

# Questionnaire by the High Level Expert Group on sustainable finance interim report

Fields marked with \* are mandatory.

## Introduction

---

### About this questionnaire

The [High Level Expert Group on Sustainable Finance](#) was set up in early January 2017 to help develop an overarching, comprehensive EU strategy on Sustainable Finance by giving operational, practical, and concrete recommendations.

The questionnaire below has been prepared by and under the responsibility of the High-Level Group in relation to the [interim report, published in mid-July 2017](#) and presented at a stakeholder event on 18 July 2017. It is aimed at gathering targeted feedback on the analysis and reflections in the interim report of the High-Level Expert Group and informing the preparation of the final report.

The responses you provide will be made public (if you agree so below) and will serve as information to the expert group. In addition, an aggregated and anonymised feedback statement will be published along with the final report as a further contribution to the wider policy debate on Sustainable Finance in the European Union.

The questionnaire is not a Commission consultation. All the questions as well as evaluation of the responses are under the responsibility of the expert group. Responses will be transmitted to the High-Level Expert Group for their consideration. The Commission is providing the survey tool to gather responses. Responses will be handled in accordance subject to standard Commission protocols on data privacy (see privacy statement on this web-page).

### Timelines/Process

This questionnaire is open from Tuesday 18 July 2017. The **final deadline for the questionnaire is 20 September**. Early transmission of responses (before 6 September) will facilitate processing and early exploitation by the High-Level Expert Group.

Respondents are invited to provide evidence-based feedback, including specific and concise operational suggestions on measures that can be enhanced as well as complementary actions that can be taken, in order to deliver a sustainable financial system in the EU. Respondents are not required to answer all questions and may choose to respond selectively.

To ensure a fair and transparent process **only responses received through the online questionnaire can be considered**.

Should you encounter problems when completing this questionnaire or if you require particular assistance, please [contact fisma-sustainable-finance@ec.europa.eu](mailto:contact_fisma-sustainable-finance@ec.europa.eu).

## Disclaimer

The European Commission is not responsible for the content of this questionnaire even though it uses the EUSurvey service: it remains the sole responsibility of the High-Level Expert Group. The use of the EUSurvey service does not imply a recommendation or endorsement by the European Commission of the views expressed within this questionnaire.



## Important notice on the publication of responses

---

\* Contributions received are intended for publication on the Commission's website. Do you agree to your contribution being published?

(see [specific privacy statement](#) )

- Yes, I agree to my response being published under the name I indicate (*name of your organisation /company/public authority or your name if your reply as an individual*)
- No, I do not want my response to be published

## 1. Information about you

---

\* Are you replying as:

- a private individual
- an organisation or a company
- a public authority or an international organisation

\* Name of your organisation:

Contact email address:

The information you provide here is for administrative purposes only and will not be published

michael.zimonyi@cdsb.net

\* Is your organisation included in the Transparency Register?

(If your organisation is not registered, [we invite you to register here](#), although it is not compulsory to be registered to reply to this consultation. [Why a transparency register?](#))

- Yes  
 No

\* If so, please indicate your Register ID number:

922386710536-51

\* Type of organisation:

- |  |   |
|--|---|
| <input type="radio"/> Academic institution                     | <input type="radio"/> Company, SME, micro-enterprise, sole trader |
| <input type="radio"/> Consultancy, law firm                    | <input type="radio"/> Consumer organisation                       |
| <input type="radio"/> Industry association                     | <input type="radio"/> Media                                       |
| <input checked="" type="radio"/> Non-governmental organisation | <input type="radio"/> Think tank                                  |
| <input type="radio"/> Trade union                              | <input type="radio"/> Other                                       |

\* Where are you based and/or where do you carry out your activity?

United Kingdom

\* Field of activity or sector (*if applicable*):

at least 1 choice(s)

- Accounting  
 Auditing  
 Banking  
 Credit rating agencies  
 Insurance  
 Pension provision  
 Investment management (e.g. hedge funds, private equity funds, venture capital funds, money market funds, securities)  
 Market infrastructure operation (e.g. CCPs, CSDs, Stock exchanges)  
 Social entrepreneurship  
 Non-financial services  
 Energy  
 Manufacturing  
 Other  
 Not applicable

## 2. Your opinion

---

Question 1. From your constituency's point of view, what is the most important issue that needs to be addressed to move towards sustainable finance? (sustainable finance being understood as improving the contribution of finance to long-term sustainable and inclusive growth, as well as strengthening financial stability by considering material environmental, social and governance factors)

1500 characters maximum (spaces included)

The main issue is materiality and quality of sustainability disclosures. Financial materiality of sustainability matters: while there is unarguably uncertainty around the financial impacts of sustainability-related matters, this uncertainty seems to be confused with a lack of materiality of these issues. This uncertainty, and resulting confusion, has created an environment where such issues are perceived to be immaterial. Quality of corporate information provided to market: the lack of clarity on the expectations from financial institutions and divergent approaches to report climate change, environmental and wider sustainability reporting by companies is resulting in a lack of information to investor decision-making. To address this, more clarity and direction is needed through policy signals to provide consistent, comparable and investor-oriented information on sustainability matters.

To address these issues, we recommend:

- Integrate the recommendations of the TCFD in the requirements of the NFR Directive;
- Create an explicit link between sustainable finance and non-financial reporting in the Capital Markets Union;
- Encourage all financially material climate and other natural capital information is published in management reports and not in separate non-financial reports;
- Harmonise member states' non-financial ESG reporting requirements
- Ensure ESAs and national securities regulators have authority to supervise sustainability-related disclosure in management reports

**The following questions cover selected areas that are addressed in the [recommendations \(chapter VI\) of the interim report](#), which the expert group considers to be crucial and would appreciate your feedback on:**

### **Develop a classification system for sustainable assets and financial products**

Question 2. What do you think such an EU taxonomy for sustainable assets and financial products should include?

1500 characters maximum (spaces included)

We have no comments on this matter.

## **Establish a European standard and label for green bonds and other sustainable assets**

Question 3. What considerations should the EU keep in mind when establishing a European standard and label for green bonds and other sustainable assets? How can the EU ensure high-quality standards and labels that avoid misuse/green-washing?

1500 characters maximum (spaces included)

We have no comments on this matter.

## **Create “Sustainable Infrastructure Europe” to channel finance into sustainable projects**

Question 4. What key services do you think an entity like “Sustainable Infrastructure Europe” should provide, more specifically in terms of advisory services and connecting public authorities with private investors?

1500 characters maximum (spaces included)

We have no comments on this matter.

**The report also touches upon areas for further analysis. The following questions focus on a selection of these, which the group would appreciate your feedback on:**

### **Mismatched time horizons and short-termism versus long-term orientation**

Question 5. It is frequently stated that the inherent short-termism in finance, especially financial markets, represents a distraction from, or even obstacle to, a long-term orientation in economic decision-making, including investments that are essential for sustainability. Do you agree with this statement?

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

Question 5.1. If you agree with this statement, which sectors of the economy and financial system are particularly affected by the 'mismatch of time horizons'? What are possible measures to resolve or attenuate this conflict?

1500 characters maximum (spaces included)

Our experience is that most market actors and corporate sectors are affected by short term mentalities in various ways. We believe the proposals below could incentivise a longer-term perspective:

1. Policy clarity: a clear sustainable policy roadmap outlined by the Commission would bring sustainability-related matters to the attention of more "mainstream" investors; and
2. Scenario analysis: Corporate disclosure on the outcomes of scenario analyses in a 2C or lower world could bring some clarity on the financial materiality of certain risks related to climate change in particular, in some cases even on the short- and medium-term. A clear policy landscape would place these disclosures in a realistic context.
3. Clarification of the fiduciary duties of investors: Although the definition of the legal duties of investment professionals to act in the interest of their beneficiaries varies by Member State, it is almost universally perceived to refer to solely creating financial value. Research by the UNEP Finance Initiative and others ([http://www.unepfi.org/fileadmin/documents/fiduciary\\_duty\\_21st\\_century.pdf](http://www.unepfi.org/fileadmin/documents/fiduciary_duty_21st_century.pdf)) has concluded that failing to consider long-term investment value drivers, which include environmental, social and governance issues, in investment practice is a failure of fiduciary duty. The Commission should therefore clarify the definition of fiduciary duty to make this explicit.

## Governance of the investment and analyst community

Question 6. What key levers do you think the EU could use to best align the investment and analyst community with long-term sustainability considerations in the real economy?

1500 characters maximum (spaces included)

Please see our response to Question 5.

## A strong pipeline of sustainable projects for investment

Question 7. How can the EU best create a strong and visible pipeline of sustainable investment projects ready for investment at scale?

1500 characters maximum (spaces included)

We have no comments on this matter.

## Integrating sustainability and long-term perspectives into credit ratings

Question 8. What are some of the most effective ways to encourage credit rating agencies to take into consideration ESG factors and/or long-term risk factors?

Please choose 1 option from the list below

- Create a European credit rating agency designed to track long-term sustainability risks
- Require all credit rating agencies to disclose whether and how they consider TCFD-related information in their credit ratings
- Require all credit rating agencies to include ESG factors as part of their rating
- All of the above
- Other

Question 8.1 Please specify what other ways you would deem most effective in encouraging credit rating agencies to take into consideration ESG and/or long-term risk factors.

1500 characters maximum (spaces included)

Given that existing credit rating agencies are already established, we do not believe it would be likely that a European credit rating agency focusing on long-term sustainability risks only would be a pragmatic way forward.

Options 2 and 3 are related and should be combined. All credit rating agencies should be required to include ESG factors as part of their rating along an EU-wide definition of ESG criteria. TCFD-related information must be part of the definition of the information addressed under E-Environmental to ensure that the financial risk occurring from climate change among financial companies is measured and disclosed.

To define ESG criteria, existing standards and guidelines such as the methodologies of CDP, CDSB should be used to allow for market best practice to support effective regulation.

Under the "Policy areas for further discussion", paragraph 3 suggests that all credit rating agencies should be required to disclose whether and how they consider TCFD-related information in their ratings. Beyond TCFD-related information, all other ESG criteria should be considered to ensure sustainability in ratings.

This gap in consistent, detailed non-financial information needs to be resolved in the review of the NFR Directive in 2018, to create a standard against which supervisory activities can be conducted.

---

## Role of banks

Question 9. What would be the best way to involve banks more strongly on sustainability, particularly through long-term lending and project finance?

1500 characters maximum (spaces included)

We have no comments on this matter.

## Role of insurers

Question 10. What would be the best way to involve insurers more strongly on sustainability, particularly through long-term investment?

1500 characters maximum (spaces included)

We have no comments on this matter.

## Social dimensions

Question 11. What do you think should be the priority when mobilising private capital for social dimensions of sustainable development?

1500 characters maximum (spaces included)

We have no comments on this matter.

## Other

Question 12. Do you have any comments on the policy recommendations or policy areas mentioned in the Interim Report but not mentioned in this survey?

1500 characters maximum (spaces included)

We have no comments on this matter.



Question 13. In your view, is there any other area that the expert group should cover in their work?

1500 characters maximum (spaces included)

Although climate change is a key constituent of the "E" from "ESG", Europe faces other, significant environmental challenges that may impact the resilience and stability of our capital markets. These include, among others, water quality, biodiversity loss and availability of natural resources. It is therefore key that the HLEG brings visibility to wider natural capital areas in its final recommendations.

For example, the HLEG could take its recommendations regarding the implementation of the TCFD further, to call on an evaluation on how the Task Force's recommendations could be applied to wider, natural capital information. This approach would be more in line with the pre-existing policy framework in Europe. Directive 2014/95/EU on disclosure of non-financial and diversity information by certain large undertakings and groups already has requirements in place to report on environmental matters, the could be evolved further using the recommendations of the TCFD. More importantly, bringing visibility natural capital-related risks and opportunities in the market can contribute to mitigating significant market risks and realise associated opportunities.

## Useful links

[Interim Report on sustainable finance \(http://ec.europa.eu/info/publications/170713-sustainable-finance-report\\_en\)](http://ec.europa.eu/info/publications/170713-sustainable-finance-report_en)  
[High-Level Expert Group on Sustainable Finance \(https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance\\_en#high-level-expert-group-on-sustainable-finance\)](https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance_en#high-level-expert-group-on-sustainable-finance)

---

## Contact

fisma-sustainable-finance@ec.europa.eu

---