



POSITION PAPER



Consultation on the renewed sustainable finance strategy

ESBG (European Savings and Retail Banking Group)

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Section 1: Questions addressed to all stakeholders on how the financial sector and the economy can become more sustainable

Question 1. With the increased ambition of the European Green Deal and the urgency with which we need to act to tackle the climate-related and environmental challenges, do you think that:

	Major additional policy actions are needed to accelerate the systematic sustainability transition of the EU financial sector
X	incremental additional actions may be needed in targeted areas, but existing actions implemented under the Action Plan on Financing Sustainable Growth are largely sufficient.
	No further policy action is needed for the time being.
	Don't know / no opinion / not relevant

Question 2. Do you know with sufficient confidence if some of your pension, life insurance premium or any other personal savings are invested in sustainable financial assets?

	Yes
	No
	Don't know / no opinion / not relevant

Question 2.1 If yes, do you consider that you have had sufficient access to information with regard to the integration of sustainability criteria and options to invest in sustainable financial assets?

Please explain and specify whether you searched for the information yourself or whether the information was made available to you:

2000 character(s) maximum

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

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Question 2.1 If no, would you like to be offered more information with regard to the integration of sustainability criteria and options to invest in sustainable financial assets and divest from non-sustainable assets?

	Yes
	No
	Don't know / no opinion / not relevant

Question 2.2 If necessary, please explain your answer to question 2.1:

2000 character(s) maximum

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

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Question 3. When looking for investment opportunities, would you like to be systematically offered sustainable investment products as a default option by your financial adviser, provided the product suits your other needs?

	Yes
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	No
	Don't know / no opinion / not relevant

Question 4. Would you consider it useful if corporates and financial institutions were required to communicate if and explain how their business strategies and targets contribute to reaching the goals of the Paris Agreement?

	Yes, corporates
	Yes, financial institutions
	Yes, both
	No
X	Don't know / no opinion / not relevant

Question 4.1 If no, what other steps should be taken instead to accelerate the adoption by corporates and financial sector firms of business targets, strategies and practices that aim to align their emissions and activities with the goals of the Paris Agreement?

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Question 5. One of the objectives of the European Commission's 2018 Action Plan on Financing Sustainable Growth is to encourage investors to finance sustainable activities and projects.

Do you believe the EU should also take further action to:

	1 (strongly disagree)	2 (rather disagree)	3 (neutral)	4 (rather agree)	5 (fully agree)	Don't know / No opinion
Encourage investors to engage, including making use of their voting rights, with companies conducting environmentally harmful activities that are not in line with environmental objectives and the EU-wide trajectory for greenhouse gas emission reductions, as part of the European Climate Law, with a view to encouraging these				X		



companies to adopt more sustainable business models						
Discourage investors from financing environmentally harmful activities that are not in line with environmental objectives and the EU-wide trajectory for greenhouse gas emission reductions, as part of the European Climate Law			X			

Question 5.1 In case you agree or strongly agree with one or both options, what should the EU do to reach this objective?

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The EU should provide the right incentives to investors in order to achieve the objective of re-directing economic flows to finance sustainable projects. These incentives should be provided through taxation and a proper price allocation of carbon, so distortions in the economic valuation of companies can be corrected. Subsidies to environmentally harmful activities shall be suspended in the very short term. This kind of action can play both roles, incentivizing financing of sustainable investments and discouraging investment in harmful activities. Other kinds of intervention should be minimized to solve market failures and targeted to identified weaknesses.

A simple but clear set of regulations based on the taxonomy or a similar reference could be necessary, especially when it comes to holding investments.

Large and institutional investors are already interested in sustainability and are implementing it in the shareholders' meetings. EU should explore what it could do for small private investors because it makes a difference whether someone holds 10 shares or a significant part. Classification of investments with regard to sustainability is needed.

Tax benefits for sustainable investments or lending could also be helpful.

Section 2: Questions targeted at experts

The following section asks further technical and strategic questions on the future of sustainable finance, for which a certain degree of financial or sustainability-related expertise may be useful. This section is therefore primarily addressed at experts.

Question 6. What do you see as the three main challenges and three main opportunities for mainstreaming sustainability in the financial sector over the coming 10 years?

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Challenges:

1. Regulatory frenzy. A holistic view is more important than situational assessment;
2. Too many requirements slow down the development within financial institutions;
3. A too integrated view of the definition of "sustainable activities", complex and wide requirements makes their implementation difficult.



4. Alignment of customers/entrepreneurs preferences with regulatory agenda
 - a. Need to make sustainable products (both environmentally and socially) more affordable to a medium customer: as sustainable products can't arrive massively to customers, most sustainable product alternatives aren't still interesting for entrepreneurs, reducing the number of sustainable companies. This has a direct effect on narrowing the number of investable projects for sustainable investors
 - b. Related with the above-mentioned challenge there is the need to change customer preferences (increase the demand) towards sustainable products: in order to increase the number of investable sustainable projects, there is a need to incentivize the demand for sustainable products.
5. Transparency: non-financial information for corporates is scarce, costly, and usually lacks comparability. This challenge is substantially higher in the area of retail companies.

Opportunities:

1. More stable and resilient economic system;
2. Higher long-term returns because of a holistic view of risk;
3. Enormous financing and investment opportunities in new technologies etc. Increased investment opportunities and offer of sustainable financial instruments. Funding potential;
4. Positive change of image;
5. Contribution to climate and environment

Question 7. Overall, can you identify specific obstacles in current EU policies and regulations that hinder the development of sustainable finance and the integration and management of climate, environmental and social risks into financial decision-making?

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First of all, regulation is too much and uncoordinated since 2018. The coherence of different legislative and regulatory acts shall be established, e.g. the EU Taxonomy Regulation targets on environmentally sustainable economic activities whereas ESG-Disclosure-Regulation (SFDR) applies to E, S, and G that leads to confusion of uniform definitions. Beyond that, the range of products falling under the scope of different acts is different, whereas Taxonomy-Regulation and SFDR apply to financial products other will apply to credit products (EBA loan origination Guideline, ECB ESG Guide, upcoming NFRD).

Moreover, the deadlines for application are too short. Market participants are facing challenges to be compliant without the necessary delegated acts at stake (the SFDR for instances). Especially, as regards the Covid-19 constraints the situation got worse. Consequently, application dates should be aligned and, especially, extended by at least 6 months.

Also, subsidies that damage the topic of climate protection and sustainability must be reduced. Different interests and priorities amongst Member states and industries must be brought together. Clear sector goals and more intermediate goals are needed. The same reduction goals should be defined for all and then sector-specific, "fair share" goals, also for financial service providers). Traceability and acceptance of the many different participants must be guaranteed. Lastly, some technical requirements are still missing (e.g. UN data on sustainability aspects).

Question 8. The transition towards a climate neutral economy might have socio-economic impacts, arising either from economic restructuring related to industrial decarbonisation, because of increased climate change-related socio-economic impacts, arising either from economic restructuring related to industrial decarbonisation, because of increased climate



change-related effects, or a combination thereof. For instance, persons in vulnerable situations or at risk of social exclusion and in need of access to essential services including water, sanitation, energy or transport, may be particularly affected, as well as workers in sectors that are particularly affected by the decarbonisation agenda.

How could the EU ensure that the financial tools developed to increase sustainable investment flows and manage climate and environmental risks have, to the extent possible, no or limited negative socio-economic impacts?

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There is an urgent need for action, including financial education, social plan, structural projects, investment incentives for affected regions, targeted support for regions under the heading of equivalent living conditions, adapting training content, reforming and expanding degree programs and training plans, setting incentives for certain technology fields, campaigns showing that only societies can be permanently intact if their ecosystem is intact.

EU initiatives should concentrate on industries that are the main cause of climate change. Industries that could be stimulated by efforts to reduce greenhouse gas emissions include energy efficiency, renewable energy, the construction industry, or agriculture and forestry. Adaptation measures that increase the resilience of infrastructures and ecosystems to climate change could also create new jobs and economic growth.

The EU legal framework shall promote social aspects of sustainability in banking, according to UN SDGs, e. g. no poverty, quality education, decent work, and economic growth, reduced inequalities and sustainable cities and communities. Social aspects of banking can contribute to the welfare of local societies and their financial stability in the long-term. Social Bonds and other financial instruments to achieve social aims should be acknowledged as a means to a sustainable society in the same way as green bonds.

The EU legal and regulatory framework shall promote Social Banking. Social banking is an important contributor to local societies and their financial stability in a long-term. As an example, we propose that European credit institutions (EIB, EIF) should provide credit lines focused to support geographies or individuals negatively affected by the transition to facilitate its reconversion to new greener industries.

Question 9. As a corporate or a financial institution, how important is it for you that policy-makers create a predictable and well-communicated policy framework that provides a clear EU-wide trajectory on greenhouse gas emission reductions, based on the climate objectives set out in the European Green Deal, including policy signals on the appropriate pace of phasing out certain assets that are likely to be stranded in the future?

	1 – Not important at all
	2 – Rather not important
	3 – Neutral
	4 – Rather important
X	5 – Very important
	Don't know / no opinion / not relevant

Question 9.1 What are, in your view, the mechanisms necessary to be put in place by policy-makers to best give the right signals to you as a corporate or a financial institution?

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Certainty is critical for the decision making of economic agents. The main consequence of the lack of certainty is the postponement of decisions or redirecting them to sector/regions where such certainty could be found.

A clear EU roadmap for the real and financial economy, including a specific plan, and a clear timeline for emissions' reduction is needed. Such an initiative will facilitate the change of behavior of companies and consumers. As far as possible, this should focus more on providing incentives rather than introducing prohibitions.

Also, having a binding and predictable CO2 price that takes externalities into account correctly would be useful. Moreover, a definition of the so-called stranded assets is required.

Apart from that, uniform guidelines for the overall economy are necessary for the transition to succeed. The focus should not only be on the financial sector (or individual sectors of the financial sector), but also on creating a framework for all market participants.

Transparency and easy accessibility of data are also essential factors.

Last but not least, any policy product must remain feasible and practical for all kind of institutions.

Question 10. Should institutional investors and credit institutions be required to estimate and disclose which temperature scenario their portfolios are financing (e.g. 2°C, 3°C, 4°C), in comparison with the goals of the Paris financing (e.g. 2°C, 3°C, 4°C), in comparison with the goals of the Paris Agreement, and on the basis of a common EU-wide methodology?

	Yes, institutional investors
	Yes, credit institutions
	Yes, both
X	No
	Don't know / no opinion / not relevant

Question 11. Corporates, investors, and financial institutions are becoming increasingly aware of the correlation between biodiversity loss and climate change and the negative impacts of biodiversity loss in particular on corporates who are dependent on ecosystem services, such as in sectors like agriculture, extractives, fisheries, forestry and construction. The importance of biodiversity and ecosystem services is already acknowledged in the EU Taxonomy.

However, in light of the growing negative impact of biodiversity loss on companies' profitability and long-term prospects (see for instance *The Nature of Risk - A Framework for Understanding Nature-Related Risk* to, WWF, 2019), as well as its strong connection with Business climate change, do you think the EU's sustainable finance agenda should better reflect growing importance of biodiversity loss?

X	Yes
	No
	Don't know / no opinion / not relevant

Question 11.1 If yes, please specify potential actions the EU could take:

2000 character(s) maximum

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The COVID-19 pandemic is a clear example of why biodiversity loss is linked with sustainability understood from a wide perspective, not only related to climate change. The development of a taxonomy covering activities friendly/damaging with biodiversity and ecosystems should be a priority in this regard.

Put in place the right incentives for the protection of ecosystems and biodiversity is critical. Whilst the sustainable finance agenda can help to better reflect the importance of this aspects mainly towards the taxonomy (which can also help to raise end costumers' awareness of impact in biodiversity and ecosystems of the products they consume through the development of labels for final products), probably the right tools to incentivize their protection is to internalize the externalities that allow an economic benefit from ignoring the impact of economic activities in ecosystems and biodiversity.

Every measure should be based on scientific knowledge, e.g. from the World Biodiversity Council IPBES, Red List from the IUCN, or similar.

The EU should propose a pragmatic step-by-step plan with a number of clear priorities while taking into account constraints. Concrete actions could include the following:

- Restructuring or redirecting EU subsidies in the agricultural sector into promoting ecological;
- EU subsidies in the animal breeding sector/animal products to be restructured away from farm factories towards more animal welfare
- Linking general subsidies with sustainability criteria

Question 12. In your opinion, how can the Commission best ensure that the sustainable finance agenda is appropriately governed over the long term at the EU level in order to cover the private and public funding side, measure financial flows towards sustainable investments and gauge the EU's progress towards its commitments under the European Green Deal and Green Deal Investment Plan?

2000 character(s) maximum

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The Commission should consider sustainability as a criterion for every decision in an integrated way.

The Commission should also maintain the pace of the Green Deal and the Sustainable Finance action plan as well as the upcoming renewed strategy while ensuring good coordination. It should also integrate as soon as possible social aspects as well as governance elements of sustainability in the Taxonomy.

The Commission could also close gaps in existing EU regulation that affects biodiversity.

Question 13. In your opinion, which, if any, further actions would you like to see at international, EU, or Member State level to enable the financing of the sustainability transition? Please identify actions aside from the areas for future work identified in the targeted questions below (remainder of Section II), as well as the existing actions implemented as part of the European Commission's 2018 Action Plan on Financing Sustainable Growth.

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- Respect the principle of proportionality;
- Respect of the EU Better Regulation Agenda: introduce a “CSR-Test” within the impact assessment procedure (see SME-Test) to prevent the adverse selection of existing social banking products and services; provide enough time for market participants to participate in consultations; provide enough time for Level 2-texts to be developed; provide enough time for implementation (at least 12 months); strive for more legal coherence; prevent a piecemeal approach (e.g. Taxonomy Regulation vs. SFDR);
- Development of an EU Social Taxonomy;
- No measures necessary beyond the planned legislative initiatives. It is important to get through the planned laws and implement them as quickly and uniformly as possible in the EU member countries.
- Grants (government grants for sustainable investments - redemption grants etc.)
- Create EU / national best practice platform
- International agreements aligned with EU-based ESG standards.

1. Strengthening the foundations for sustainable finance

1.1 Company reporting and transparency

Question 14. In your opinion, should the EU take action to support the development of a common, publicly accessible, free-of-cost environmental data space for companies' ESG information, including data reported under the NFRD and other relevant ESG data?

X	Yes
	No
	Don't know / no opinion / not relevant

Question 14.1 If yes, please explain how it should be structured and what type of ESG information should feature therein:

2000 character(s) maximum

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Currently, structured product manufacturers have to pay significant amounts to private ESG data providers in order to receive company-specific ESG information. However, due to the divergence in their rating methodologies and approaches, significant differences in the rating outcome can occur. In addition, no ESG data are provided for SMEs. Therefore, a central and free-of-cost (or low cost) database could contribute substantially to expand ESG integration in the structured product. It is important that the data can be entered uniformly and transparently across all sectors, company size, and countries and be freely accessible. Orientation to GRI as a scaffold makes sense, including climate data. Also, data of SMEs should be available. Finally, when developing an ESG data room, it should be ensured that there are no duplications with the ESEF register.

When specifying such a common database, the European Commission should consider keeping additional administrative workloads for the data providers (hence, the companies) low. It must, in any case, be prevented that market participants have to send data more often than one time (there must not be another reporting in connection with e.g. Disclosure regulation).

Lastly, it is questionable what exactly is meant by a "free-of-cost" environmental data space. We would ask you to specify the "free-of-cost" approach.



Question 15. According to your own understanding and assessment, does your company currently carry out economic activities that could substantially contribute to the environmental objectives defined in the Taxonomy Regulation¹?

¹ The six environmental objectives are climate change mitigation and adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, protection and restoration of biodiversity and ecosystems.

<input checked="" type="checkbox"/>	Yes
<input type="checkbox"/>	No
<input type="checkbox"/>	Don't know / no opinion / not relevant

Question 15.1 If yes, once the EU Taxonomy is established (end-2020 for climate change mitigation and adaptation – Assuming that for climate change mitigation and adaptation, it would be based on the recommendations of the TEG for the EU Taxonomy), how likely is it that you would use the taxonomy for your business decisions (such as adapting the scope and focus of your activities in order to be aligned with the EU Taxonomy)?

<input type="checkbox"/>	1 – Not likely at all
<input type="checkbox"/>	2 – Not likely
<input type="checkbox"/>	3 – Neutral
<input type="checkbox"/>	4 – Likely
<input checked="" type="checkbox"/>	5 – Very likely
<input type="checkbox"/>	Don't know / no opinion / not relevant

Question 15.2 If necessary, please explain your response to question 15.1:

2000 character(s) maximum

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

<p>Large projects to promote sustainable finance were launched in the German banking industry. For ESG, the transition to a climate-neutral world requires the help and support of all credit institutions.</p> <p>From the perspective of asset management companies, that are frequently part of banking groups, if they want to really be a sustainable company you have to review your whole investment process and decision-making procedure. This means you have to take the taxonomy into account in all your business decisions. Taking into account the core of your business is to invest people's money in other companies through collective investment schemes; therefore, you have to look for alignment with the taxonomy when analysing the companies you may invest in.</p>
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1.2 Accounting standards and rules

Question 16. Do you see any further areas in existing financial accounting rules (based on the IFRS framework) which may hamper the adequate and timely recognition and consistent measurement of climate and environmental risks?

<input type="checkbox"/>	Yes
<input checked="" type="checkbox"/>	No
<input type="checkbox"/>	Don't know / no opinion / not relevant

Question 16.1 What is in your view the most important area(s)?

Please select as many options as you like.

<input type="checkbox"/>	Impairment and depreciation rules
<input type="checkbox"/>	Provision rules
<input type="checkbox"/>	Contingent liabilities
<input type="checkbox"/>	Other

Please explain why you think amending the impairment and depreciation rules is important:



2000 character(s) maximum
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Please explain why you think provision rules is an important area:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method

Please explain why you think contingent liabilities is an important area:

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method

Please specify which other area(s):

2000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method

First of all, we would like to reiterate our firm opposition to any exclusively European amendments to IFRS as this would constitute a ‘carve-in’ situation. Deviating from international standards also contradicts the objective of uniform international accounting. Changing accounting rules is not the right solution for the European Commission to support sustainable finance. Support from the Commission should be given through the setting of other incentives (e.g. via taxation policies or guarantees).

It should be discussed if alternative accounting treatments are needed for long-term investments in order to reflect properly long term returns. In this regard, it is not clear whether a fair value is the right accounting valuation basis for some long term investments, particularly for those equity instruments with a sustainable profile. In this case, a more proper valuation could be oriented towards reflecting its acquisition cost in addition to performing an impairment assessment. A similar question could arise in specific business models such as insurance: long-term investments that are held by insurers should not have a pervasive accounting treatment when considered together with the accounting treatment of insurance liabilities (IFRS17 vs. IFRS 9). If the accounting principles do not reflect the economics and interrelation between the insurance contracts and their supporting investments, it may lead to changes in the investment strategy in debt instruments in addition to inequities impacting mainly long term investments. Apart from it, IFRS Standards provide the transparency that is a vital support to long-term investment.

1.3 Sustainability research and ratings

Question 17. Do you have concerns on the level of concentration in the market for ESG ratings and data?

	1 – Not concerned at all
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	2 – Rather not concerned
	3 – Neutral
X	4 – Rather concerned
	5 – Very concerned
	Don't know / no opinion / not relevant

Question 17.1 If necessary, please explain your answer to question 17:

2000 character(s) maximum

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

There are only a few rating providers with a high level of awareness or high market position (e.g. MSCI) while there are different quality levels of ratings in place. A good example is the influence that S&P, Moody's and Fitch exercise on financial markets. Ratings must be neutral, credible, realistic, and competitive. The market power of a few agencies leads to high rating fees and to a lack of data quality, which is difficult to determine due to the lack of comparison.

There is also the risk of concentration of influence on the largest rating agencies (ISS, IMUG, Sustainalytics, MSCI, and Vigeo), which have almost an oligopoly position on the market and gain increasing market power with the increasing importance of sustainability.

Indeed, we are concerned about the costs for their services; rating agencies are all well aware of our need for their information to comply with the new regulations and that we will not be able to develop data collection and analysis techniques in house in such a short time frame. Thus, they impose high prices for their services. Besides, they ask for an extra charge in case you need to share those data or rational with anybody, including compulsory information for clients or supervisors, which is something that the drafted regulation requires us to do.

There is not only a concentration of ESG rating agencies but also a broader concentration with traditional rating agencies: Moodys+Vigeo // LSE+ Beyond Ratings // MorningStar DBRS // S&P Trucost. Additionally, the market is more and more controlled from the US, with the purchase of most of ESG European agencies by Anglo-Saxon agencies. Being Europeans, we risk having a bias of “American way of judgment” that may lead to missing the alignment with the objectives we are pursuing.

Finally, there is the risk of abuse if ESG agencies are not publicly monitored.

Question 18. How would you rate the comparability, quality and reliability of ESG data from sustainability providers currently available in the market?

	1 – Very poor
X	2 – Poor
	3 – Neutral
	4 – Good
	5 – Very good
	Don't know / no opinion / not relevant

Question 18.1 If necessary, please explain your answer to question 18:

2000 character(s) maximum

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

There are only a few rating providers with a high level of awareness / high market position (e.g. MSCI). Comparability of data is limited indeed. But even when the data can be compared, several studies show that the correlation is lower, and far from the existing correlation between the main financial rating agencies.



Every provider has implemented different methodologies, scales, questionnaires, or formats. And also the data they are working with, are very different from each other. Some providers use primary data (if already available via NFR) for calculation, other providers use secondary data which are calculated based on assumptions (e.g. some of them are using AI technology for creating ESG models), and sometimes there is a mix of both methods. As a consequence, results for the same ESG aspect can diverge significantly between the data providers. Also, data availability is higher for listed companies. At least some basic principles should be considered, i.e., resources deemed trustworthy and reliable, data quality, availability, update frequency, KPIs, etc., to enhance quality, comparability, and relevance of ESG data.

Moreover, a high proportion of regulation may concentrate the service on the largest rating agencies (ISS, imug, Sustainalytics, Vigeo, and MSCI), which have an oligopoly position on the market and gained increasing market power with the increasing importance of sustainability.

Finally, there is the risk of abuse if ESG agencies are not publicly monitored considering that ratings decide on the capital resources of companies.

Question 19. How would you rate the quality and relevance of ESG research material currently available in the market?

	1 – Very poor
	2 – Poor
X	3 – Neutral
	4 – Good
	5 – Very good
	Don't know / no opinion / not relevant

Question 19.1 If necessary, please explain your answer to question 19:

2000 character(s) maximum

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

The quality and relevance of ESG research material currently available in the market fluctuate since there are no uniform legal requirements. Many different methods have been developed in the market. For many corporate customers, it is difficult to collect data because medium-sized, unlisted companies can't collect and deliver a big amount of data. Additionally, when there is data published, even when it's aligned with standards such as GRI or compliant with the NFRD, is not easily comparable and it's difficult to assess the reliability of such data.

ESG data quality is incomplete, based on qualitative statements and thus largely subjective. The power to interpret sustainability is being transferred to financial market players, which includes that banks, investors, and rating agencies are increasingly judging what is considered sustainable and what is not.

Question 20. How would you assess the quality and relevance of ESG ratings for your investment decisions, both ratings of individual Environmental, Social or Governance factors and aggregated ones?

	1	2	3	4	5	Don't know / No opinion
	(very poor quality and relevance)	(poor quality and relevance)	(neutral)	(good quality and relevance)	(very good quality and relevance)	



Individual			X			
Aggregated		X				

Question 20.1 If necessary, please explain your answer to question 20:

2000 character(s) maximum

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

The consideration of individual assessments is usually better than the aggregated assessment since there are no uniform specifications and there is no comparability in the end.

Most of the data is estimated, based on sectoral averages which are not reliable. It's the first step but we cannot consider it reliable at the moment. The industry tends to use the individual ones, among other reasons, because it is not possible to compare activities or industries where relevant and material aspects are different. The important thing and where the focus should be is in what is relevant within each industry.

Furthermore, even when the percentage of estimated data is low, there are problems with materiality.

In any case, the relevance of data is high, despite the current lack of comparability as these ratings are used to filter the eligible investments by asset managers and insurers and to assess the environmental risk in financing (banks).

Question 21. In your opinion, should the EU take action in any of these areas?

X	Yes
	No
	Don't know / no opinion / not relevant

Question 21.1 If yes, please explain why and what kind of action you consider would address the identified problems. In particular, do you think the EU should consider regulatory intervention?

2000 character(s) maximum

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

Regulatory intervention makes sense, but we still don't have enough information. The EU authorities should ensure harmonization of and transparency in the methodologies used by the rating providers, including the use of uniform ESG-rating scales and objectives so that investors know what the valuation of methods is based on. Not everything has to be worked out in the smallest detail – financial institutions should still be given enough flexibility to design methodologies themselves.

In line with credit rating agencies that are supervised by ESMA, the public control on ESG rating may be reinforced. For example, ESG agencies should also be subject to public supervision. Regarding the first step: corporates, the revision of NFRD and the taxonomy application may help the emergence of reliable and comparable data, considering that the availability of SME data is limited.

Question 21.1 If necessary, please explain your answer to question 21:

2000 character(s) maximum

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



It is of outmost importance to have a common data base with the data of all firms, where one could check the rating agencies' understanding or will be able to make their own rating estimations using those data. Internal rating might be very useful, as long as someone can show how the result was reached in a clear and simple way, if the supervisor asks for that information.

1.4 Definitions, standards and labels for sustainable financial assets and financial products

EU Green Bond Standard

Question 22. The TEG has recommended that verifiers of EU Green Bonds (green bonds using the EU GBS) should be subject to an accreditation or authorisation and supervision regime. Do you agree that verifiers of EU Green Bonds should be subject to some form of accreditation or authorisation and supervision?

<input checked="" type="checkbox"/>	Yes, at European level
<input type="checkbox"/>	Yes, at a national level
<input type="checkbox"/>	No
<input type="checkbox"/>	Don't know / no opinion / not relevant

Question 22.1 If necessary, please explain your answer to question 22:

2000 character(s) maximum

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

The ultimate goal of a regulation like the EU Green Bond Standard should be to establish clear definitions, transparent processes, and uniformity among market participants. One essential part that creates trust in such a new regulation is a clear accreditation process for verifiers. These verifiers should officially be allowed to act as independent third parties and release qualified opinions on sustainable finance products – similar to the process ESMA has set up for the accreditation of credit rating agencies within the EU. However, it should be ensured that the largest (probably the best known) agencies wouldn't create a monopoly in the market due to regulatory barriers to entry.

Question 23. Should any action the Commission takes on verifiers of EU Green Bonds be linked to any potential future action to regulate the market for third-party service providers on sustainability data, ratings and research?

<input checked="" type="checkbox"/>	Yes
<input type="checkbox"/>	No
<input type="checkbox"/>	Don't know / no opinion / not relevant

Question 23.1 If necessary, please explain your answer to question 23:

2000 character(s) maximum

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This is the only way to ensure that the common good, assessed based on ESG criteria, is not neglected in comparison with the individual interests of dominant companies.

Question 24. The EU GBS as recommended by the TEG is intended for any type of issuer: listed or non-listed, public or private, European or international. Do you envisage any issues for non-European issuers to follow the proposed standard by the TEG?

<input type="checkbox"/>	Yes
<input type="checkbox"/>	No



X	Don't know / no opinion / not relevant
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Question 24.1 If necessary, please explain your answer to question 24:

2000 character(s) maximum

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

The question is rather whether international issuers outside Europe benefit from the narrower interpretation in Europe. For this reason, the EU must set uniform standards that can be checked. The same conditions should apply for EU and non-EU issuers. If standards are set, they should apply to all market participants so that there is no distortion of competition.

Prospectus and green bonds

Question 25. In those cases where a prospectus has to be published, do you believe that requiring the disclosure of specific information on green bonds in the prospectus, which is a single binding document, would improve the consistency and comparability of information for such instruments and help fight greenwashing?

	1 – Strongly disagree
	2 – Disagree
X	3 – Neutral
	4 – Agree
	5 – Strongly agree
	Don't know / no opinion / not relevant

Question 25.1 If necessary, please explain your answer to question 25:

2000 character(s) maximum

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

The Prospectus may not be the most appropriate document to specify information about all the details of green bonds (the framework is used for this) but as a document intended to support the investment decision, it should collect minimal information on the green bonds as it has already been proposed to do in the part of risk factors. At this time, the detail on the information given in the ESG frameworks is only audited by agencies / green auditors, which are all private corporations with incentives.

If the focus is on the comparability of information, the prospectus is an unsuitable means. The prospectus serves even to protect investors and is accordingly sufficiently detailed.

Nevertheless, to include some references specifying that the issuer has adhered to the EU GBS could be useful although we do not believe that such information could help to avoid greenwashing. The information needed to that end in the prospectus will be disproportionate and will make the prospectus more complex than it currently is.

Question 26. In those cases where a prospectus has to be published, to what extent do you agree with the following statement: “Issuers that adopt the EU GBS should include a link to that standard in the prospectus instead of being subject to specific disclosure requirements on green bonds in the prospectus”?

	1 – Strongly disagree
	2 – Disagree
X	3 – Neutral
	4 – Agree
	5 – Strongly agree
	Don't know / no opinion / not relevant



Question 26.1 If necessary, please explain your answer to question 26:

2000 character(s) maximum

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

--

Other standards and labels

Question 27. Do you currently market financial products that promote environmental characteristics or have environmental objectives?

<input checked="" type="checkbox"/>	Yes
<input type="checkbox"/>	No
<input type="checkbox"/>	Don't know / no opinion / not relevant

Question 27.1 If yes, once the EU Taxonomy is established (assuming that for climate change mitigation and adaptation, it would be based on the recommendations of the TEG for the EU taxonomy), how likely is it that you would use the EU Taxonomy in your investment decisions (i.e. invest more in underlying assets that are partially or fully aligned with the EU Taxonomy)?

<input type="checkbox"/>	1 – Not likely at all
<input type="checkbox"/>	2 – Not likely
<input type="checkbox"/>	3 – Neutral
<input type="checkbox"/>	4 – Likely
<input checked="" type="checkbox"/>	5 – Very likely
<input type="checkbox"/>	Don't know / no opinion / not relevant

Question 27.1 If necessary, please explain your answer to question 27:

2000 character(s) maximum

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

<p>Some of our members' activities as fund managers have a sustainable strategy and they have the intention of providing as much as possible taxonomy aligned investment alternatives. To manage products that may satisfy clients who want a sustainable product, you will have to justify your choices and explain them to clients, and taxonomy will be the only safe harbour you will have to rely on a common ground and starting point for the industry. Nevertheless it is important to keep in mind that the incomplete character of the taxonomy, its limited usability and complex evaluation of the DNSH principle currently reduces dramatically the amount of taxonomy aligned investment alternatives available without meaning that non taxonomy aligned alternatives are not sustainable or not contributing significantly to the SDGs or the transition to a greener economy.</p>
--

Question 28. In its final report, the High-Level Expert Group on Sustainable Finance recommended to establish a minimum standard for sustainably denominated investment funds (commonly referred to as ESG or SRI funds, despite having diverse methodologies), aimed at retail investors. What actions would you consider necessary to standardise investment funds that have broader sustainability denominations?

<input type="checkbox"/>	No regulatory intervention is needed
<input type="checkbox"/>	The Commission or the ESAs should issue guidance on minimum standards
<input type="checkbox"/>	Regulatory intervention is needed to enshrine minimum standards in law
<input checked="" type="checkbox"/>	Regulatory intervention is needed to create a label



	Don't know / no opinion / not relevant
--	--

Question 29. Should the EU establish a label for investment funds (e.g. ESG funds or green funds aimed at professional investors)?

X	Yes
	No
	Don't know / no opinion / not relevant

Question 29.1 If yes, regarding green funds aimed at professional investors, should this be in the context of the EU Ecolabel?

X	Yes
	No
	Don't know / no opinion / not relevant

Question 29.2 If necessary, please explain your answer to question 29:

2000 character(s) maximum

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

<p>Professional investors usually have a very precise idea of sustainability which is also very different between them. In this regards, it would be more useful the EU to set a minimum catalogue of requirements so that there is at least a clear direction regarding the minimum standards to be met. Also, considering that investors' ideas and objectives are not necessarily uniform, a label couldn't cover all the different objectives in a generally accepted and comprehensive manner.</p> <p>At the management company level, we think it will be very useful to have labels, as they allow to demonstrate why certain funds are considered sustainable and why others not.</p>

Question 29.3 If necessary, please explain your answer to question 29.1:

2000 character(s) maximum

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

<p>It is necessary to set up minimum standards to speak the same language and to not misguide the investors. Normally that goes from the professional side to the retail side so it is a good starting point to try to set up this common framework from that type of investors. Most of the funds are offered to the retail investors and it is a good thing that the language and ideas explained to clients come from a normalized base. If we do not set up public standards each country would produce their own that might be not compatible. The ecolabel could be of outmost importance here.</p>

Question 30. The market has recently seen the development of sustainability linked bonds and loans, whose interest rates or returns are dependent on the company meeting pre-determined sustainability targets. This approach is different from regular green bonds, which have a green use-of-proceeds approach. Should the EU develop standards for these types of sustainability-linked bonds or loans?

	1 – Strongly disagree
	2 – Disagree
	3 – Neutral
X	4 – Agree
	5 – Strongly agree
	Don't know / no opinion / not relevant

Question 30.1 If necessary, please explain your answer to question 30:

2000 character(s) maximum

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



It is important to distinguish sustainability-linked bonds (SLB) from loans (SLL) as the development of their market is in different stages (with different speeds and needs) and the products themselves have a different nature. In this regard, whilst the loan is on the balance sheet of the bank, the bond is bought by an institutional investor, who needs some “guarantees”.

The SBL market is already consolidated having reached the amount of \$ 122bn in 2019, according to Bloomberg. This market doesn't seem to need any additional incentives for its development and shows a good performance without having raised any major concerns. Additionally, it benefits from the supervision of the competent authority, which is already working on its expectations regarding ESG risks and opportunities. In this case, there is no greenwashing risk due to the bank's incentives to comply with the covenants of a SBL and the bank supervision by the competent authority.

Nevertheless, to further accelerate the funding of transition activities, we believe that the EU Commission should consider suggesting the adoption of common “EU Sustainability Linked Loan Principles”. This will bring transparency to this area of sustainable finance. With established “EU Sustainability Linked Loan Principles”, these loans could be labelled.

On the contrary, regarding the bonds, the first issuance of a SLB was made in October 2019, so it is a flourishing market which could benefit from standardization for its development because of both: it will provide confidence to all market participants but specially to investors and it will avoid the risk of greenwashing. In this regard, ICMA recently published its principles for SLB. An European label in this case, similar to the one for the GBS, could benefit substantially the development of the market. This could be included in the scope of the EU Ecolabel for bond funds, thus further accelerating the financing of these activities.

Question 31: Should such a potential standard for target-setting sustainability-linked bonds make use of the EU Taxonomy as one of the key performance indicators?

	1 – Strongly disagree
	2 – Disagree
	3 – Neutral
X	4 – Agree
	5 – Strongly agree
	Don't know / no opinion / not relevant

Question 31.1 If necessary, please explain your answer to question 31:

2000 character(s) maximum

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

Uniform basis for the financial sector prevents fragmentation in regulation. Nevertheless, any linkage to the taxonomy should leave enough room to allow for schemes that won't be covered by it, especially whilst it is incomplete. This is particularly relevant in the case of loans where the covenants are linked to targets much broader than the scope of the taxonomy and that go beyond the Environmental aspects.

Question 32. Several initiatives are currently ongoing in relation to energy efficient mortgages (see for instance the work of the EEFIG (Energy Efficiency Financial Institutions Group set by the EC and the United Nations Environment Program Finance Initiative or UNEP FI) on the financial performance of energy efficiency loans or the energy efficient mortgages initiatives) and green loans more broadly. Should the EU develop standards or labels for these types of products?

X	Yes
	No



	Don't know / no opinion / not relevant
--	--

Question 32.1 If yes, please select all that apply in the following list:

Please select as many options as you like.

<input checked="" type="checkbox"/>	A broad standard or label for sustainable mortgages and loans (including social and environmental considerations)
<input type="checkbox"/>	A standard or label for green (environmental and climate) mortgages and Loans
<input type="checkbox"/>	A narrow standard or label only for energy-efficient mortgages and loans for the renovation of a residential immovable property
<input type="checkbox"/>	Other

Question 32.2 Please specify what other type of standard or label on sustainability in the loan market you would like to see:

2000 character(s) maximum

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

Question 33. The Climate Benchmarks Regulation creates two types of EU climate benchmarks - 'EU Climate Transition' and 'EU Paris-aligned' – aimed at investors with climate-conscious investment strategies. The regulation also requires the Commission to assess the feasibility of a broader 'ESG benchmark'. Should the EU take action to create an ESG benchmark?

<input type="checkbox"/>	Yes
<input checked="" type="checkbox"/>	No
<input type="checkbox"/>	Don't know / no opinion / not relevant

Question 33.1 If yes, please explain what the key elements of such a benchmark should be:

2000 character(s) maximum

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

Question 33.1 If no, please explain your answer to question 33:

2000 character(s) maximum

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

Sustainable benchmarks should have a focus. They should focus on either environmental, social or governance aspects. One could consider creating benchmarks in each of the three pillars separately (E, S & G) when the taxonomy is sufficiently developed. If all factors are to be included in a benchmark, the complexity of the creation is unnecessarily increased.

Question 34. Beyond the possible standards and labels mentioned above (for bonds, retail investment products, investment funds for professional investors, loans and mortgages, benchmarks), do you see the need for any other kinds of standards or labels for sustainable finance?



	Yes
X	No
	Don't know / no opinion / not relevant

Question 34.1 If yes, what should they cover thematically and for what types of financial products?

2000 character(s) maximum

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

Existing labeling and standard initiatives should be sufficient. However, their scope should be expanded to include financial product types, which are currently not covered by these initiatives (e.g. structured products). If the current scope is not being expanded, likely, EU investors, who integrate ESG into their investment decisions will not consider other financial products to the extent they would have done under level playing field conditions. As a result, the EU financial market for sustainable products will be biased towards certain financial products, which are in scope of the labeling regime. As always, such a situation runs the danger to ultimately distort market-adequate asset allocation and risk exposure, especially though not only of retail investors. So it is necessary to establish a label for all kind of financial instruments according to the principle: “diversity in methodologies (because of different nature of products), unity in label”.

1.5 Capital markets infrastructure

Question 35. Do you think the existing capital market infrastructure sufficiently supports the issuance and liquidity of sustainable securities?

	1 – Strongly disagree
	2 – Disagree
X	3 – Neutral
	4 – Agree
	5 – Strongly agree
	Don't know / no opinion / not relevant

Question 35.1 If you disagree, please list the main problems you see (maximum 3):

2000 character(s) maximum

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

The development of deep enough and liquid capital markets is one of the most relevant pending tasks to mainstream sustainable investment. A good example of the urgently need for well-functioning capital markets is the scarce role of securitisations in Europe. This tool has a great potential for redirecting flows to green investment but the existing framework doesn't foster its development.

Question 36. In your opinion, should the EU foster the development of a sustainable finance-oriented exchange or trading segments that caters specifically to trading in sustainable finance securities and is better aligned with the needs of issuers?

	Yes
X	No
	Don't know / no opinion / not relevant

Question 36.1 If necessary, please explain your answer to question 36:

2000 character(s) maximum



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

Real sustainable financial products will prevail on the financial markets. A separate market or exchange is not necessary for this.

Public interventions in the trading platforms are not promising. These markets have to develop depending on supply and demand.

The real problem for the development of this kind of market activities is the lack of well-functioning capital markets in Europe.

Question 37. In your opinion, what core features should a sustainable finance-oriented exchange have in order to encourage capital flows to ESG projects and listing of companies with strong ESG characteristics, in particular SMEs?

2000 character(s) maximum

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

Simplified requirements and standards.

1.6 Corporate governance, long-termism and investor engagement

Question 38. In your view, which recommendation(s) made in the ESAs' reports have the highest potential to effectively tackle short-termism? Please select among the following options:

	Adopt more explicit legal provisions on sustainability for credit institutions, in particular related to governance and risk management
	Define clear objectives on portfolio turn-over ratios and holdings periods for institutional investors
	Require Member States to have an independent monitoring framework to ensure the quality of information disclosed in remuneration reports published by listed companies and funds (UCITS management companies and AIFMs)
X	Other

Question 38.1 Please specify what other recommendation(s) have the highest potential to effectively tackle short-termism:

2000 character(s) maximum

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

Ensuring that management incentives are aligned with the long term performance of the business. Investors reacting to management guidance and strategy. To the extent that the latter is credible and provides a long term compelling vision, there is no shortage of long-term, patient capital available (e.g. Amazon). Unreliable short term management and long-term sector challenges attracts short term capital, given investors cannot have confidence in the future.

Question 39. Beyond the recommendations issued by the ESAs, do you see any barriers in the EU regulatory framework that prevent long-termism and/or do you see scope for further actions that could foster long-termism in financial markets and the way corporates operate?

X	Yes
	No
	Don't know / no opinion / not relevant



Question 39.1 If yes, please explain which barriers you see and / or what action(s) could help foster long-termism in financial markets and the way corporates operate. Please list a maximum of 3 barrier(s) and / or a maximum of 3 action(s):

2000 character(s) maximum

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

<p>Barriers:</p> <ul style="list-style-type: none"> • No clear industry guidelines that apply to all countries. • Arbitrary framework for capital returns. The current dividend ban is an example of this. • Never-ending regulatory requirements mean no long-term visibility thus they drive away long-term investors. • Delaying loss recognition means that reporting loses its link with reality, making stock picking complicated. <p>Actions:</p> <ul style="list-style-type: none"> • Providing a definitive regulatory framework with a timeline for completion. Removing arbitrary components, which drives capital away. • Reducing the regulatory burden for listings- a temptation to overregulation kills the market. • A requirement for more disclosure of market value impacts on assets and liabilities. • Coordination of national plans for the industry. • Production and consumption. • Large-scale infrastructure, transport. • Food and agriculture. • Construction. • Taxation, and • Social services.

Question 40. In your view, should there be a mandatory share of variable remuneration linked to non-financial performance for corporates and financial institutions?

	Yes
X	No
	Don't know / no opinion / not relevant

Question 40.1 If yes, please indicate what share of the variable remuneration should be linked to non-financial performance:

2000 character(s) maximum

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

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Question 41. Do you think that a defined set of EU companies should be required to include carbon emission reductions, where applicable, in their lists of ESG factors affecting directors' variable remuneration?

	Yes
	No
X	Don't know / no opinion / not relevant



Question 42. Beyond the Shareholder Rights Directive II, do you think that EU action would be necessary to further enhance long-term engagement between investors and their investee companies?

	Yes
	No
X	Don't know / no opinion / not relevant

Question 42.1 If yes, what action should be taken? Please explain or provide appropriate examples:

2000 character(s) maximum

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

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Question 43. Do you think voting frameworks across the EU should be further harmonised at EU level to facilitate shareholder engagement and votes on ESG issues?

	Yes
	No
X	Don't know / no opinion / not relevant

Question 44. Do you think that EU action is necessary to allow investors to vote on a company's environmental and social strategies or performance?

	Yes
	No
X	Don't know / no opinion / not relevant

Question 44.1 If yes, please explain your answer to question 44:

2000 character(s) maximum

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

<p>Interested/committed (large) investors are already doing it anyway because they have long recognized the need.</p> <p>Nevertheless, resolutions submitting the CSR strategy to the approval of shareholders are still the exception.</p> <p>The legal framework may evolve towards an obligation to present the main components of such a strategy to the shareholder.</p>

Question 45. Do you think that passive index investing, if it does not take into account ESG factors, could have an impact on the interests of long-term shareholders?

	Yes
X	No
	Don't know / no opinion / not relevant

Question 45.1 If yes, in your view, what do you think this impact is, do you think that the EU should address it and how?

2000 character(s) maximum

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



Question 45.1 If no, please explain your answer to question 45, if necessary:

2000 character(s) maximum

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

Passive investors can follow whatever index they want. To the extent that the index takes into account ESG factors, those will be incorporated into investment decisions. Passive investors are already voluntarily doing it so there is no need to legislate.
--

Question 46. Due regard for a range of 'stakeholder interests', such as the interests of employees, customers, etc., has long been a social expectation vis-a-vis companies. In recent years, the number of such interests have expanded to include issues such as human rights violations, environmental pollution and climate change. Do you think companies and their directors should take account of these interests in corporate decisions alongside financial interests of shareholders, beyond what is currently required by EU law?

	Yes, a more holistic approach should favour the maximisation of social, environmental, as well as economic/financial performance.
X	Yes, as these issues are relevant to the financial performance of the company in the long term.
	No, companies and their directors should not take account of these sorts of interests.
	Don't know / no opinion / not relevant

Question 47. Do you think that an EU framework for supply chain due diligence related to human rights and environmental issues should be developed to ensure a harmonised level-playing field, given the uneven development of national due diligence initiatives?

X	Yes
	No
	Don't know / no opinion / not relevant

Question 48. Do you think that such a supply chain due diligence requirement should apply to all companies, including small and medium sized companies?

X	Yes
	No
	Don't know / no opinion / not relevant

Question 48.1 If yes, please select your preferred option:

	All companies, including SMEs
	All companies, but with lighter minimum requirements for SMEs
X	Only large companies in general, and SMEs in the most risky economic sectors sustainability-wise
	Only large companies

Question 48.2 If necessary, please explain your answer to question 48:

2000 character(s) maximum

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



Question 48.3 If necessary, please explain your answer to question 48.1:

2000 character(s) maximum

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

Adding regulatory burdens to the production sector will create inefficiency and additional costs. To the extent possible, any externalities should be incorporated into the price mechanism via taxation. The burden should not be passed to companies if it can be avoided by the use of more suitable instruments.

2. Increasing opportunities for citizens, financial institutions and corporates to enhance sustainability

2.1 Mobilising retail investors and citizens

Question 49. In order to ensure that retail investors are asked about their sustainability preferences in a simple, adequate and sufficiently granular way, would detailed guidance for financial advisers be useful when they ask questions to retail investors seeking financial advice?

	Yes
X	No
	Don't know / no opinion / not relevant

Question 49.1 If necessary, please explain your answer to question 49:

2000 character(s) maximum

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

We do not see any merit in detailed guidance regarding the client's preference assessment. Minimum guidance, however, that would not add additional regulatory requirements could be useful.

The process of asking the sustainability preferences will be developed by the institutions themselves on the basis of the future legal requirements in Regulation (EU) 2017/565 in order to integrate the question(s) into the existing advisory processes and adapt it to the product strategy.

Predefined questions would prevent the financial adviser from dealing with the customer in an individual manner, as this would increase the risk of formal errors. Too much granularity will lead to complexity and a plethora of questions to clients risking misinformation.

Furthermore, the target market criterion of sustainability must be taken into account. There has to be an alignment between the customer's sustainability preferences and the target market characteristics. In any case, it should be avoided to introduce indirect product regulation by formulating detailed requirements for financial advisers, which then have an impact on the content of financial products beyond the existing provisions under Art. 8 and 9 SFDR.

Question 50. Do you think that retail investors should be systematically offered sustainable investment products as one of the default options, when the provider has them available, at a comparable cost and if those products meet the suitability test?

	Yes
--	-----



X	No
	Don't know / no opinion / not relevant

Question 51. Should the EU support the development of more structured actions in the area of financial literacy and sustainability, in order to raise awareness and knowledge of sustainable finance among citizens and finance professionals?

	1 – Strongly disagree
	2 – Disagree
	3 – Neutral
X	4 – Agree
	5 – Strongly agree
	Don't know / no opinion / not relevant

Question 51.1 If you agree, please choose what particular action should be prioritised:

	1 (strongly disagree)	2 (rather disagree)	3 (neutral)	4 (rather agree)	5 (fully agree)	Don't know / No opinion
Integrate sustainable finance literacy in the training requirements of finance professionals.			X			
Stimulate cooperation between Member States to integrate sustainable finance as part of existing subjects in citizens' education at school, possibly in the context of a wider effort to raise awareness about climate action and sustainability.[1-5]				X		
Beyond school education, stimulate cooperation between Member States to ensure that there are sufficient initiatives to educate citizens to reduce their environmental footprint also through their investment decisions.			X			
Directly, through targeted campaigns.			X			



As part of a wider effort to raise the financial literacy of EU citizens.			X			
As part of a wider effort to raise the knowledge citizens have of their rights as consumers, investors, and active members of their communities.			X			
Promote the inclusion of sustainability and sustainable finance in the curricula of students, in particular future finance professionals.			X			
Other						

Question 51.2 Please specify what other action(s) should be prioritised:

2000 character(s) maximum

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

Highlighting the respective recommendation by the High-Level Forum on Capital Markets Union we call on the Commission to review the Council Recommendation “Key Competencies on Life-long learning” and to introduce financial competence as a stand-alone key competence. The Commission should also identify financial skills as a priority in an update of its Communication on “A New Skills Agenda for Europe” and, accordingly, add a specific focus on sustainable finance literacy.

2.2 Better understanding the impact of sustainable finance on sustainability factors

Question 52. In your view, is it important to better measure the impact of financial products on sustainability factors?

	1 – Not important at all
	2 – Rather not important
X	3 – Neutral
	4 – Rather important
	5 – Very important
	Don't know / no opinion / not relevant

Question 52.1 What actions should the EU take in your view?

2000 character(s) maximum

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

The added value of additional analysis of the impact on sustainability factors for financial products relating to secondary market equity and debt instruments does not justify the additional workload.

In primary markets is much more important. If investment products are forced to report according to the established standards, the retail investor will have better information on the real impact that their investments have on sustainability. Given that in all discretionary portfolio



management and advice they will be asked about their sensitivity towards sustainability, this generates a virtuous feedback process.

Question 53: Do you think that all financial products / instruments (e.g. shares, bonds, ETFs, money market funds) have the same ability to allocate capital to sustainable projects and activities?

	Yes
X	No
	Don't know / no opinion / not relevant

Question 53.1 If no, please explain what you would consider to be the most impactful products/instruments to reallocate capital in this way:

2000 character(s) maximum

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

Products that can invest directly in sustainable projects, especially and with a long-term nature (shares, bonds, green loans) have greater potential. Indeed, if you really want to develop long-term projects, you have to promote those funds with more illiquid characteristics, such as pension funds, where safeguards are established for possible exits (as for example long-term unemployment, that allows bailouts) but the majority of the capital is stable and allows the development of those projects that require a longer maturation period. It would be an intermediate figure between investment funds and private equity.

Influence through shares depends on the relevance of the participation. Every insurance manager, pension fund, an investment company, or whoever applies the taxonomy should have to disclose into what specific projects they are putting money.

2.3 Green securitisation

Question 54. Do you think that green securitisation has a role to play to increase the capital allocated to sustainable projects and activities?

	1 – Not important at all
	2 – Rather not important
	3 – Neutral
X	4 – Rather important
	5 – Very important
	Don't know / no opinion / not relevant

Question 54.1 If necessary, please explain your answer to question 54:

2000 character(s) maximum

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



Green securitisation has an important role to play as it allows the aggregation of small-scale projects that otherwise would not reach institutional investors. In this regard, not only green securitisation but also green bonds are helpful tools to support adaptation and mitigation of climate risk for small scale projects (for SMEs and customers, in particular, including green mortgages, loans to improve energy efficiency in the real state but also in mobility, etc).

Green securitisation is particularly necessary for the security of institutional investors and the endowment of mutual funds. There are currently no legally binding regulations regarding the classification as a Green Bond.

Question 55: Do the existing EU securitisation market and regulatory frameworks, including prudential treatment, create any barriers for securitising ‘green assets’ and increasing growth in their secondary market?

<input checked="" type="checkbox"/>	Yes
<input type="checkbox"/>	No
<input type="checkbox"/>	Don't know / no opinion / not relevant

Question 55.1 If yes, please list the barriers you see (maximum 3):

2000 character(s) maximum

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

Despite the important regulatory efforts made to provide confidence to investors to relaunch the securitisation market through the establishment of the simple, transparent, and standard (STS) securitization framework, the reality is that this market still lacks depth and liquidity. This is the result of a combination of factors, including the heavy operational burden generated by the regulatory framework, which disincentivizes the issue of this instruments respect to others as Covered Bonds which have better capital release treatment and less regulatory requirements for example in reporting which for securitisation have high implementation costs. Additionally, despite the strong regulation, the benefits in terms of capital and liquidity requirements are low. Indeed these assets, are punished compared with other high-quality investments.

Green securitizations can be an opportunity to relaunch the securitization market in Europe, provided that the barriers are addressed. It is important thus, to reduce the burden for the issuer of STS securitizations and to improve the capital and liquidity treatment of these kinds of assets if we want to increase the issuances. No additional reporting templates should be important to avoid implementation costs respect other debt instruments.

Another lever to increase issuances is to reduce the penalization of securitizations as collateral to be provided to the central bank. Haircuts are too high compared with their risk. Should be interesting that Green Securitisation issues had better LCR treatment.

Requirements to have the Green Securitisation label should be addressed in reinvestment requirements such as financing green projects and not in the securitised assets or structure conditions which are already regulated in the new European Regulation 2017/2402 of 12th Dec 2017.

Question 56. Do you see the need for a dedicated regulatory and prudential framework for ‘green securitisation’?

<input type="checkbox"/>	Yes
<input type="checkbox"/>	No



X	Don't know / no opinion / not relevant
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Question 56.1 If yes, what regulatory and/or prudential measures should the dedicated framework contain and how would they interact with the existing general rules for all securitisations and specific rule for STS securitisations?

2000 character(s) maximum

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

Whilst there could be room for a dedicated regulatory framework for green securitisations, particularly to avoid greenwashing, the most important aspect here is to address the barriers for securitisation in general and STS, in particular. Please see our answer to question 57.

Regarding the specific treatment of green securitizations any framework that could be developed should try to avoid overburden and be proportionate to fulfil the regulatory objective. If the regulatory constraints are excessive this could harm the proper development of a market for these instruments, which are key to free up capital to increase loans to the real economy (in particular green loans) and to scale up small projects to institutional investors. As indicated in 55.1 Regulation should be focused just on reinvestment requirements more than Asset or Structure requirements of the issued instrument conditions. The new regulation should focus only on the release of regulatory capital release apart from the reinvestment requirements as indicated before.

2.4 Digital sustainable finance

Question 57. Do you think EU policy action is needed to help maximise the potential of digital tools for integrating sustainability into the financial sector?

X	Yes
	No
	Don't know / no opinion / not relevant

Question 57.1 If yes, what kind of action should the EU take and are there any existing initiatives that you would like the European Commission to consider?

Please list a maximum of 3 actions and a maximum of three existing initiatives:

2000 character(s) maximum

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

The EU needs to leverage digital tools to integrate sustainability into the financial sector. There are 2 possible ways to do so:

- Consider the direct impact of digital tools for marketing (sustainability, advice, etc), financial products to clients to communicate, to exchange information, to advise (AI in particular), development of co-investment tools in green digital platforms;
- Consider how digitalization can support the business:
 - In terms of climate-related actions: Compel manufacturers to display the PAIA/Carbon Cradle to Gate footprint ratio of all their products so that each consumer/company can easily measure the environmental impact
 - In terms of the circular economy: (i) Strengthen the actions undertaken to compel manufacturers to improve the repairability of their products and to compel them to display the repairability indices and the list of welded elements; (ii) put in place controls, sanctions, and non-compliances to better fight



against programmed obsolescence but also the overconsumption memory/processor software or equipment sizing

- Encouraging green Fintechs, develop calls for projects, etc.
- Already existing European vehicles can be mobilized to integrate the challenges of sustainable finance in their different programs especially those dedicated to digital finance (cf. EIT Digital). Tax incentives can also be developed to encourage innovation
- Larger databases with public access are needed for more market transparency, to reduce transaction costs and to disclose success factors but not at the product level.
- Education and skill needs around these subjects have to be reinforced through dedicated programs

Question 58. Do you consider that public authorities, including the EU and Member States should support the development of digital finance solutions that can help consumers and retail investors to better channel their money to finance the transition?

X	Yes
	No
	Don't know / no opinion / not relevant

Question 58.1 If yes, please explain what actions would be relevant from your perspective and which public authority would be best-positioned to deliver it?

Please list a maximum of 3 actions:

2000 character(s) maximum

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

Considering the potential that the use of publicly available data in finance, integrated access to data in the EU is needed in the following areas: Financial reporting data from listed companies; Non-financial reporting data from listed companies and SME data.

We call on the Commission to build or support, based on existing solutions, a **central European ESG data register** that would:

- Collect periodically, with the help of new reading technologies, existing climate change mitigation, and adaptation data of companies that publish non-financial statements under the NFRD.
- Collect other available relevant information, ESG metrics, and relevant data points
- Interconnect the relevant EU and MS databases collecting ESG information
- As well as collecting company register, land register, etc. data.

The availability of raw harmonized ESG data would allow for comparability, increase transparency, lower barriers and costs, generate efficiency, and attract new players. Especially when linked to taxonomy the database could provide a very valuable source of information to markets and policymakers alike. As risk mitigation measure: access only by authorized/supervised entities and only with explicit customer consent.

Apart from that's, as part of the review of the distribution regulatory framework (PRIIPs, MiFID, IDD, CCD, etc.) the European Commission could consider how to adapt the customers' information disclosure requirements to digital sales channels and especially the mobile channel



to allow a seamless customer journey. Also, the Commission could promote the development of research dedicated to Green and Digital businesses.

Question 59. In your opinion, should the EU, Member States, or local authorities use digital tools to involve EU citizens in co-financing local sustainable projects?

<input checked="" type="checkbox"/>	Yes
<input type="checkbox"/>	No
<input type="checkbox"/>	Don't know / no opinion / not relevant

Question 59.1 If yes, please detail, in particular if you see a role for EU intervention, including financial support:

2000 character(s) maximum

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

No new regulation at the EU level is necessary. However, EU financial support would make investments more interesting and incentivise member States and local authorities to use digital tools to involve EU citizens in co-financing local sustainable projects.

One possible solution could be to develop the platformisation of the offer to EU citizens: digital can play a key role in the development of platforms that will help citizens in finding local sustainable projects to invest in (negotiation, distribution or settlement platforms, etc.)

2.5. Project Pipeline

Question 60. What do you consider to be the key market and key regulatory obstacles that prevent an increase in the pipeline of sustainable projects?

Please list a maximum of 3 for each:

2000 character(s) maximum

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

A reasonably high CO2 price is required.

A common EU policy and strategy are required in dealing with third countries (Supply chains, fair market access, technology transfer, and technology protection, etc.)

What is needed is a sanctioning mechanism that punishes the failure to achieve international goals, lack of commitment, and not meeting the Paris Agreement climate targets at Member State level. With commitment and sanctions, the need to fill the project pipeline faster would also increase. It becomes a "must" not just "nice-to-have".

Also, procurement / awarding of contracts generally should be linked to sustainability criteria (social and ecological alike).

Infrastructure projects should be promoted.



Question 61. Do you see a role for Member States to address these obstacles through their NECPs (National Energy and Climate Plans)?

X	Yes
	No
	Don't know / no opinion / not relevant

Question 61.1 If necessary, please explain your answer to question 60 and provide details:

2000 character(s) maximum

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

Building consensus for the implementation of national energy and climate policy in politics, business, and society.

In the government regulation of the Energy Union from 2018, the national energy and climate plans (NECPs) are an important element for achieving the 2030 climate and energy goals of the EU. According to a ranking of the NECPs by Ecologic, there is still a lot of room for improvement. The potential of the NECPs has therefore not yet been exhausted. Most important potentials that could be exploited:

- More stringent goals to actually achieve the climate goals in time
- Appropriateness of the national goals to contribute a "fair share" in an EU comparison
- More detailed mapping of national investment needs to accomplish the transformation
- More detailed process descriptions of the phase-out of coal and the subsidization of fossil fuels
- Better involvement of stakeholders in the formulation of the NECP

Question 62. In your view, how can the EU facilitate the uptake of sustainable finance tools and frameworks by SMEs and smaller professional investors?

Please list a maximum of 3 actions you would like to see at EU-level:

2000 character(s) maximum

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

1. SME-friendly legislation: credit protection simpler regulatory obligations, facilitating business start-ups and cross-border expansion, assignment of public contracts in small lots
2. Extension of emissions trading to more economic sectors, additional programs by European and national development banks
3. Creation of frameworks (such as taxonomy) that are understandable and understandable for all market participants and involvement of affected parties (e.g. SMEs) in the development
4. Simple and free tool for identifying climate risks in the portfolio of small investors to facilitate reallocation and divestment decisions
5. Advice/support in the transformation of business processes or even business models to sustainable economies
6. Advice and support to identify, calculate and disclose in a simplified manner SMEs material climate impacts
7. Better or more intensive exchange and cooperation with the promotional banks to align the promotional programs with EU goals

Question 63. The transition towards a sustainable economy will require significant investment in research and innovation (R&I) to enable rapid commercialisation of promising and



transformational R&I solutions, including possible disruptive and breakthrough inventions or business models.

How could the EU ensure that the financial tools developed to increase sustainable investment flows turn R&I into investable (bankable) opportunities?

2000 character(s) maximum

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

- | |
|---|
| <ul style="list-style-type: none"> • More intensive cooperation with promotional banks to align the conditions of the promotional programs with the EU goals. • Promoting disruptive innovation through funding for start-ups and SMEs, national and pan-European state-supported funding programs. • Credit protection. |
|---|

Question 64. In particular, would you consider it useful to have a category for R&I in the EU Taxonomy?

	Yes
X	No
	Don't know / no opinion / not relevant

Question 65. In your view, do you consider that the EU should take further action in:

	Yes	No	Don't know / No opinion
Bringing more financial engineering to sustainable R&I projects?	X		
Assisting the development of R&I projects to reach investment-ready stages, with volumes, scales, and risk-return profiles that interest investors (i.e. ready and bankable projects that private investors can easily identify)?	X		
Better identifying areas in R&I where public intervention is critical to crowd in private funding?	X		
Ensuring alignment and synergies between Horizon Europe and other EU programmes/funds?	X		
Conducting more research to address the high risks associated with sustainable R&I investment (e.g. policy frameworks and market conditions)?	X		
Identifying and coordinating R&I efforts taking place at EU, national and international levels to maximise value and avoid duplication?	X		
Facilitating sharing of information and experience regarding successful low-carbon business models, research gaps and innovative solutions?	X		
Increasing the capacity of EU entrepreneurs and SMEs to innovate and take risks?	X		

Question 65.1 If necessary, please explain your answers to question 65:

2000 character(s) maximum

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



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2.6 Incentives to scale up sustainable investments

Question 66. In your view, does the EU financial system face market barriers and inefficiencies that prevent the uptake of sustainable investments?

	1 – Not functioning well at all
	2 – Not functioning so well
X	3 – Neutral
	4 – Functioning rather well
	5 – Functioning very well
	Don't know / no opinion / not relevant

Question 66.1 If necessary, please explain your answers to question 66:

2000 character(s) maximum

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

Enterprises in all sectors of the economy should conduct their business in an environmentally friendly manner. However, since mere appeals are not effective enough and a number of mechanisms (negative external effects, giving priority to short-term benefits versus long-term sustainability) often stall sustainable business operations, the government is called upon to create an environment that fosters sustainable activities of enterprises and individuals.

One barrier, for both investors and final clients, is the problem of reliable, and comparable data. It is still difficult for investors to assess properly portfolios on a large scale based on data currently available (although it is improving).

Question 67. In your view, to what extent would potential public incentives for issuers and lenders boost the market for sustainable investments?

	1 – Not effective at all
	2 – Rather not effective
	3 – Neutral
X	4 – Rather effective
	5 – Very effective
	Don't know / no opinion / not relevant

Question 67.1 Since you see a strong need for public incentives, which specific incentive(s) would support the issuance of which sustainable financial assets, in your view?

Please rate the effectiveness of each type of asset for each type of incentive:

a) Revenue-neutral subsidies for issuers:



	1 (Not effective at all)	2 (Not effective)	3 (Neutral)	4 (Effective)	5 (Very effective)	Don't know/ No opinion
Bonds				X		
Loans				X		
Equity			X			
Other						

Please specify the issuance of what other type(s) of asset would be supported by revenue-neutral subsidies for issuers:

2000 character(s) maximum

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

Please specify the reasons for your answers to question 65.1 a) (provide if possible links to quantitative evidence) and add any other incentives you would like the Commission to consider:

2000 character(s) maximum

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

b) De-risking mechanisms such as guarantees and blended financing instruments at EU-level:

	1 (Not effective at all)	2 (Not effective)	3 (Neutral)	4 (Effective)	5 (Very effective)	Don't know/ No opinion
Bonds		X				
Loans		X				
Equity		X				
Other						

Please specify the issuance of what other type(s) of asset would be supported by de-risking mechanisms such as guarantees and blended financing instruments at EU-level:

2000 character(s) maximum



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

Please specify the reasons for your answers to question 65.1 b) (provide if possible links to quantitative evidence) and add any other incentives you would like the Commission to consider:

2000 character(s) maximum

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

c) Technical assistance:

	1 (Not effective at all)	2 (Not effective)	3 (Neutral)	4 (Effective)	5 (Very effective)	Don't know/ No opinion
Bonds		X				
Loans		X				
Equity		X				
Other						

Please specify the issuance of what other type(s) of asset would be supported by technical assistance:

2000 character(s) maximum

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

It also depends on what we call Technical assistance. If we mean the publication of guidelines to help both issuers and investors to apply the taxonomy, the SFRD, etc., it may be effective.

Please specify the reasons for your answers to question 65.1 c) (provide if possible links to quantitative evidence) and add any other incentives you would like the Commission to consider:

2000 character(s) maximum

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



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d) Any other public sector incentives:

	1 (Not effective at all)	2 (Not effective)	3 (Neutral)	4 (Effective)	5 (Very effective)	Don't know/ No opinion
Bonds						
Loans						
Equity						
Other						

Please specify the reasons for your answers (provide if possible quantitative evidence) and other incentives you would like the Commission to consider:

2000 character(s) maximum

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

As a matter of principle, government regulation should always follow market economy principles, i.e. steering effects should be achieved through prices because detailed rules on how products can be produced in a given sector lead to sluggish and cumbersome processes. This also applies to the financial sector, which must first develop its sustainable production methods. In these efforts, the sector can also be incentivised and supported by government regulation. Nevertheless, we recognise the need for some control, so that the sector is not a victim of greenwashing practices. Control on data reliability and disclosures is necessary.

Question 68. In your view, for *investors* (including retail investors), to what extent would potential financial incentives help to create a viable market for sustainable investments?

	1 – Not effective at all
	2 – Rather not effective
	3 – Neutral
X	4 – Rather effective
	5 – Very effective
	Don't know / no opinion / not relevant

Question 68.1 Since you see a strong need for incentives for investors, which specific incentive(s) would best support an increase in sustainable investments?

Please select as many options as you like.

	Revenue-neutral public sector incentives
	Adjusted prudential treatment
X	Public guarantee or co-financing
	Other



Question 68.2 Please specify what other specific incentive(s) would support best increasing sustainable investments:

2000 character(s) maximum

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

Some specific tax advantages may foster the orientation toward such investments. Correct carbon pricing will imply a reduction of benefits that can by itself disincentivise such investments and help reorient investments towards sustainable activities.

Additionally, those activities in which the learning curve of production is still immature should be better developed with that co-financing.

Governments can encourage the growth of the sustainable investment market with initiatives and make it mature at a higher speed which can be rewarding for the aim of sustainability as a general concept.

Please specify the reasons for your answer (provide if possible links to quantitative evidence) and the category of investor to whom it should be addressed (retail, professional, institutional, other):

2000 character(s) maximum

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

As a matter of principle, government regulation should always follow market economy principles, i.e. steering effects should be achieved through prices because detailed rules on how products can be produced in a given sector lead to sluggish and cumbersome processes. This also applies to the financial sector, which must first develop its sustainable production methods. In these efforts, the sector can also be incentivised and supported by government regulation.

Question 69. In your view, should the EU consider putting in place specific incentives that are aimed at facilitating access to finance for SMEs carrying out sustainable activities or those SMEs that wish to transition?

X	Yes
	No
	Don't know / no opinion / not relevant

Question 69.1 If yes, what would be your main three suggestions for actions the EU should prioritise to address this issue?

2000 character(s) maximum

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

Additional bureaucracy should be avoided. Any new requirements imposed on banks and Savings Banks, customers – in particular SMEs – and green investors should be minimised by reducing burdens elsewhere. The implementation and monitoring of sustainability criteria in companies, for instance, always need to be justified in relation to their tangible benefits.

Access to technical assistance on ESG issues should be facilitated so it can be incorporated easily in their transition projects. SMEs should have easily accessible advice on all ESG related issues that can support the planning of such transition, and consequently, facilitating access to financing. Advice and support to identify, calculate, and disclose in a simplified manner SMEs'



material climate impacts increasing their options to opt, for example, to sustainability-linked loans.

2.7 The use of sustainable finance tools and frameworks by public authorities

Question 70. In your view, is the EU Taxonomy, as currently set out in the [report of the Technical Expert Group on Sustainable Finance](#), suitable for use by the public sector, for example in order to classify and report on green expenditures?

	Yes
X	Yes, but only partially
	No
	Don't know / no opinion / not relevant

Question 70.1 Please explain which public authority could use it, how and for what purposes:

2000 character(s) maximum

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

Yes, it should be suitable for all authorities. The taxonomy is an important enabler of the Green Deal and could help direct investment towards low carbon/sustainable activities, and as a signalling device to private investors in the transition to net-zero.

Question 70.2 Please explain which public authority could use it, how and for what purposes, as well as the changes that would be required to make it fit for purpose:

2000 character(s) maximum

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

One basic problem, however, is that so far only the "E" of "ESG" is defined in the taxonomy. A holistic definition is needed to be able to resolve any conflicting goals between "E" and "S". In other words, a taxonomy defining what the other 2 factors are (social and governance) is also needed.

Another problem is that, so far, only criteria for 2 out of 6 environmental objectives (Climate Change adaptation and mitigation) have been laid out. i.e. even regarding E aspects it is incomplete.

A third problem relates to a lack of clarity as to the concept of "do not harm" to the other environmental objectives.

Question 70.3 Please explain why you consider that it is not suitable for use by public authorities, and how those reasons could be best addressed in your view:

2000 character(s) maximum



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

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Question 71. In particular, is the EU Taxonomy, as currently set out in the [report of the Technical Expert Group on Sustainable Finance](#) suitable for use by the public sector in the area of green public procurement?

<input type="checkbox"/>	Yes
<input type="checkbox"/>	Yes, but only partially
<input type="checkbox"/>	No
<input checked="" type="checkbox"/>	Don't know / no opinion / not relevant

Question 71.1 If "no" or "yes, but only partially", please explain why and how those reasons could be best addressed in your view:

2000 character(s) maximum

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

Question 72. In particular, should the EU Taxonomy play a role in the context of public spending frameworks at EU level, i.e. EU spending programmes such as EU funds, Structural and Cohesion Funds and EU state aid rules, where appropriate?

<input type="checkbox"/>	Yes, the taxonomy with climate and environmental objectives set out in the Taxonomy Regulation
<input type="checkbox"/>	Yes, but only if social objectives are incorporated in the EU Taxonomy, as recommended by the TEG, and depending on the outcome of the report that the Commission must publish by 31 December 2021 in line with the review clause of the political agreement on the Taxonomy Regulation
<input type="checkbox"/>	No
<input checked="" type="checkbox"/>	Don't know / no opinion / not relevant

Question 72.1 If yes, what role should it play and is the taxonomy, as currently set out in the report of the Technical Expert Group on Sustainable Finance, suitable for the following purposes?

<input checked="" type="checkbox"/>	In the context of some EU spending programmes
<input type="checkbox"/>	In the context of EU state aid rules
<input type="checkbox"/>	Other

Please explain if the EU Taxonomy is suitable for the purpose of EU spending programmes and what role it should play in this context:

2000 character(s) maximum

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



Direct investment to climate action and spending on the environment / help achieve public investment and spending objectives across multiple EU programmes.

Please explain if the EU Taxonomy is suitable for the purpose of EU state aid rules and what role it should play in this context:

2000 character(s) maximum

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

Please explain for what other purpose is the EU Taxonomy suitable and what role it should play in that context:

2000 character(s) maximum

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

Question 72.1 If yes, but only if social objectives are included; what role do you see for a social, climate and environmental taxonomy?

<input type="checkbox"/>	In the context of some EU spending programmes
<input type="checkbox"/>	In the context of EU state aid rules
<input type="checkbox"/>	Other

Please explain what role you see for a social, climate and environmental taxonomy in the context of some EU spending programmes:

2000 character(s) maximum

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



Please explain what role you see for a social, climate and environmental taxonomy in the context of EU state aid rules:

2000 character(s) maximum

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

Please explain in what other context a social, climate and environmental taxonomy should play a role and what that role should be:

2000 character(s) maximum

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

Question 72.1 If necessary, please explain your answers to question 72:

2000 character(s) maximum

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

Question 73. Should public issuers, including Member States, be expected to make use of a future EU Green Bond Standard for their green bond issuances, including the issuance of sovereign green bonds in case they decide to issue this kind of debt?

<input checked="" type="checkbox"/>	Yes
<input type="checkbox"/>	No
<input type="checkbox"/>	Don't know / no opinion / not relevant

Question 73.1 If no, are there specificities of public issuers and funded projects or assets that the existing guidance on green bonds, developed by the TEG, does not account for?

2000 character(s) maximum

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



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2.8 Promoting intra-EU cross-border sustainable investments

Question 74. Do you consider that targeted investment promotion services could support the scaling up of cross-border sustainable investments?

<input type="checkbox"/>	Yes
<input checked="" type="checkbox"/>	No
<input type="checkbox"/>	Don't know / no opinion / not relevant

Question 74.1 If yes, please specify what type of services would be useful for this purpose:

Please select as many options as you like.

<input type="checkbox"/>	Information on legal frameworks
<input type="checkbox"/>	Individualised advice (e.g. on financing)
<input type="checkbox"/>	Partner and location search
<input type="checkbox"/>	Support in completing authorisations
<input type="checkbox"/>	Problem-solving mechanisms
<input type="checkbox"/>	Other

Question 74.2 Please specify what other type(s) of services would be useful for this purpose:

2000 character(s) maximum

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

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2.9 EU Investment Protection Framework

Question 75. Do you consider that the investment protection framework has an impact on decisions to engage in cross-border sustainable investment?

Please choose one of the following:

<input type="checkbox"/>	Investment protection has no impact
<input type="checkbox"/>	Investment protection has a small impact (one of many factors to consider)
<input type="checkbox"/>	Investment protection has medium impact (e.g. it can lead to an increase in costs)
<input type="checkbox"/>	Investment protection has a significant impact (e.g. influence on scale or type of investment)
<input type="checkbox"/>	Investment protection is a factor that can have a decisive impact on cross-border investments decisions and can result in cancellation of planned or withdrawal of existing investments



X	Don't know / no opinion / not relevant
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2.10 Promoting sustainable finance globally

Question 76. Do you think the current level of global coordination between public actors for sustainable finance is sufficient to promote sustainable finance globally as well as to ensure coherent frameworks and action to deliver on the Paris Agreement and/or the UN Sustainable Development Goals (SDGs)?

	Highly insufficient
X	Rather insufficient
	Neutral
	Rather sufficient
	Fully sufficient
	Don't know / no opinion / not relevant

Question 76.1 What are the main missing factors at international level to further promote sustainable finance globally and to ensure coherent frameworks and actions?

2000 character(s) maximum

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

Global problems/issues (climate change as well as the global nature of financial markets) cannot be addressed at a national level. The problem is that it is difficult to come to a common denominator considering the US withdrawal from the Paris climate protection agreement). Climate protection in developing countries is problematic to finance, or only of secondary importance as a result of economic and social trials due to for example illegal deforestation as a result of the lack of job alternatives, expansion of coal and nuclear power plants, among other things in the interest of economically strong foreign investors, etc. In many cases, there is still no practical implementation. A first framework was set up with taxonomy, but there are not yet enough incentives or concrete implementation aids to make greater use of the framework in practice.

Question 77. What can the Commission do to facilitate global coordination of the private sector (financial and non-financial) in order to deliver on the goals of the Paris Agreement and / or SDGs ?

Please list a maximum of 3 proposals:

2000 character(s) maximum

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

1. Provide concrete, practical implementation aids
2. Involve practitioners in the development
3. Same reporting standard (importance of consistency around firms' disclosure of climate-related financial risks)

Question 78. In your view, what are the main barriers private investors face when financing sustainable projects and activities in emerging markets and developing economies ?

Please select all that apply:

Please select as many options as you like.



X	Lack of internationally comparable sustainable finance frameworks (standards, taxonomies, disclosure, etc.)
	Lack of clearly identifiable sustainable projects on the ground
X	Excessive (perceived or real) investment risk
X	Difficulties to measure sustainable project achievements over time
	Other

Question 78.1 Please specify what other main barrier(s) private investors face when financing sustainable projects and activities in emerging markets and developing economies:

2000 character(s) maximum

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

Generic barriers that affect the financing of long-term investments. In particular, some investment projects (including some green projects) require more capital to be financed and/or need financing over a longer than usual time horizon. However, bank financing and financial instruments in capital markets usually have a short to medium-term horizon. This maturity mismatch between assets and liabilities in green projects contributes to there being less financing available for very long-term investments.

Question 79. In your opinion, in the context of European international cooperation and development policy, how can the EU best support the mobilisation of international and domestic private investors to finance sustainable projects and activities in emerging markets and developing countries, whilst avoiding market distortions?

Please provide a maximum of 3 proposals:

2000 character(s) maximum

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

Question 80. How can EU sustainable finance tools (e.g. taxonomy, benchmarks, disclosure requirements) be used to help scale up the financing of sustainable projects and activities in emerging markets and/or developing economies ?

Which tools are best-suited to help increase financial flows towards and within these countries and what challenges can you identify when implementing them?

Please select among the following options:

	All EU sustainable finance tools are already suitable and can be applied to emerging markets and/or developing economies without any change
	Some tools can be applied, but not all of them
	These tools need to be adapted to local specificities in emerging markets and /or developing economies
X	Don't know / no opinion / not relevant

Question 80.1 If necessary, please explain you answer to question 80:

2000 character(s) maximum



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

Question 80.2 Please explain how you think these tools could be adapted:

2000 character(s) maximum

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

Question 81. In particular, do you think that the EU Taxonomy is suitable for use by development banks, when crowding in private finance, either through guarantees or blended finance for sustainable projects and activities in emerging markets and/or developing economies?

	Yes
X	Don't know / no opinion / not relevant
	Yes, but only partially
	No

Question 81.1 If "no" or "yes, but only partially", please explain why and how the obstacles you identify could be best addressed:

2000 character(s) maximum

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

3. Reducing and managing climate and environmental risks

3.1 Identifying exposures to harmful activities and assets and disincentivising environmentally harmful investments



Question 82. In particular, do you think that existing actions need to be complemented by the development of a taxonomy for economic activities that are most exposed to the transition due to their current negative environmental impacts (the so-called “brown taxonomy”) at EU level, in line with the review clause of the political agreement on the Taxonomy Regulation?

<input type="checkbox"/>	Yes
<input checked="" type="checkbox"/>	No
<input type="checkbox"/>	Don't know / no opinion / not relevant

Question 82.1 If yes, what would be the purpose of such a brown taxonomy?

Please select all that apply:

Please select as many options as you like.

<input type="checkbox"/>	Help supervisors to identify and manage climate and environmental risks
<input type="checkbox"/>	Create new prudential tools, such as for exposures to carbon-intensive industries
<input type="checkbox"/>	Make it easier for investors and financial institutions to voluntarily lower their exposure to these activities
<input type="checkbox"/>	Identify and stop environmentally harmful subsidies
<input type="checkbox"/>	Other

Question 82.2 Please specify what would be the other purpose(s) of such a brown taxonomy:

2000 character(s) maximum

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

We think we are still in an early stage to have a clear image of what the consequences of a brown taxonomy could be. Indeed, we think the ongoing taxonomy developments should be finalised and taxonomy for S and G factors should be prioritised before opening up the discussion on the brown taxonomy. A proper impact assessment should be carried out before deciding to develop such a taxonomy as there are risks associated with it. For example, it can put at risk the transition of sectors considered “Brown” as it can restrict their access to finance.

Nevertheless, we shall also mention that a common understanding of the most harmful and risky activities could be possibly useful to focus risk management and engagement actions with clients, particularly in an environment of growing pressure from supervisors to manage climate and environmental risks.

Other aspects where a common understanding of the most harmful activities can help are transparency and comparability among institutions (reporting); avoiding greenwashing of brown activities; avoiding that transition activities might be considered/treated as brown; facilitating supervisory dialogue (ECB expectations).

Anyway, irrespective of the approach taken by legislators, regulators, or supervisors, penalization of financing to more exposed sectors to climate risk shall be avoided. It could raise serious concerns, and in particular, it may burden their transition and increase social risks if the needed steps to transition haven't been taken. The approach has to be coordinated combining properly supervisory and political concerns to avoid unilateral decisions that can hamper the economy.

Question 82.1 If no, please explain why you disagree:

2000 character(s) maximum

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



Some non-green sectors, that substitute the most emitting alternatives, but that have no place in a low carbon economy, are needed in the transition (efficient steel production, cement, gas) and should therefore not be discriminated against. The existing form of taxonomy is adequately formulated and is characterized by highlighting the opportunities for an economic transformation. The existing taxonomy, as a "positive" definition (which investments are preferable), will drive transformation more effectively. The rest of the matter is handled by the market alone. The more customers are now sensitized via MiFID II/query about their sustainability preferences to the fact that their portfolios may have climate risks, the more investors will decide on their own to switch or "divide".

Question 83: Beyond a sustainable and a brown taxonomy, do you see the need for a taxonomy which would cover all other economic activities that lie in between the two ends of the spectrum, and which may have a more limited negative or positive impact, in line with the review clause of the political agreement on the Taxonomy Regulation?

	Yes
X	No
	Don't know / no opinion / not relevant

Question 83.1 If yes, what should be the purpose of such a taxonomy?

2000 character(s) maximum

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

3.2 Financial stability risk

Question 84. Climate change will impact financial stability through two main channels: physical risks, related to damages from climate-related events, and transition risks, related to the effect of mitigation strategies, especially if these are adopted late and abruptly. In addition, second-order effects (for instance the impact of climate change on real estate prices) can further weaken the whole financial system .

What are in your view the most important channels through which climate change will affect your industry?

Please select all that apply:

Please select as many options as you like.

X	Physical risks
X	Transition risks
X	Second-order effects
	Other

Please specify, if necessary, what are these physical risks:

Please provide links to quantitative analysis when available:

2000 character(s) maximum



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

Physical risks either in the form of incremental events (temperature increase, sea-level rise) or extreme events (floods, droughts, storms, etc.) and longer-term shifts in the climate (changes in precipitation patterns, sea-level rise, rising mean temperatures) affect the probability of default of customers or the value of financed objects/collateral. In the case of housing, physical risks cause a variety of effects mainly related to an increased probability of damaging the collaterals (flooding, damaging of building structure). In the case of agriculture, the business plan of the borrowers (farmers) are also affected (for example, extreme events result in crop failures). Other sectors affected include tourism and utilities. These risks are to be assessed by sector and region.

Physical risks could also lead to insurance customers paying higher premiums or choosing not to take out coverage (which would leave them and their lenders more exposed to future losses).

Please specify, if necessary, what are these transition risks:

Please provide links to quantitative analysis when available:

2000 character(s) maximum

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

Transition risks relate to adjustment changes towards a net zero carbon economy (changes in regulation, emergence of disruptive technology or business models, shifting consumer preferences). Examples include changes in relative prices due to technological change (EVs, renewables), which could affect the value of financial assets in some sectors (automotive sector, energy sector). Likewise, policy changes could lead to the creation of stranded assets (assets that are worthless or uninsurable due to their exposure to climate risks).

All in all, transition risks can arise from exposures to companies with business models that are not aligned with the transition towards a low-carbon economy.

The assessment of transition risks for the short to medium term is currently of great importance. Emission-intensive industry sectors (energy, transport / motor vehicles, real estate, industry) are particularly in the political focus in order to achieve the Paris climate goals and could, therefore, be affected by new regulations that change their incomes in such a way that their probability of default increases affecting the financial entity's portfolio.

Please specify, if necessary, what are these second-order effects:

Please provide links to quantitative analysis when available:

2000 character(s) maximum

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

As a result of the transition of the economy from emission-intensive industries to emission-neutral industries, other dependent sectors (e.g. automotive suppliers, petrol stations, etc.) may have to change or even lose their business model.

Both the impact of physical risks and the transition to a low carbon economy could substantially affect the values of all types of financial assets. They could also increase the cost of insurance for some consumers and reduce the availability of insurance for others.

Please explain through what other channel(s) climate change will affect your industry?

Please provide links to quantitative analysis when available:

2000 character(s) maximum



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

Through abrupt changes in market valuations and asset prices (including real estate prices)

Question 85. What key actions taken in your industry do you consider to be relevant and impactful to enhance the management of climate and environment related risks?

Please identify a maximum of 3 actions taken in your industry

2000 character(s) maximum

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

National reporting framework, EU action plan with taxonomy, NCAs reports, the draft ECB guidelines on climate and environmental risks, EBA SF action plan, CRR/CRD mandates.

Question 86. Following the financial crisis, the EU has developed several new macro-prudential instruments, in particular for the banking sector (CRR/CRDIV), which aim to address systemic risk in the financial system.

Do you consider the current macro-prudential policy toolbox for the EU financial sector sufficient to identify and address potential systemic financial stability risks related to climate change?

	1 – Highly insufficient
	2 – Rather insufficient
	3 – Neutral
X	4 – Rather sufficient
	5 – Fully sufficient
	Don't know / no opinion / not relevant

Question 86.1 If you think the current macro-prudential policy toolbox for the EU financial sector is not sufficient to identify and address potential systemic financial stability risks related to climate change, what solution would you propose?

Please list a maximum of 3 solutions:

2000 character(s) maximum

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

A deeper focus on scenario analysis/appropriate methodologies: the lack of appropriate methodologies makes it much more difficult for financial firms to assess climate risks and to incorporate these risks into internal risk models.



Insurance prudential framework

Question 87. Beyond prudential regulation, do you consider that the EU should take further action to mobilise insurance companies to finance the transition and manage climate and environmental risks?

X	Yes
	No
	Don't know / no opinion / not relevant

Question 87.1 If yes, please specify which actions would be relevant:

2000 character(s) maximum

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

Insurers' business model, oriented toward long term investment, makes particularly relevant for them the evaluation and management of environmental risks.

With the ongoing project of Green taxonomy, the EU will already facilitate the mobilization of institutional investors toward a green economy. In that sense, the finalization of the 4 remaining goals of the taxonomy may be a priority.

The EU could develop other instruments to foster this trend, working on:

- the reinforcement of reliable and comparable environmental data availability (NFRD revision)
- clear trajectories on GHG emissions reductions by sector
- other incentives (e.g. fiscal incentives for green products)

Banking prudential framework

Question 88. Do you consider that there is a need to incorporate ESG risks into prudential regulation in a more effective and faster manner, while ensuring a level-playing field?

X	Yes
	No
	Don't know / no opinion / not relevant

Question 88.1 If yes, is there any category of assets that could warrant a more risk-sensitive treatment? Are there any other prudential measures that could help promoting in a prudentially sound way the role of the EU banking sector in funding the transition to a more sustainable economy?

2000 character(s) maximum

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



Banking regulation (CRR/CRD) has already embedded the tools needed to incorporate ESG into risk management frameworks and prudential regulation. At this stage, EBA shall work on these mandates to translate them into effective regulation. We consider these regulatory tools sufficient from a regulatory standpoint.

ESG risks are also already sufficiently taken into account in the supervisory guidelines for lending. It would not be sufficient to duplicate rules for climate-related risks.

The most important step at this stage is to clarify and harmonize some definitions. We are starting to see different approaches from supervisors and regulators that increase uncertainty and make more complex the adaptation process for the banking sector. As an example, the EBA has an approach limited to climate risks whilst the ECB in its draft guidelines recently published has included environmental risks that are still pending development. In any case, the principles of proportionality, freedom of methods, and materiality should be applied.

Securitisations is one category of assets deserving a more risk-sensitive treatment. They are excessively penalized, even in the case of STS securitizations, and when they are used as collateral for the central banks. As has been stated above this tool could be very powerful to engage institutional investors in the financing of sustainable small scale projects.

Any other sustainable asset with a proven low-risk profile should have a more risk-sensitive treatment. Owing to the need to finance the transition we do not recommend penalizing financing of brown sectors.

Question 89. Beyond prudential regulation, do you consider that the EU should:

1. take further action to mobilise banks to finance the transition?
2. manage climate-related and environmental risks?

X	Yes, option 1. or option 2. or both options
	No
	Don't know / no opinion / not relevant

Question 89.1 If yes, please specify which action(s) would be relevant:

2000 character(s) maximum

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

The tools to progress in these issues are already in the banking regulation and they should be first properly developed before regulating any additional issue. Nevertheless, banks need a lot of data from their clients in order to have the ability to properly manage climate-related and environmental risks. Any action addressed towards increased availability of data would be key to progress on the management of these risks. It is important to take into account the relevance of this issue for retail banking.

There are some measures that can be helpful. The creation of a public database related to climate risk management, facilitating discussion platforms on these topics (knowledge hub, best practices sharing, etc.); right now we have common problems of lack of data, lack of definitions and lack of methodologies and public/private collaboration to advance on the development of methodologies would be of critical importance to advance quickly in these topics.



Question 90. Beyond the possible general measures referred to in section 1.6, would more specific actions related to banks' governance foster the integration, the measurement and mitigation of sustainability risks and impacts into banks' activities?

	Yes
X	No
	Don't know / no opinion / not relevant

Question 90.1 If yes, please specify which measures would be relevant:

2000 character(s) maximum

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

Asset managers

Question 91. Do you see merits in adapting rules on fiduciary duties, best interests of investors/the prudent person rule, risk management and internal structures and processes in sectorial rules to directly require them to consider and integrate adverse impacts of investment decisions on sustainability (negative externalities)?

X	Yes
	No
	Don't know / no opinion / not relevant

Question 91.1 If yes, what solution would you propose?

2000 character(s) maximum

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

Each sector of activity produces some impact on other areas. Some of those impacts are inherent to the activity but the activity has also benefits in terms of jobs, wealth, etc. So the identification and standardization of the negative impacts can give good guidance to the investors for assessing those negative impacts and judge whether it is worth investing in that activity. Regulation should give clear guidance on how the companies should report on those items identified making easier the judgment of the investors.

Pension providers

Question 92. Should the EU explore options to improve ESG integration and reporting above and beyond what is currently required by the regulatory framework for pension providers?

X	Yes
	No
	Don't know / no opinion / not relevant



Question 92.1 If yes, please specify what actions would be relevant, in your view:

2000 character(s) maximum

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

Tax advantages for sustainability products.

Question 93. More generally, how can pension providers contribute to the achievement of the EU's climate and environmental goals in a more proactive way, also in the interest of their own sustained long-term performance? How can the EU facilitate the participation of pension providers to such transition?

2000 character(s) maximum

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

Fostering the acceleration of the transition to a low carbon economy that promotes sustainable development.
To develop long-term climate strategies, convergent with the objectives of the Paris Agreement (COP21) and the United Nations Sustainable Development Goals. Implement these strategies through relationships with clients, participating companies, business partners, and the whole value chain.

Question 94. In view of the planned review of the IORP II Directive in 2023, should the EU further improve the integration of members' and beneficiaries' ESG preferences in the investment strategies and the management and governance of IORPs?

<input type="checkbox"/>	Yes
<input checked="" type="checkbox"/>	No
<input type="checkbox"/>	Don't know / no opinion / not relevant

Question 94.1 If yes, how could this be achieved, taking into account that IORPs are collective schemes whose members may have different views on ESG integration?

2000 character(s) maximum

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

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3.3 Credit rating agencies

Question 95. How would you assess the transparency of the integration of ESG factors into credit ratings by CRAs?



	1 – Not transparent at all
	2 – Rather not transparent
	3 – Neutral
X	4 – Rather transparent
	5 – Very transparent
	Don't know / no opinion / not relevant

Question 95.1 If necessary, please explain your answer to question 95:

2000 character(s) maximum

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

Credit rating agencies (CRA) have made significant improvements in the disclosure of ESG factors into their credit rating assessments, in particular over the past two years. Examples of this progress are the inclusion of specific ESG-related considerations into their press releases and rating reports, irrespective of whether this is relevant for the final rating assessment.

CRA's have also made an effort to include the impact of ESG in their rating methodologies and/or to dedicate specialized in-house teams on ESG evaluations, which complement the credit analysis.

Question 96. How would you assess the effectiveness of the integration of ESG factors into credit ratings by CRAs?

	1 – Not effective at all
	2 – Rather not effective
X	3 – Neutral
	4 – Rather effective
	5 – Very effective
	Don't know / no opinion / not relevant

Question 96.1 If necessary, please explain your answer to question 96:

2000 character(s) maximum

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

Governance has typically been a factor to consider in the credit risk assessment by CRAs in an effective manner as demonstrated by rating actions taken in the past on the grounds of weak governance. CRA's progress on ESG has recently more focused on how environmental and social factors can influence a rating assessment. However, there seems to be a lack of harmonization in these considerations, and, depending on the sector to assess, these factors can be more easily and effectively integrated into the credit analysis.

Question 97. Beyond the guidelines, in your opinion, should the EU take further actions in this area?

	Yes
X	No
	Don't know / no opinion / not relevant

Question 97.1 If yes, please specify what kind of action you consider would address the identified problems. In particular should the EU consider regulatory intervention?

2000 character(s) maximum



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

3.4. Natural capital accounting or “environmental footprint”

Question 98. Are there any specific existing initiatives (e.g. private, public or other) you suggest the Commission should consider when supporting more businesses and other stakeholders in implementing standardised natural capital accounting/environmental foot printing practices within the EU and internationally?

<input checked="" type="checkbox"/>	Yes
<input type="checkbox"/>	No
<input type="checkbox"/>	Don't know / no opinion / not relevant

Question 98.1 If yes, please list a maximum of 3 initiatives:

2000 character(s) maximum

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

The Science-Based Targets Initiative has a high standard but is not developed for the financial sector and it is not clear whether it would arrive to be useful for our sector. The Natural Capital Protocol, <https://naturalcapitalcoalition.org/natural-capital-protocol/> is another good initiative but it is also more focused on other kind of businesses.

The so-called German "VfU Tool" is particularly worth mentioning for the financial sector and is already being used in practice by many institutions.

Unepfi has developed the ENCORE tool <https://www.unepfi.org/ecosystems/exploring-natural-capital-opportunities-risks-and-exposure-encore-tool/>

PCAF - Partnership for Carbon Accounting Financials

3.5. Improving resilience to adverse climate and environmental impacts

Climate-related loss and physical risk data

Question 99. In your opinion, should the European Commission take action to enhance the availability, usability and comparability of climate-related loss and physical risk data across the EU?

<input checked="" type="checkbox"/>	Yes
<input type="checkbox"/>	No
<input type="checkbox"/>	Don't know / no opinion / not relevant

Question 99.1 If yes, for which of the following type of data should the European Commission take action to enhance its availability, usability and comparability across the EU?



Please select as many options as you like.

<input checked="" type="checkbox"/>	Loss data
<input checked="" type="checkbox"/>	Physical risk data

Please specify why you think the European Commission should take action to enhance the availability, usability and comparability of climate-related loss data across the EU?

2000 character(s) maximum

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

Today, many institutions or groups of institutions have high-quality collections of loss data both in operational risk and other risk types such as credit risk. The main drawback, though, is that they cannot be correlated or linked in other, more specific ways to climate change (all the events in question would also occur, albeit with different probability and severity, in the absence of climate change). Databases, which link these events in a statistically significant way to climate change, are a prerequisite for a detailed understanding (as opposed to speculating) of the impact of climate change on financial variables.

Please specify why you think the European Commission should take action to enhance the availability, usability and comparability of climate-related physical risk data across the EU?

2000 character(s) maximum

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

Analyses of the extent to which the likelihood of extreme weather events and climate change affect the probability of failure of industry segments/customers internationally, nationally, and regionally over the long term could determine whether and to what extent political subsidies can work.

Also, the lack of reliable data is one of the main challenges when trying to evaluate climate-related risks. Therefore, enhancing data would help economic agents better manage these risks, which would result in a stronger economy and help financial stability.

Financial management of physical risk

Question 100. Is there a role for the EU to promote more equal access to climate-related financial risk management mechanisms for businesses and citizens across the EU?

<input checked="" type="checkbox"/>	Yes
<input type="checkbox"/>	No
<input type="checkbox"/>	Don't know / no opinion / not relevant

Question 100.1 If yes, please indicate the degree to which you believe the following actions could be helpful:

	1 (Not at all helpful)	2 (Rather not helpful)	3 (Neutral)	4 (Rather helpful)	5 (Very helpful)	N.A.
Financial support to the development of more accurate climate physical risk models				X		



Raise awareness about climate physical risk.				X		
Promote ex-ante “build back better” requirements to improve future resilience of the affected regions and or /sectors after a natural catastrophe.				X		
Facilitate public-private partnerships to expand affordable and comprehensive related insurance coverage.		X				
Reform EU post disaster financial support.			X			
Support the development of alternative financial products (e.g. catastrophe bonds) offering protection/hedging against financial losses stemming from climate- or environment-related events.			X			
Advise Member States on their national natural disaster insurance and post disaster compensation and reconstruction frameworks.			X			
Regulate by setting minimum performance features for national climate-related disaster financial management schemes.			X			
Create a European climate-related disaster risk transfer mechanism.		X				
Other				X		

Please explain why you think it would be useful for the EU to provide financial support to the development of more accurate climate physical risk models:

2000 character(s) maximum

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

EU should provide financial support and assistance to businesses with transition plans that could face exclusion from banking and market financing.

From an investor's point of view, evaluating the exposure of physical risk e of portfolios and of specific issuers is still a strong challenge.

Most of the existing data as of today are rough estimates based on mappings of assets' locations that are not detailed or updated enough to be considered reliable. In order to develop accurate risk models, a first and imperative step would be to get proper data from issuers regarding their geographic exposure(for their own assets, but also for the most critical assets from their supply chain) to regions which are exposed to specific rising physical risks (drought, submersion, fire, hurricanes, etc).



Please explain why you think it would be useful for the EU to raise awareness about climate physical risk:

2000 character(s) maximum

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

Please explain why you think it would be useful for the EU to promote ex-ante “build back better” requirements to improve future resilience of the affected regions and or/sectors after a natural catastrophe:

2000 character(s) maximum

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

Please explain why you think it would be useful for the EU to facilitate public-private partnerships to expand affordable and comprehensive related insurance coverage:

2000 character(s) maximum

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

Please explain why you think it would be useful for the EU to reform EU post disaster financial support:

2000 character(s) maximum

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



Please explain why you think it would be useful for the EU to support the development of alternative financial products (e.g. catastrophe bonds) offering protection/hedging against financial losses stemming from climate or environment-related events:

2000 character(s) maximum

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

Please explain why you think it would be useful for the EU to advise Member States on their national natural disaster insurance and post disaster compensation and reconstruction frameworks:

2000 character(s) maximum

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

Please explain why you think it would be useful for the EU to regulate by setting minimum performance features for national climate-related disaster financial management schemes:

2000 character(s) maximum

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

Please explain why you think it would be useful for the EU to create a European climate-related disaster risk transfer mechanism:

2000 character(s) maximum

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



Please explain what other action(s) the EU should take in this regard:

2000 character(s) maximum

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

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Question 101. Specifically with regards to the insurability of climate-related risks, do you see a role for the EU in this area?

<input type="checkbox"/>	Yes
<input type="checkbox"/>	No
<input checked="" type="checkbox"/>	Don't know / no opinion / not relevant

Question 101.1 If yes, which actions you would consider to be useful? In particular, is there scope for EU action to improve the offer of products and services for climate-related disaster risk reduction, enhance insurers' potential to promote increased resilience of their policyholders beyond a mere compensatory role?

For instance, [EIOPA in its opinion on sustainability on Solvency II](#) talks about “impact underwriting which includes the development of new insurance products, adjustments in the design and pricing of the products and the engagement with public authorities without disregard for actuarial risk-based principles of risk selection and pricing”.

<input checked="" type="checkbox"/>	Yes
<input type="checkbox"/>	No
<input type="checkbox"/>	Don't know / no opinion / not relevant

Question 101.2 If yes, please explain which actions and the expected impact (high, medium, low):

2000 character(s) maximum

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

Taking the role of a (re-)insurer of the last resort for loss events affecting several EU member states at the same time.

Question 101.2 If no, please explain your answer to question 101 and 101.1:

2000 character(s) maximum

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



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Question 102. In your view, should investors and / or credit institutions, when they provide financing, be required to carry out an assessment of the potential long-term environmental and climate risks on the project, economic activity, or other assets?

X	Yes
	No
	Don't know / no opinion / not relevant

Question 102.1 what action should the EU take? Please list a maximum of 3 actions:

2000 character(s) maximum

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

However, only for projects of a certain relevance/size. The control effect to avoid large-scale projects that are harmful to the environment and the climate can be seen more at the political level. If these are "prohibited", funding will not take place. If the funding is within the legally permissible framework, possibly even in the national interest, funding is generally conceivable. Through mandatory assessment and, if necessary, disclosure of the damage, financing may be made more difficult (reputation risk), perhaps even indirectly having an impact on the development of more compatible project models.

In addition, this measure would help institutions incorporate the climate-related risk of their investment as part of the regular risk assessment and to collect climate-related data from the project that will afterward if the project is finally funded, help monitor the climate-related risk of the institution's portfolio.



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