

Response to the ESMA consultation on the draft advice to European Commission under Article 8 of the Taxonomy Regulation

4 December 2020

INTRODUCTION / SUMMARY

We welcome the opportunity to provide our comments on the ESMA's draft advice on disclosures under Article 8 of the Taxonomy Regulation. Article 8 disclosures will serve as a basis for developing the Taxonomy related disclosures by financial market participants. Their appropriate calibration is important to ensure that the EU Taxonomy Regulation delivers on its objectives.

We suggest to harmonise corporate disclosures stemming from Art. 8 of the Taxonomy Regulation to the extent possible. This would contribute to the enhanced consistency and comparability of information for investors and other information users. Clarity on how to prepare the disclosures can also help the reporting companies.

We believe that ESMA did a very good job preparing the draft advice and we agree with most of the proposals. The messages we would like to highlight are:

- While we have concerns over comparability of KPIs disclosed by non-financial undertakings and those by financial market participants, we agree that **a share of investments is an appropriate KPI for asset managers**. We strongly believe that **all investments** (apart from sovereign bonds) should be considered eligible, **not restricting the scope to funds** or to **investments** meeting some kind of **sustainability criteria** (e.g. Art. 8 or Art. 9 products).
- Making estimates based on **sector-coefficients would be misleading** and against the logic of the EU Taxonomy which is intended to result in granular, scientific and reliable disclosures. Companies within the same sectors may have a very different alignment of their economic activities with the Taxonomy. It would also not account for the transition or enabling economic activities which concerns only some of companies within a sector.
- We support a proposal to require undertakings to disclose information in a **standardised table** which would enhance comparability of the information disclosed.
- We suggest to require providing KPIs' comparatives over a period of **five years**. This will enable investors and other users to properly assess the company's progression.
- Methodologies used by companies will differ, for instance depending on the accounting standards used for preparing financial statements. Therefore, **accompanying information is of key importance** to provide investors with the context they need to understand and assess the indicators.
- Accompanying information should be **presented in the vicinity of the KPIs**. In case there are reasonable practical impediments, compliance by reference could be allowed as long as the accompanying information is part of the non-financial statement and a link and a page number is provided, enabling easy access to the information.

- We agree with ESMA that non-financial undertakings should **disclose the KPIs separately for economic activities which are Taxonomy-aligned**, economic activities which are **covered by the Taxonomy but are not aligned** as well as for economic activities which are **not covered by the Taxonomy**. Furthermore, we believe it would be useful that companies also provide information on **what is the proportion of economic activities that could not be assessed due to the absence of data**.

RESPONSES TO SPECIFIC QUESTIONS

Advice relating to non-financial undertakings

Question 1: For this KPI, do you agree with the proposed approach to defining turnover (bullet a in the draft advice)?

Harmonisation of the way reporting companies calculate turnover is needed to ensure consistency and comparability of information for investors and other information users, as well as to provide clarity for the reporting companies.

We agree it would not be useful to provide a specific definition of turnover only for the purpose of the EU Taxonomy reporting but to ensure a consistency with the broader regulatory framework. We therefore support the suggested approach to require reporting entities to use a definition of net turnover established in the Accounting Directive as a reference point while calculating turnover amounts.

We appreciate the challenge connected to striving for a harmonised approach while ensure connectivity between the Taxonomy-related KPIs and financial statements which may be prepared either using IFRS or GAAP. We agree with the ESMA's recommendation that reporting companies shall follow the same accounting standards for the calculation of turnover as those used for the preparation of financial accounts. However, reporting entities should provide information on which accounting policy they applied to determine the turnover amounts.

Question 2: For this KPI, do you agree with the proposed approach to when turnover can be counted (bullet b in the draft advice)?

We agree with the proposed approach which is in line with the TEG's recommendations.

Question 3: For this KPI, do you agree with the proposed approach to defining CapEx (bullet a in the draft advice)?

A harmonised approach to defining CapEx should be adopted to ensure comparable disclosures by undertakings reporting under the Non-Financial Reporting Directive. However, we appreciate the challenge stemming from that fact that not all companies produce their statements using IFRS. We therefore agree with the ESMA's proposal, however with a suggestion for some simplifications for the methodology used by companies preparing their financial statements in accordance with national GAAP:

CapEx should be defined as **the balance-sheet additions to intangible assets and property, plant and equipment (organic additions, i.e. excl. scope and forex effects) during the reporting year** ~~(change that occurred during the reporting year in the amount of fixed tangible and intangible capital, plus any depreciation, amortisation and impairment charges for the year)~~, as accounted for under the applicable GAAP in these undertakings' financial statements.

Question 4: For this KPI, do you agree with the proposed approach to when CapEx can be counted, including the definition of 'plan' (bullet b in the draft advice)?

We support the suggested approach, including the conditions that the "plan" should meet for the capital expenditure to be eligible. Amongst others, the plan should aim to make the economic activity in question Taxonomy-aligned within a maximum period of five years, which well reflects the reality of corporate investment decisions.

Definitions – questions related to the KPI 'proportion of operating expenditure related to assets / processes associated with economic activities that qualify as environmentally sustainable under Articles 3 and 9 of the Taxonomy Regulation'

Question 6: For this KPI, do you agree with the proposed approach to when OpEx can be counted, including the definition of 'plan' (bullet b in the draft advice)? With reference to the TEG's inclusion of the words "if relevant" in relation to OpEx, in which situations should it be possible to count OpEx as Taxonomy-aligned?

Definitions – questions related to all three KPIs

Question 7: Do you believe that any of the suggested approaches covered in questions 1 to 6 above will impose additional costs on non-financial undertakings? If yes, please specify the type of those costs, including whether they are one-off or ongoing, and provide your best quantitative estimate of their size.

ESMA's proposals build on the accounting practices used while preparing financial statements. Hence, they seem to be the most cost-effective solution. Companies will face some costs while producing the disclosures but these are resulting from the Taxonomy Regulation itself.

Question 8: Do you agree that sectoral specificities should not be addressed in the advice, as proposed in Section 3.2.3?

We agree with the suggested approach. The technical screening criteria complementing the EU Taxonomy Regulation already address sector specificities.

Moreover, as pointed out by ESMA, Article 8(2) of the Taxonomy Regulation does not leave any optionality to non-financial undertakings that fall within the scope of the Non-Financial Reporting Directive regarding which KPIs they should disclose: it requires non-financial

undertakings to disclose the proportion of turnover from Taxonomy compliant economic activities, the proportion of CapEx and OpEx related to assets / processes associated with Taxonomy compliant economic activities.

Providing sectoral specification going beyond the distinction into financial and non-financial companies recognised by level 1, would result in unnecessary complexity, reduce comparability and go beyond the intention of co-legislators.

Accompanying information – questions related to all three KPIs

Question 9: Do you agree with the requirements for accompanying information which ESMA has proposed for the three KPIs?

Yes, we agree with ESMA's proposals for a minimum accompanying information required. Such information is of key importance to provide investors with the context they need to understand and assess the indicators. In line with ESMA's advice, methodologies used by companies will differ depending on the accounting standards used for preparing financial statements. Moreover, especially in the initial years we can see diverging approaches in assessment of Taxonomy-alignment. Companies shall explain how they performed the assessment of the substantial contribution and the DNSH criteria, and whether minimum safeguards are met.

However, we believe that the requirement to present one year of comparatives is insufficient. To have a full picture, investors would need a **5 year-period** to properly assess the company's progression. To avoid undue burdens on companies to produce retroactive disclosures, such requirement could apply progressively: in the first year of disclosures only the data for the financial year covered, one year of comparatives in the second year of application of the disclosure requirements, two years of comparatives in the third year, and so on.

Question 10: Do you consider that the requirement to refer to the relevant line item(s) in the financial statements for each KPI ensures sufficient integration between the KPIs and the financial statements?

Yes, we agree with ESMA's suggestion.

Question 11: Do you agree with ESMA's suggestion to permit compliance by reference, so that non-financial undertakings may present the accompanying information elsewhere in the non-financial statement than in the immediate vicinity of the KPIs, as long as they provide a hyperlink to the location of the accompanying information?

We would suggest that accompanying information should be presented in the vicinity of the KPIs which is in line with the approach suggested by ESMA regarding disclosures by asset managers (question 43). However, in case there are reasonable practical impediments, compliance by reference could be allowed as long as the accompanying information is part of the non-financial statement and a link and a page number is provided, enabling easy access to the information.

Question 13: Do you believe that providing the suggested accompanying information will impose additional costs on non-financial undertakings? If yes, please specify the type of those costs, including whether they are one-off or on-going, and provide your best quantitative estimate of their size.

Providing the suggested accompanying information will result in some additional costs connected to the preparation of such disclosures. However, as explained in the response to question 9, the accompanying information will be indispensable for the investor to understand and use the data.

Moreover, in light of the climate urgency and the need to ensure that the EU Taxonomy can deliver on its objectives, these costs are justifiable and proportional especially considering the size of the companies that will be required to disclose the information.

Questions relating to the methodology of preparing KPIs

Question 14: Do you agree that non-financial undertakings should provide the three KPIs per economic activity and also provide a total of the three KPIs at the level of the undertaking / group? If not, please provide your reasons and address the impact of your proposal to financial market participants along the investment chain.

We agree with this suggestion and concur with ESMA's conclusion that requiring the disclosure of the KPIs as a total across all the undertaking's economic activities would NOT provide sufficient information to assess an undertaking's economic activities alignment with the EU Taxonomy. It would also run counter the TEG's suggestion that "assessing alignment with the Taxonomy should be performed by economic activity rather than by sector or industry". Moreover, once companies manage to perform the analysis and produce the KPIs per economic activity, calculating a total of the three KPIs across all economic activities at the level of the company or the group should be straightforward.

Question 15: Do you agree that where an economic activity contributes to more than one environmental objective, non-financial undertakings should explain how they allocated the turnover / CapEx / OpEx of that activity across environmental objectives and where relevant the reasons for choosing one objective over another? (p. 53)

Yes, we agree with the suggested approach which is in line with the TEG's proposals.

Question 16: Do you agree that non-financial undertakings should provide information on enabling and transitional activities?

Yes, we believe it is of great importance that non-financial undertakings disclose information specifying which activities are enabling or transitional. Such categorisation is key for end-investors to properly understand not only how sustainable each company is, but also what the company is doing to become more sustainable, understand its direction of travel. As enabling and transitional activities are considered by the Taxonomy regulation as sustainable activities, providing information on enabling and transitional activities is and must be at the heart of implementing the Taxonomy regulation. Companies in transition towards sustainability may be more in need of capital than those that are already sustainable.

Moreover, this approach is in line with the TEG's recommendations as well as with the EU Taxonomy Regulation requiring financial products to provide details on the proportions of enabling and transitional activities as a percentage of all investments selected for the financial product. The intentions behind the provisions in Article 8 of the EU Taxonomy Regulation was to ensure that companies, in which financial market participants invest, disclose the information needed to produce the financial disclosures. Thus, the categorisation of activities across enabling and transitional by non-financial undertakings is necessary.

Question 17: Do you agree that the three KPIs should be provided per environmental objective as well as a total at undertaking or group level across all 87 objectives? If not, please provide your reasons and address the impact of your proposal to financial market participants along the investment chain.

We are very supportive of the approach suggested by ESMA which reflects the spirit and the requirements of the EU Taxonomy Regulation and of the TEG's recommendations. It is also in line with the Commission's objective to reorient capital flows towards sustainable investments. As pointed out by ESMA, financial market participants who are obliged to disclose how their investments are aligned with the Taxonomy will need information on investee companies of a sufficient granularity to allow them to assess their Taxonomy-alignment.

Question 18: Do you agree that non-financial undertakings should be required to provide the three KPIs for economic activities which are covered by the Taxonomy, economic activities which are covered by the Taxonomy but for which the relevant criteria are not met and therefore are not Taxonomy-aligned as well as for economic activities which are not covered by the Taxonomy?

We are very supportive of the approach suggested by ESMA. Indeed, as the Taxonomy is still work in progress, it is important to provide investors and other information users with a better understanding of the proportion of activities which are not Taxonomy-aligned and not covered by the Taxonomy. As pointed out by ESMA, such a breakdown and granularity of information would enable investors to gain a better understanding of where undertakings are in terms of their commitment to environmental objectives and the environmental footprint of their economic activities and constitute a solid basis for the dialogue between stakeholders and the management of non-financial undertakings.

Question 19: Do you agree with the proposal not to require retroactive disclosure concerning the four environmental objectives relating to the financial year 2021?

Yes, we agree with the proposal not to require retroactive disclosure concerning the four environmental objectives relating to the financial year 2021. We agree with the assessment that it would be very challenging for non-financial undertakings as internal processes and IT systems need to be adjusted before the start of the collection of the data. Such retroactive requirement would not only put an undue burden on non-financial undertakings but could also result in lower quality and reliability of the disclosed data.

Question 22: Do you believe that ESMA's detailed proposals under Section 3.3 will impose additional costs on non-financial undertakings? If yes, please specify the type of those costs, to which specific proposal they relate including whether they are one-off or on-going, and provide your best quantitative estimate of their size.

As observed by ESMA, to calculate and disclose aggregate disclosures, non-financial undertakings are expected to have already carried out an assessment at a granular level of the categorisation of their economic activities when identifying them for the purpose of calculating the KPIs. Hence, non-financial undertakings will usually be in possession of the relevant information for this disclosure.

Questions relating to the presentation of KPIs

Question 24: Do you agree that in order to ensure the comparability of the information disclosed under Article 8(2) of the Taxonomy Regulation and as such facilitate its usage, ESMA should propose the use of a standardised table?

We agree that a standardised table would enhance comparability of the information disclosed. It would also provide guidance to reporting companies and make it easier for financial market participants to prepare their own disclosures.

Question 25: Do you consider that the standard table provided in Annex III of this Consultation Paper is fit for purpose? Do you think the standard table provides the right information, taking into account the burden on non-financial undertakings of compiling the data versus the benefit to users of receiving the data? If not, please explain and provide alternative suggestions to promote the standardisation of the disclosure obligations pursuant to Article 8 of the Taxonomy Regulation.

We welcome ESMA's proposal for the standard table for EU Taxonomy-related disclosures which we think is fit for purpose and is providing the necessary information.

Question 27: Do you believe that ESMA's detailed proposals under Section 3.4 will impose additional costs on non-financial undertakings? If yes, please specify the type of those costs, to which specific proposal they relate including whether they are one-off or on-going, and provide your best quantitative estimate of their size.

Companies will face additional costs preparing the disclosures. However, they will be primarily resulting from the requirements of the Taxonomy Regulation. Moreover, in light of the climate urgency and the need to ensure that the EU Taxonomy can deliver on its objectives, these costs are justifiable and proportional especially considering the size of the reporting undertakings.

Advice relating to asset managers

Asset managers - Questions relating to the content of the KPI

Question 28: Do you agree that a share of investments is an appropriate KPI for asset managers? If you do not, what other KPI could be appropriate, please justify.

Art. 8 of the EU Taxonomy Regulation requires any undertaking which is subject to an obligation to publish non-financial information under Non-Financial Reporting Directive to include in its non-financial statement information on how and to what extent the undertaking's activities are associated with economic activities that qualify as environmentally sustainable under Articles 3 and 9 of the EU Taxonomy Regulation.

We see the rationale behind the ESMA's consideration that entities whose primary activity is asset management should disclose a share of investments in the EU Taxonomy-aligned economic activities as a KPI. However, we do have **concerns about comparability of such KPI with the disclosures by non-financial undertakings**. We are wondering **how that can work in practice** given that for the purpose of producing product disclosures, financial market participants will need to add respective Taxonomy-related disclosures from different underlying investee companies.

Moreover, a requirement to disclose a share of Taxonomy-aligned investments seems to **duplicate the disclosure obligations under Article 5** of the EU Taxonomy Regulation.

Lastly, ESMA rightly pointed out that currently very few asset managers fall into the scope of Non-Financial Reporting Directive. Some asset managers are indirectly captured as part of a subsidiary of a public interest entity, usually a bank or an insurance company. We appreciate that the scope of NFRD is likely to be enlarged in the context of the upcoming NFRD review. However, we do wonder how Art. 8 Taxonomy-related disclosures will work in practice in case of a group covering many different activities (asset management, banking, insurance) and producing a consolidated non-financial report at a group level.

Question 29: This advice focuses on the collective portfolio management activities of asset managers. Should this advice also cover potentially any other activities that asset managers may have a license for, such as individual portfolio management, investment advice, safekeeping and administration or reception and transmission of orders ('RTO')?

We do not see the reason for narrowing the scope of disclosures to the collective portfolio management activities only. Individual portfolio management constitutes an important portion of asset managers' investments, and end-investors as well as society deserve to have a full picture to evaluate the sustainability and impact of companies' activities.

In the consultation paper ESMA explains that it "intends to interpret the asset managers' activities for the purpose of the question to be the investments of the investment funds that they manage, as these are used to fund underlying economic activities of investee companies". However, investments through individual portfolio mandates also fund underlying economic activities of investee companies.

We do agree with ESMA that including other activities that asset managers may have a license for, like investment advice or assets in safekeeping and administration or reception and transmission of orders ('RTO'), does NOT make sense.

Question 30: Do you agree that for the numerator of the KPI the asset manager should consider a weighted average of the investments exposed to investee companies based on the share of turnover derived from Taxonomy-aligned activities of the investee companies? If not please propose and justify an alternative.

We agree with the approach suggesting that the numerator should consist of the value of green bonds complying with the EU Green Bond Standard and a weighted average of the value of the investments invested in Taxonomy-aligned activities of investee companies. We also agree that the weighted average should be based on the share of Taxonomy-aligned activities of the investee companies measured by turnover. However, we believe that additional calculation especially for CapEx should be also required.

We concur that the other option considered by ESMA, whereby any investment in investee companies reporting Taxonomy-aligned activities should qualify as Taxonomy-aligned for the purposes of the asset management KPI, regardless of the actual extent of Taxonomy-aligned activities that such funding goes to, would be very misleading.

Question 31: Do you agree that in addition to a main turnover-derived Taxonomy-alignment KPI, there is merit in requiring the disclosure of CapEx and OpEx-derived figures for Taxonomy-alignment of an asset managers' investments?

We agree with the approach suggested by ESMA. The CapEx is a very important metric for investors in the context of EU Taxonomy-disclosures. Investors need to understand not only how sustainable the company already is but also whether it is investing into becoming more sustainable (its direction of travel).

Question 32: Do you think sovereign exposures, such as sovereign bonds (but excluding green bonds complying with the EU Green Bond Standard) should be considered eligible investments and if so under what methodology?

We agree with the approach suggested by ESMA not to consider sovereign bonds as eligible investments since the alignment with EU Taxonomy is not relevant for plain vanilla sovereign bonds. However, we also agree that green bonds complying with the EU Green Bond Standard issued by a sovereign should be considered as eligible investments.

Question 33: Do you agree that the denominator should consist of the value of eligible investments in the funds managed by the asset manager or should it be simply the value of all assets in the funds managed by the asset manager?

We believe there are merits in restricting investments in the denominator to the value of eligible investments. However, we believe that **apart from sovereign bonds, all investments by the asset manager should be considered eligible**, including collective investments (funds) and individual mandates.

Importantly, in line with ESMA's advice, we strongly believe that **investments in the denominator should not be limited only to sustainable investments** or those that have some kind of sustainability criteria (e.g. Art. 8 or Art. 9 products). As accurately observed by ESMA, limiting "eligible investments" to products that are Article 8 or Article 9 SFDR funds

would reduce the denominator and be misleading about the extent of the asset managers' Taxonomy-aligned investments.

We agree that “eligible investments” could consist of green bonds complying with the EU Green Bond Standard, public and private equity, real estate and corporate bond investments in investee companies, excluding sovereign bonds due to difficulties in the assessment of their Taxonomy-alignment.

Question: 34: Do you support restricting the denominator to funds managed by the asset manager with sustainability characteristics or objectives (i.e. governed by Article 8 or 9 of Regulation (EU) 2019/2088)? What are the benefits and drawbacks of such an approach?

No, as mentioned in our response to question 33, we strongly believe that **all investments apart from sovereign bonds should be considered as eligible** and hence included in the denominator. As pointed out by ESMA in the consultation paper, limiting “eligible investments” to products that are Article 8 or Article 9 SFDR funds would artificially reduce the denominator and be misleading about the extent of the asset managers' Taxonomy-aligned investments.

We do not see any reason for limiting denominator only too funds with sustainability characteristics or objectives.

Question 35: Is it appropriate to combine equity and fixed income investments in the KPI, bearing in mind that these funding tools are used for different purposes by investee companies? If not, what alternative would you propose?

Yes, we consider it is appropriate, as corporate bonds as well as equity bring capital to issuing companies and the money raised by issuers is not ear-marked, except in the case of green or project bonds. Money being fungible, a company's treasurer will use the capital raised according to the company's cash needs and the assertion that ‘these funding tools are used for different purposes’ is therefore a short cut when it comes to describing the reality of the funding activity and cash management of investee companies.

Question 36: Do you believe the proposed advice will impose additional costs on asset managers? Please specify the type of those costs, to which specific proposal they relate including whether they are one-off or on-going, and provide your best quantitative estimate of their size.

Asset managers will face additional costs preparing the disclosures. However, they will be primarily resulting from the requirements of the Taxonomy Regulation itself. Moreover, in light of the climate urgency and the need to ensure that the EU Taxonomy can deliver on its objectives, these costs are justifiable and proportional especially considering the size of the reporting undertakings.

Asset managers - Questions relating to the methodology for preparing the KPI

Question 37: What are the benefits and drawbacks of limiting Taxonomy-aligned activities to those reported by Non-Financial Reporting Directive companies?

We strongly advise against limiting Taxonomy-aligned activities to those reported by Non-Financial Reporting Directive companies as this would limit the Taxonomy disclosures only to European and very large companies, significantly reducing the potential, impact and usefulness of the EU Taxonomy to channel investments to environmentally sustainable activities. Limiting Taxonomy-aligned activities to those reported by Non-Financial Reporting Directive companies would contradict the very purpose of the Taxonomy regulation. Also, as pointed out by ESMA, many companies may be incentivised to provide Taxonomy disclosures with the aim of becoming more attractive to investors.

Question 38: Do you agree with ESMA's recommendation that the Commission develop a methodology to allow a sector-coefficient to be assigned for non-reporting investee companies?

Companies within the same sectors may have a very different alignment of their economic activities with the Taxonomy. The essence of the Taxonomy regulation is precisely to look at activity level, as opposed to company or sector level. The EU Taxonomy distinguishes between companies (including those operating in the same sector) that may be either already green today or those on a transition pathway, which is what a sector-coefficient would fail to recognise. For instance, a cement company investing today (as demonstrated by its capex) to be able to produce cement with low or zero CO₂ emissions tomorrow will be considered as sustainable, whereas its competitor not doing such an investment will not be. This shows that developing a methodology for a sector-coefficient to be assigned for companies would not be coherent with the logic and the objective of the Taxonomy regulation.

Therefore, we believe that making estimates based on sector-coefficients would be misleading and against the logic of the EU Taxonomy which is intended to result in granular, scientific and reliable disclosures. Moreover, such a coefficient would not account for the transition or enabling economic activities which concerns only some of companies within a sector.

Question 39: Should netting be allowed, on the lines of Article 3 of the Short-Selling Regulation?

ESMA considers that the reporting should take place after netting potential hedges and offsets, regardless of the instrument used (derivatives, repurchases, short positions...), as this would mirror the commitment approach typically used to calculate net leverage for funds. A very simplified example would be a fund portfolio in a ratio of 60 Taxonomy-aligned investments and 40 non-aligned investments, so without hedging the simple KPI would be $60/100=60\%$. But assuming that hedges on the Taxonomy-aligned side would cover 40, this would leave a net green exposure of 20, then the KPI should be $20/(20+40)=33\%$.

198. In this context, the methodology for calculating net short positions in Article 3(4)-(5) of Regulation (EU) 236/2012 (the 'Short-Selling Regulation') could be useful as a reference for the netting methodology.

We support ESMA's recommendation that the reporting should take place after netting potential hedges and offsets to provide a true picture of the assets' exposure to Taxonomy-aligned economic activities.

Question 40: How should derivatives be treated for the calculation purposes? Should futures be considered as potential Taxonomy-aligned investments?

Not all financial instruments have the same capacity of allocating capital to environmentally sustainable activities and projects. By nature, equity and bonds are instruments financing issuers. Meanwhile, as pointed out by ESMA, aside from margins (for example arising from futures positions), derivatives do not give rise to on-balance sheet exposures. Therefore, we consider that **derivatives and futures do not contribute to the financing of economic activities, let alone sustainable economic activities**, notwithstanding the fact that, as explained in the narrative on the need for netting, the use of derivatives reduces exposure to environmentally sustainable economic activities. Neither derivatives nor futures should be considered as eligible investments.

We note also that the inclusion of derivatives, including CFDs, is not aligned with the underlying logic of Sustainable Finance, which among other things should revolve around the rights and obligations of investors as the owners of legal claims against, and ownership rights over their investee companies. It is one of the primary objectives of Sustainable Finance to enable, and encourage the legal owners of the underlying assets to make informed investment decisions and steer their investee companies towards engaging in sustainable economic activities. Derivative claims do not confer any legal right against the investee company and should therefore be excluded.

Asset managers - Questions relating to the presentation of the KPI

Question 42: Do you have any views on the proposed advice recommending a standardised table for presentation of the KPI for asset managers in Annex IV?

We support ESMA's proposal for a standardised table for presentation of the KPI for asset managers which will result in more comparability for end-investors and other information users.

Question 43: Do you agree with presenting accompanying information in the vicinity of the standard table?

We agree that for investors and other information users it will be most helpful that the accompanying information is placed in the immediate vicinity of the KPI presentation.

Question 44: Do you agree that there would be merit in including in the accompanying information a link, if relevant, to an asset managers' entity-level disclosures on principal adverse impacts of investment decisions on sustainability factors?

Yes, we think this is a very good proposal. Information on principle adverse impacts will be very helpful for investors to better evaluate sustainability of the investment especially in the absence of a Taxonomy of environmentally harmful activities. Providing a reference to those disclosures in the accompanying information will indeed make it is easier to locate such disclosures.

Question 45: Do you agree with adopting the same formatting criteria as presented in Section 3.4.2 for the asset manager KPI disclosure?

We agree that the same standardised formatting rules should be adopted for Art. 8 Taxonomy disclosures by different entities to enhance comparability of information.