

AMICE Response to the ESAs' joint consultation concerning environmental, social and governance (ESG) disclosures

Introductory comments

AMICE welcomes the opportunity to provide feedback on ESAs' consultation paper setting out the proposed Regulatory Technical Standards (RTS) on content, methodologies and presentation of disclosures under the Sustainable Finance Disclosure Regulation (SFDR - Regulation (EU) 2019/2088).

We would like to make the following preliminary remarks:

Timeline

Under the SFDR, financial market participants and financial advisers must comply with the new sustainability-related disclosure requirements starting from 10 March 2021. However, the deadline for the submission of the draft RTS to the European Commission is 31 January 2021.

This means that financial market participants and financial advisers will be given only a very short period of time between the finalization of the RTS and the entry into force of the new disclosure obligation within which they have to implement the necessary changes and adapt their internal procedures. This also means that, with the Taxonomy Regulation becoming applicable (in relation to the environmental objectives of climate change mitigation and climate change adaptation) on 1 January 2022, they will have to carefully assess the systems and procedures that they have put in place to comply with the 10 March 2021 deadline to check whether they are still compliant despite the changes introduced as a result of the said Taxonomy Regulation.

In addition, the European Commission published the long-awaited draft level 2 measures incorporating sustainability issues and considerations into MiFID II and the Insurance Distribution Directive (IDD), only recently (in June 2020). The draft delegated acts aim to clarify a number of implications resulting from the SFDR. According to their current draft version, we expect that, once adopted, the delegated acts will be applicable 12 months after their publication in the Official Journal of the European Union. As a consequence, the IDD-MiFID foreseen changes will not become effective before the Disclosure Regulation is applicable (i.e. 10 March 2021). This could mean that no client ESG preferences are registered and collected as of March 2021, although investment firms do need to periodically disclose through suitability statements how the portfolio is achieving the clients' (ESG) goals.

In the light of above, we call on the ESAs to take into account the raised issues in order to better align the timeline of different legislative frameworks in order to foster an effective implementation of the stated fulfillments.

Principal adverse impact disclosure - Article 4(6) and 4(7) of SFDR

We agree with the ESAs' approach on the principal adverse impact disclosure: the industry needs a set of clear and harmonised indicators in order to capture appropriately the principal negative effects on sustainability factors.

However, we believe that the proposed Consultation paper raises a number of concerns.

We support a marked reduction in the number of indicators. The disclosure requirement under Article 4 of SFDR has been conceived by the draft RTS as a very complex report about the process/selection of investment products to be recommended, carried out in the previous calendar year, which implies the

collection of several detailed information that are currently not available and that are consequently difficult to obtain.

Lack of data

We underline that the revision of the Non-Financial Reporting Directive (NFRD) is still under consultation and reporting non-financial information is for many companies still not compulsory. In addition, the NFRD does not provide for a standard on non-financial disclosure; therefore, companies can choose among different standards or guidelines (i.e. GRI, IIRC, UN Global Compact, OECD guidelines, ISO 26000) that provide very different indications about how to define the materiality of the information reported.

However, the SFDR and the Taxonomy Regulation can only fully meet their objectives if relevant, reliable and comparable non-financial information is available from investee companies. In this context, offering cost efficient products will be more and more difficult as the costs for ESG data might rise significantly. Financial market participants and financial advisers will have indeed to rely on third-party data providers (that, according to the European Commission, might use non comparable, reliable and qualitative data), something the Commission itself portrays as a possible (concentration) risk. The Commission is therefore investigating whether it may be useful to ensure open and centralised access not only to company reporting under the NFRD, but also to relevant company information on other available ESG metrics and data points. With this respect, as underlined by other industry association, we share the idea that a common database would ease transparency and comparability, while avoiding duplication of data collection efforts.

Unfortunately, we regret the fact that this initiative would in any case come too late for the initial implementation of SFDR.

Forward looking indicators are needed. Annex I of the Consultation Paper includes only backward looking indicators based on the balance sheet's available data. However, this approach excludes all the efforts already envisaged by the industry with the aim of future carbon emissions reduction: we support the adoption of forward looking indicators in order to capture the future negative effects on sustainability factors.

Definition of sustainability-related products (Article 8 and Article 9)

We acknowledge the need for clarification on the distinction between “Article 8” and “Article 9” products of the SFDR. Although we recognize that the lack of clarity on the exact definition of financial products that “*promote, among other characteristics, environmental or social characteristics*” and the one referred to financial products that “*have sustainable investment as their objective*” should be properly addressed at the level of Regulation (level 1 text), we are concerned with the very difficult practical implementation of many requirements due to this ambiguous definition.

The need for clarification is even more urgent with reference to Article 15 and Article 24 of the draft RTS. As laid down in Article 15, a market participant shall include in the pre-contractual information for financial products referred to in Article 8(1) of SFDR the graphical representation with the “*total investments that are sustainable investments and, where relevant, the subdivision of those sustainable investments between environmental or social objectives*” (Article 15(2)(a)). Similarly, Article 24 states that a market participant shall include in the pre-contractual information for financial products referred to in Article 9(1), (2) and (3) of Regulation (EU) 2019/2088 a graphical representation which “*shall illustrate the planned proportion of the total investments that are sustainable investments and, where relevant, the subdivision of those sustainable investments between environmental or social objectives*” (Article 24(2)(a)).

Based on the above, both types of products (Article 8 and Article 9) could partially invest their proceeds in investments that are deemed sustainable and hence, the residual portion could be invested in non-sustainable economic activities. Therefore, it does not seem that Article 9 financial products should necessarily perform better in terms of sustainability or should be conceived as a 100% compliant with sustainability factors.

Response to ESAs' questionnaire

Question 1: Do you agree with the approach proposed in Chapter II and Annex I – where the indicators in Table 1 always lead to principal adverse impacts irrespective of the value of the metrics, requiring consistent disclosure, and the indicators in Table 2 and 3 are subject to an “opt-in” regime for disclosure?

AMICE believes it is appropriate to capture principal adverse impacts on sustainability factors *via* specific and harmonised indicators.

However, the proposed Annex I shows severe drawbacks.

We believe that the number of mandatory indicators contained in Table 1 is too high and that the indicator metrics are too complex.

- The disclosure of a large number of indicators seems to be in contrast with the need to ensure disclosure of concise information to the market, and the complex and quantitative metrics proposed may not be easy to be interpreted by customers and policyholders. Moreover, the proposed indicators are not related to any materiality thresholds. This could contradict the aim of the Regulation which is to convey the message on *principal* adverse impact of investment decisions, which refers only to those effects that exert a tangible consequence on ESG factors.
- From the market participants' point of view, the disclosure of Table 1, 2 and 3 could be burdensome. It could be very difficult to find all the information required given the complexity of the process/selection of investment products, and the fulfilment of the proposed annexes could be very expensive and challenging (it could be difficult to find data about scope 2 and 3 in the compulsory disclosure requirements on carbon emissions).

Financial advisers are asked by Article 12 of the draft RTS to publish on a separate section of their website (titled, “*Adverse sustainability impacts statement*”) the information as to whether “*they consider in their investment advice or insurance advice the principal adverse impacts on sustainability factors*”. The above statement shall also contain details on the process to select the financial products they advise on, including: (a) how the information published by financial market participants in accordance with this Regulation is used, (b) whether the financial adviser ranks and selects financial products based on the principal adverse impacts referred to in Table 1 of Annex I and, if so, a description of the ranking and selection methodology used; (c) any criteria or thresholds used to select financial products and advise on them based on those impacts.

Those provisions seem particularly burdensome for financial advisers and do not appropriately reflect the proportionality principle laid down in Article 4(5)(a) of SFDR which states that financial advisers while performing the duty concerning the transparency of adverse sustainability impacts shall take into account “*their size, the nature and scale of their activities and the types of financial products they advise on*”.

In fact, it is worth considering that in many cases financial advisers carry out their activity outside a complex organisational structure. It would imply that in many cases financial advisers are not fully equipped for performing the requirements of Article 12 of the draft RTS and hence, more guidance should be provided for small financial advisers in order to comply with the above requirements.

In addition, some clarifications on Table 1 are needed. The ESAs should clarify that Table 1 is related to all investments of the financial market participants and should not be published for each product. Article 4 aims at fostering the transparency of adverse sustainability impacts at entity level, but there are no further indication of the level of details required.

- Table 1 should only focus on scope 1 and 2 in the compulsory disclosure requirements on carbon emissions. It should be underlined that data for scope 1 and 2 are not always available; moreover: i) data for scope 2 could lead to double counting; ii) with the current CO₂ data, financial market participants have encountered the necessary caveats. Carbon emission data are somehow estimated, although over time financial market participants have experienced large fluctuations in the CO₂ data

of a company itself. Scope 3 should be excluded at this stage: data for scope 3 is not available and if available, it leads to double counting.

- There is need to align the metrics in the Annex 1 Table with reference to the main relevant international standards and frameworks, and to avoid the use of some classification (like NACE) in favour of classification used in the financial sector.

We believe that the scope should highlight the financial products involved. This reporting template should be related only to direct exposures, while other investments (like wrappers, fund of funds from third parties) should not be included in this consultation and therefore, in the final RTS.

The ESAs should ensure that the disclosure requirements do not result in information overload and we invite the ESAs to carry out a consumer testing on their proposals in order to ensure that information is comprehensible for the (retail) customer.

Finally, we have some comments on the provided timeline:

- The wording of Article 4(3) of the draft RTS is somehow confusing. In our view, taking into account that Article 4 of the SFDR shall apply from 10 March 2021 and that the transparency of adverse impacts have been conceived as ex-post quantitative reporting on investments made in the previous year, all financial market participants should begin to consider the principal adverse impacts of investment decisions on sustainability starting from 10 March 2021 and publish the first sustainability impact statement by 30 June 2022 with reference to the previous fiscal year. The sustainability report will then be issued every year on June. With this in mind, it is not clear which are the requirements for the transition period implied by Article 4(3)(a).
- The ongoing NFRD review has the objective to better standardise non-financial information. We are concerned that financial participants will start reporting on a first list of indicators that will change in the coming years as the EFRAG has been tasked to propose new standardised non-financial indicators.
- The ESAs should clarify the transitional provision of Article 53 of the draft RTS. It is unclear which are the differences – in terms of disclosure requirements – between financial market participants that consider investment decisions before 10 March 2021 and financial market participants that consider investment decisions after that same date.

In light of these comments, it is crucial that the ESAs clarify the exact application timeline of the requirements under Article 4.

Question 2: *Does the approach laid out in Chapter II and Annex I, take sufficiently into account the size, nature, and scale of financial market participants activities and the type of products they make available?*

The Tables proposed in the Consultation Paper do not contain any element that helps to differentiate the requirements between financial market participants. There is no differentiation related to the size or the scale of financial market participants, and not even in relation to the type of products.

The proportionality principle should be considered and implemented.

Question 3: *If you do not agree with the approach in Chapter II and Annex I, is there another way to ensure sufficiently comparable disclosure against key indicators?*

AMICE believes it is appropriate to reduce the number of indicators in Table 1. A small set of indicators could help the market to analyze the principal negative impact of financial market participant investments on the ESG factors.

It is important to privilege the disclosure of the most consolidated indicators (carbon emission, carbon footprint and carbon intensity) and then, to avoid indicators for which it could be difficult to find consistent information (data is still lacking and the NFRD is under revision).

Therefore, we strongly support the call for EU action for a centralised register for environmental, social and governance (ESG) data in the EU. A common database would ease transparency and comparability and would avoid duplication of data collection efforts. Unfortunately, as previously underlined, this initiative, if supported at EU level, might also be implemented too late for the initial implementation of SFDR.

Question 4: *Do you have any views on the reporting template provided in Table 1 of Annex I?*

See our response to question 1. As indicated above, there are too many indicators in Table 1 which may not be relevant or helpful for the end-user.

Question 5: *Do you agree with the indicators? Would you recommend any other indicators? Do you see merit in including forward-looking indicators such as emission reduction pathways, or scope 4 emissions (saving other companies' GHG emissions)?*

In the current context of the ongoing NFRD revision and given that reporting of non-financial information is still not compulsory for most companies, there is a heterogeneous set of reporting standards or guidelines (i.e. GRI, IIRC, UN Global Compact, OECD guidelines, ISO 26000 etc.) that provide very different indications about how to define the materiality of the information reported. The SFDR and the Taxonomy Regulation can only fully meet their objectives if relevant, reliable and comparable non-financial information is available from investee companies.

AMICE believes that forward looking indicators like emission reduction pathways could give some interesting information only if a reduction of the number of indicators is taken into account, while there is significant lack of data for scope 4 emissions.

As regards to the specific indicators, AMICE would like to highlight the following:

- Biodiversity: Biodiversity indicators could not represent “material” negative impact for a large set of the financial sector: their presence in the list should be considered and, probably, reduced;
- Excessive CEO pay ratio: this indicator is completely unrelated to the “Do not significant harm” principle;
- Human rights indicators: this set of indicators should be considered with a clear materiality reference.

Question 6: *In addition to the proposed indicators on carbon emissions in Annex I, do you see merit in also requesting a) a relative measure of carbon emissions relative to the EU 2030 climate and energy framework target and b) a relative measure of carbon emissions relative to the prevailing carbon price?*

Further to our response to Q5 which indicates an aversion to additional indicators, we consider it is too premature to request for the proposed indicators under point a) and b).

Question 7: *The ESAs saw merit in requiring measurement of both (1) the share of the investments in companies without a particular issue required by the indicator and (2) the share of all companies in the investments without that issue. Do you have any feedback on this proposal?*

Question 8: *Would you see merit in including more advanced indicators or metrics to allow financial market participants to capture activities by investee companies to reduce GHG emissions? If yes, how would such advanced metrics capture adverse impacts?*

AMICE believes that the proposed indicators in Table 1 already show a high degree of complexity. As we stated in Q3, we believe that their number should be reduced significantly.

Question 9: *Do you agree with the goal of trying to deliver indicators for social and employee matters, respect for human rights, anti-corruption and anti-bribery matters at the same time as the environmental indicators?*

AMICE believes that the ESAs choice is appropriate. Environmental issues should be taken into account together with social and governance issues in order to comply with the “Do Not Significant Harm” principle, and it is preferable for companies to immediately know the potential burden of disclosure rather than knowing it at different stages.

Question 10: *Do you agree with the proposal that financial market participants should provide a historical comparison of principal adverse impact disclosures up to ten years? If not, what timespan would you suggest?*

Article 6(2) of draft RTS states that “the statement shall contain a historical comparison of the current reference period with the previous reference periods”, for a maximum length of 10 years starting “from the date on which financial market participants first considered principal adverse impact of its investments decision”. It is not clear how this disclosure should be provided and this should be clarified by the ESAs: if there is the necessity to comply with other quantitative requirements, AMICE believes that a reduction of the 10 years’ time span should be considered.

Question 11: *Are there any ways to discourage potential “window dressing” techniques in the principal adverse impact reporting? Should the ESAs consider harmonising the methodology and timing of reporting across the reference period, e.g. on what dates the composition of investments must be taken into account? If not, what alternative would you suggest to curtail window dressing techniques?*

AMICE believes that the harmonisation of the methodology and timing of reporting across the reference period is necessary to avoid different practices among the financial services sectors. There is also the need to harmonise the dates at which the composition of investments should be taken into account, in order to ensure comparability and reliability of the information provided by Table 1.

Question 12: *Do you agree with the approach to have mandatory (1) pre-contractual and (2) periodic templates for financial products?*

AMICE believes that mandatory templates might be preferable. Mandatory templates allow the industry to disclose the required information without ambiguity and ensure the maximum harmonisation of the disclosure among financial market participants. However, we want to stress that information included into mandatory templates should be compliant with Article 8(3) and 9(5) of SFDR, in order to provide that

disclosures are “fair, clear, not misleading, simple and concise”. For this reason, the ESAs should include only the key ESG product information in the pre-contractual and periodic templates, and should:

- avoid too much complex layout;
- strike the right balance between the amount of the new ESG information and the information currently required by the existing mandatory templates;
- ensure that the required quantitative data are easily available and clearly linked to the Taxonomy Regulation and the NFRD;
- ensure compliance with IDD and Solvency II requirements;
- ensure adequate timeline for financial market participants and financial advisers.

As a general remark, we would like to highlight that information conveyed to investors (in particular, to retail ones) should meet the materiality screening criterion in order to provide a reliable guidance for their decisions. The materiality test is the only one which can increase the value added of transparency and improve the awareness of investors on the effects of their decision on sustainability objectives.

Question 13: *If the ESAs develop such pre-contractual and periodic templates, what elements should the ESAs include and how should they be formatted?*

Article 6(3) of SFDR states that pre-contractual information must be disclosed according to Article 185(2) of the Solvency II Directive and Article 29(1) of IDD. These disclosure requirements are mostly detailed at national level, taking into account the transposition in the national legislative framework of the above directives. Therefore, AMICE would like to remind that insurance products pre-contractual information is currently released according to standardized mandatory templates detailed by National Supervisory Authorities. In our opinion, new mandatory ESG pre-contractual information should be conceived in a way that ensures the coherence with the abovementioned already existing standardized templates.

Question 14: *If you do not agree with harmonised reporting templates for financial products, please suggest what other approach you would propose that would ensure comparability between products.*

Question 15: *Do you agree with the balance of information between pre-contractual and website information requirements? Apart from the items listed under Questions 25 and 26, is there anything you would add or subtract from these proposals?*

AMICE believes that the RTS should achieve a better balance between pre-contractual and website disclosure.

Pre-contractual information is already conceived as very prescriptive and in most cases it should be presented following strict formats and layouts, such as the PRIIPs KID or the UCITS KIID. The provision of these documents by manufacturers is already onerous and many stakeholders have raised the issue of the reliability and usefulness of these wide range of info for the interest of end-users/consumers, that in general are not well equipped for the analysis of technical details on financial products (as for example the review of PRIIPs RTS has recently shown).

Adding new disclosure requirements for pre-contractual information could unduly exacerbate the issue of intelligibility for consumers and will put an extra administrative burden on market participants.

Moreover, as stated in Q.13, harmonized pre-contractual templates should be coherent with the ones already established by the Solvency II Directive and IDD (as transposed at national level by domestic

legislation). Potential new disclosure requirements referred to pre-contractual information should be conceived in a strict connection with the existing templates.

As a general remark, AMICE believes that the additional information should be enclosed – whenever possible – in the website: fostering digital tools should be deemed as a priority also in line with the new European Digital Finance Strategy, recently launched by the European Commission and could better serve the interest of European citizens.

Question 16: *Do you think the differences between Article 8 and Article 9 products are sufficiently well captured by the proposed provisions? If not, please suggest how the disclosures could be further distinguished.*

The boundaries between the two categories of products referred to in Articles 8 and 9 of SFDR are somewhat unclear and as a consequence, it is very difficult to understand what the relevant information for the disclosure requirements is.

On a different note, we take the chance to bring to the ESAs' attention a fundamental prerequisite that we see as necessary in order to differentiate those two categories of products and inform customers accordingly. It seems that the manufacturer is not asked to assign a clear label to Article 8 and Article 9 products and this lack of clarity could result in inconsistent set of information given to retail clients that will be asked to infer the underlying category to which belong the financial products in which they invest by only looking at the published information. The overall process seems too complex and it could hinder the final objectives of the SFRD which consists in increasing the awareness of investors on the degree of sustainability of different financial products.

Question 17: *Do the graphical and narrative descriptions of investment proportions capture indirect investments sufficiently?*

Question 18: *The draft RTS require in Article 15(2) that for Article 8 products graphical representations illustrate the proportion of investments screened against the environmental or social characteristics of the financial product. However, as characteristics can widely vary from product to product do you think using the same graphical representation for very different types of products could be misleading to end-investors? If yes, how should such graphic representation be adapted?*

AMICE believes that the major obstacle for an effective and smooth implementation of this provision is the link with somehow blurred definitions which prevent financial market participants from a clear understanding. The proceeds which stem from the selling of Article 8 financial product (that is the object of Article 15(2) disclosure requirements) could be invested in “*sustainable investment*”, Article 15(2)(i), or in investment “*that contribute to the attainment of the environmental or social characteristics*”, art. 15(2)(ii). In both cases, financial market participants are asked to disclose the graphical proportion of the above investments distinguishing “*between environmental or social*”. While for the “*sustainable investment*” (at least for the environmental ones) the Taxonomy Regulation provides a useful tool, more guidance should be provided on how to differentiate investments which attain to “*environmental or social characteristics*” from the others.

As for graphical representation, it should be tested with (retail) clients in order to fit with the minimum requirement of “What do they understand? What is comprehensible for them?”.

Question 19: *Do you agree with always disclosing exposure to solid fossil-fuel sectors? Are there other sectors that should be captured in such a way, such as nuclear energy?*

AMICE believes that this requirement could be potentially misleading. An investment could only pursue social objectives and still be classified as sustainable. Hence, we do not see the rationale for always imposing the disclosure of exposure to solid fossil-fuel sectors, even for those potentially pursuing only “S” (social) and/or “G” (governance) objectives.

Question 20: *Do the product disclosure rules take sufficient account of the differences between products, such as multi-option products or portfolio management products?*

AMICE has some concerns regarding the lack of clarity of the application of these rules to MOPs. It should be clarified that where a MOP qualifies under Article 8 or 9 of the Regulation, Articles 14-21 and 23-31 of the RTS do not apply, and MOPs manufacturers would only need to comply with Article 22 and 32 of the RTS. It would also be helpful for the RTS to explicitly state that this means no information on the product wrapper would need to be disclosed.

Moreover, it could be useful to better analyse the specific characteristics of the individual portfolio management service which is treated by the SFDR as a “financial product”, but that is de facto an investment service individually provided to several investors taking into account their specific needs and investment objectives and which therefore pertains to several portfolios individually managed. Consequently, the pre-contractual and web-site disclosure requirements should be better tailored to take into consideration that it is not a real “product”.

Question 21: *While Article 8 SFDR suggests investee companies should have “good governance practices”, Article 2(17) SFDR includes specific details for good governance practices for sustainable investment investee companies including “sound management structures, employee relations, remuneration of staff and tax compliance”. Should the requirements in the RTS for good governance practices for Article 8 products also capture these elements, bearing in mind Article 8 products may not be undertaking sustainable investments?*

AMICE believes that the definition of good governance practices should be the same for Article 8 and Article 9 products. Furthermore, we believe that the definition of good governance should be aligned with the one adopted by the ongoing EC initiatives on corporate governance and the United Nations Guiding Principles on Business and Human Rights (UNGPs).

Question 22: *What are your views on the preliminary proposals on “do not significantly harm” principle disclosures in line with the new empowerment under the taxonomy regulation, which can be found in Recital (33), Articles 16(2), 25, 34(3), 35(3), 38 and 45 in the draft RTS?*

AMICE agrees with the general need to disclose (a) how the indicators for principal adverse impacts – as laid out in Annex I – are taken into account; and (b) how investments that significantly harm the sustainable investment objectives are excluded in order to be compliant with the DNSH principle.

Notwithstanding, there are some severe drawbacks:

- To allow a consistent and reliable disclosure about principal adverse effects of investment decisions, the number of indicators should be reduced and a special attention should be devoted to the availability and quality of the data used for the calculation of the said metrics (see our response to Q1);

- Principal adverse impact indicators are designed “irrespective of the value of the metrics”: such non-flexible approach should be improved by introducing materiality thresholds for distinguishing whether the effects on sustainability factors which could stem from investment decisions are able to lead consumers’ choices (and hence, should be disclosed) or are not relevant for end-investors (and hence, should not be disclosed).

Question 23: *Do you see merit in the ESAs defining widely used ESG investment strategies (such as best-in-class, best-in-universe, exclusions, etc.) and giving financial market participants an opportunity to disclose the use of such strategies, where relevant? If yes, how would you define such widely used strategies?*

AMICE believes that a better explanation about investment strategies like best-in-class, best-in-universe, exclusions, etc. could enhance market participants disclosure on the use of such strategies and is furthermore deemed useful in preventing the risk of mis-selling and greenwashing.

Question 24: *Do you agree with the approach on the disclosure of financial products’ top?*

We believe that the current practice of investment funds of monthly providing disclosure on the 10 top performer investments (instead of the 25-top proposed by the draft RTS) is more appropriate.

Question 25: *For each of the following four elements, please indicate whether you believe it is better to include the item in the pre-contractual or the website disclosures for financial products? Please explain your reasoning.*

- An indication of any commitment of a minimum reduction rate of the investments (sometimes referred to as the “investable universe”) considered prior to the application of the investment strategy – in the draft RTS below it is in the pre-contractual disclosure Articles 17(b) and 26(b);*
- A short description of the policy to assess good governance practices of the investee companies – in the draft RTS below it is in pre-contractual disclosure Articles 17(c) and 26(c);*
- A description of the limitations to (1) methodologies and (2) data sources and how such limitations do not affect the attainment of any environmental or social characteristics or sustainable investment objective of the financial product – in the draft RTS below it is in the website disclosure under Article 34(1)(k) and Article 35(1)(k); and*
- A reference to whether data sources are external or internal and in what proportions – not currently reflected in the draft RTS but could complement the pre-contractual disclosures under Article 17.*

We have already highlighted the need to reduce as much as possible the amount of information to be disclosed in the pre-contractual documents, also for the reason that pre-contractual information is constrained by other regulatory requirements, such as PRIIPs KID and UCITS KIID.

We believe that the information with high granularity (those related to letter a) should be included in the pre-contractual disclosure, while that one more generic/high-level (those related to letter b, c and d)) could be included in a website disclosure.

Question 26: *Is it better to include a separate section on information on how the use of derivatives meets each of the environmental or social characteristics or sustainable investment objectives promoted by the financial product, as in the below draft RTS under Article 19 and article 28, or would it be better to integrate this section with the graphical and narrative explanation of the investment proportions under Article 15(2) and 24(2)?*

Question 27: *Do you have any views regarding the preliminary impact assessments? Can you provide more granular examples of costs associated with the policy options?*

About AMICE (Association of Mutual Insurers and Insurance Cooperatives in Europe)

The Association of Mutual Insurers and Insurance Cooperatives in Europe aisbl ([AMICE](http://www.amice-eu.org)) is the voice of the mutual and cooperative insurance sector in Europe. The Brussels-based association advocates for appropriate and fair treatment of all mutual and cooperative insurers in a European Single Market. It also encourages the creation and development of innovative solutions for the benefit of European citizens and society.

Mutual and cooperative insurance follows the principles of solidarity and sustainability, and is characterised by customer-membership and a democratic governance. The mutual business model, with its focus on using surpluses for the benefit of its members, is the natural way to provide insurance.

More than half of all insurance undertakings in the EU are mutual and cooperative insurers which account for a market share of more than 32%. They provide cover for more than 420 million members/policyholders and employ nearly 440,000 people.

To learn more, visit www.amice-eu.org