitative difference between the three main options listed under paragraphs 66a, 66b (1) and 66b (2). While divestment (66a) and company-level (verified, science-based) commitments (66b (1)) are useable indicators to underpin product-level objectives, the active ownership option presented under 66b (2) is qualitatively different. Active ownership is a very important tool in an investor's toolbox, and is absolutely supportive to the options presented under 66a and 66b (1). This is because active ownership would ultimately lead to either improvement (e.g. a company transition plan that qualifies under 66b (1)) or to divestment, in case results are lacking (which is the option under 66a). While active ownership is very important to contribute to sustainable long term value creation by companies, these activities alone do not equal a hard commitment to actual GHG emission reductions and should not be used in itself for the purpose of underpinning hard commitments in pre-contractual information. |

<ESMA\_QUESTION\_SFDR\_24>

**Q25 : Do you find it useful to have a disclosure on the degree of Paris-Alignment of the Article 9 product's target(s)? Do you think that existing methodologies can provide sufficiently robust assessments of that aspect? If yes, please specify which methodology (or methodologies) would be relevant for that purpose and what are their most critical features? Please explain your answer.**

<ESMA\_QUESTION\_SFDR\_25>

It seems doubtful that a disclosure on the 'degree of alignment' will be meaningful to (particularly) retail investors. The concept of Paris-alignment already requires a thorough and not easy to achieve understanding of the long term and forward-looking nature of transition plans and emission objectives, the complexities of which will be amplified by introducing degrees of alignment. |

<ESMA\_QUESTION\_SFDR\_25>

**Q26 : Do you agree with the proposed approach to require that the target is calculated for all investments of the financial product? Please explain your answer.**

<ESMA\_QUESTION\_SFDR\_26>

{Yes. |

<ESMA\_QUESTION\_SFDR\_26>

**Q27 : Do you agree with the proposed approach to require that, at product level, Financed GHG emissions reduction targets be set and disclosed based on the GHG accounting and reporting standard to be referenced in the forthcoming Delegated Act (DA) of the CSRD? Should the Global GHG Accounting and Reporting Standard for the Financial Industry developed by PCAF be required as the only standard to be used for the disclosures, or should any other standard be considered? Please justify your answer and provide the name of alternative standards you would suggest, if any.**

<ESMA\_QUESTION\_SFDR\_27>

{Yes to both. |

<ESMA\_QUESTION\_SFDR\_27>

**Q28 : Do you agree with the approach taken to removals and the use of carbon credits and the alignment the ESAs have sought to achieve with the EFRAG Draft ERS E1? Please explain your answer.**

<ESMA\_QUESTION\_SFDR\_28>

{Yes. |

<ESMA\_QUESTION\_SFDR\_28>

**Q29 : Do you find it useful to ask for disclosures regarding the consistency between the product targets and the financial market participants entity-level targets and transition plan for climate change mitigation? What could be the benefits of and challenges to making such disclosures available? Please explain your answer.**

<ESMA\_QUESTION\_SFDR\_29>

|While FMPs own targets and transition plans are important, requiring disclosures on these within the context of the SFDR goes beyond the legislation's scope of underpinning claims on a product-level. |

<ESMA\_QUESTION\_SFDR\_29>

**Q30 : What are your views on the inclusion of a dashboard at the top of Annexes II-V of the SFDR Delegated Regulation as summary of the key information to complement the more detailed information in the pre-contractual and periodic disclosures? Does it serve the purpose of helping consumers and less experienced retail investors understand the essential information in a simpler and more visual way?**

<ESMA\_QUESTION\_SFDR\_30>

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<ESMA\_QUESTION\_SFDR\_30>

**Q31 : Do you agree that the current version of the templates capture all the information needed for retail investors to understand the characteristics of the products? Do you have views on how to further simplify the language in the dashboard, or other sections of the templates, to make it more understandable to retail investors?**

<ESMA\_QUESTION\_SFDR\_31>

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<ESMA\_QUESTION\_SFDR\_31>

**Q32 : Do you have any suggestion on how to further simplify or enhance the legibility of the current templates?**

<ESMA\_QUESTION\_SFDR\_32>

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<ESMA\_QUESTION\_SFDR\_32>

**Q33 : Is the investment tree in the asset allocation section necessary if the dashboard shows the proportion of sustainable and taxonomy-aligned investments?**

<ESMA\_QUESTION\_SFDR\_33>

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<ESMA\_QUESTION\_SFDR\_33>

**Q34 : Do you agree with this approach of ensuring consistency in the use of colours in Annex II to V in the templates?**

<ESMA\_QUESTION\_SFDR\_34>

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<ESMA\_QUESTION\_SFDR\_34>

**Q35 : Do you agree with the approach to allow to display the pre-contractual and periodic disclosures in an extendable manner electronically?**

<ESMA\_QUESTION\_SFDR\_35>

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<ESMA\_QUESTION\_SFDR\_35>

**Q36 : Do you have any feedback with regard to the potential criteria for estimates?**

<ESMA\_QUESTION\_SFDR\_36>

|Reviewing the PSF Usability Report, we are of the opinion that it is perhaps doubtful whether either the current state of Taxonomy disclosures by investee companies or, in the absence of such disclosures regarding substantial contribution, other environmental metrics (it at all reported) allow FMPs to sufficiently underpin any estimates. Referring to Q37, this would mean that further guidance as to what would constitute key environmental metrics is necessary. However, it might be preferred if, first, further general guidelines regarding the use of estimates within the broader sustainable finance legislative framework is considered by the European Commission.

Additionally, we would like to point out that compliance with minimum safeguards would not necessarily follow from a 'forward looking' assessment based on e.g. policies, but the recent advise



by the PSF on this matter also proved how difficult it is to find suitable criteria to establish ‘backward looking’ compliance. In the absence of a more complete ‘social taxonomy’ or impact-assessments such as those required under the CSRD and (future) CSDDD , a process-based assessment is perhaps the best recourse for the moment. |

<ESMA\_QUESTION\_SFDR\_36>

**Q37 : Do you perceive the need for a more specific definition of the concept of “key environmental metrics” to prevent greenwashing? If so, how could those metrics be defined?**

<ESMA\_QUESTION\_SFDR\_37>

| We refer to our answer to Q36. |

<ESMA\_QUESTION\_SFDR\_37>

**Q38 : Do you see the need to set out specific rules on the calculation of the proportion of sustainable investments of financial products? Please elaborate.**

<ESMA\_QUESTION\_SFDR\_38>

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<ESMA\_QUESTION\_SFDR\_38>

**Q39 : Do you agree that cross-referencing in periodic disclosures of financial products with investment options would be beneficial to address information overload?**

<ESMA\_QUESTION\_SFDR\_39>

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<ESMA\_QUESTION\_SFDR\_39>

**Q40 : Do you agree with the proposed website disclosures for financial products with investment options?**

<ESMA\_QUESTION\_SFDR\_40>

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<ESMA\_QUESTION\_SFDR\_40>

**Q41 : What are your views on the proposal to require that any investment option with sustainability-related features that qualifies the financial product with investment options as a financial product that promotes environmental and/or social characteristics or as a financial product that has sustainable investment as its objective, should disclose the financial product templates, with the exception of those investment options that are financial instruments according to Annex I of Directive 2014/65/EU and are not units in collective investment undertakings? Should those investment options be covered in some other way?**

<ESMA\_QUESTION\_SFDR\_41>

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<ESMA\_QUESTION\_SFDR\_41>

**Q42 : What are the criteria the ESAs should consider when defining which information should be disclosed in a machine-readable format? Do you have any views at this stage as to which machine-readable format should be used? What challenges do you anticipate preparing and/or consuming such information in a machine-readable format?**

<ESMA\_QUESTION\_SFDR\_42>

|There should not be any fundamental differences between how financial information and sustainability information is tagged and made available in a machine readable format. Europe has made valuable inroads into applying inline XBRL to the financial statements using the IFRS taxonomy. This approach can be extended towards sustainability information using a European equivalent of the IFRS taxonomy. Many investors will need to compare European corporates with their global peers. A key challenge will be to design such European equivalent taxonomy in a way that it is interoperable with the IFRS/ISSB's. In addition, such European equivalent should allow European investors to easily identify which datapoints correspond to the SFDR-PAI indicators, as investors have a legal obligation to publish aggregated characteristics of their portfolios based on these PAI indicators. |

<ESMA\_QUESTION\_SFDR\_42>

**Q43 : Do you have any views on the preliminary impact assessments? Can you provide estimates of costs associated with each of the policy options?**

<ESMA\_QUESTION\_SFDR\_43>

Regarding policy issue 1 (extension of social PAIs) and in general, any changes to the framework should only be done to improve either the meaningfulness of SFDR disclosures for end-investors and/or to create further harmonisation within the EU sustainable finance framework. This means Eumediton would be in favour of aligning with the ESRS in terms of minimum content for the SFDR PAIs (option 1.2). But given the context under which the ESRS are created, the ESRS should not function as a 'maximum' in terms of content, as proven by the very relevant addition of tax-related disclosures suggested in this consultation. This would mean that additions as under option 1.3 are currently equally necessary, while anticipating a more comprehensive reassessment of SFDR and CSRD materiality-based requirements.

Regarding the second policy issue (GHG emissions reduction targets disclosures) Eumediton would in general favour to limit the amount of additional and/or separate disclosures, but rather to weave these into the existing PAI framework, as pointed out under Q22.

We have no suggestions regarding the policy issues 3 and 4. |

<ESMA\_QUESTION\_SFDR\_43>