



Public consultation on institutional investors and asset managers' duties regarding sustainability

Fields marked with * are mandatory.

Introduction

At the end of 2015, governments from around the world chose a more sustainable path for our planet and our economy by adopting the Paris agreement on climate change and the UN 2030 Agenda for Sustainable Development.

Sustainability has since long been at the heart of the European project. The EU is committed to development that meets the needs of the present without compromising the ability of future generations to meet their own needs ([Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions 'Next steps for a sustainable European future European action for sustainability' {SWD\(2016\) 390 final}](#)).

The EU wants its financial system to be aligned with its sustainability objectives. The commitment to incorporating sustainability elements into EU financial services policies and cross cutting initiatives is ingrained in the Mid-Term Review of the Capital Markets Union Action Plan ([Mid-Term Review of the Capital Markets Union Action Plan - COM\(2017\) 292 final](#)).

To develop the overall vision of sustainable finance that this requires, the Commission decided last year to appoint a High-Level Expert Group (HLEG) on sustainable finance under the chairmanship of Christian Thimann. This group is supporting the Commission to develop an overarching and comprehensive EU strategy on sustainable finance.

On 13 July 2017, the HLEG published its interim report which provided a comprehensive vision on sustainable finance. It identified two imperatives for Europe's financial system. "The first is to strengthen financial stability and asset pricing, by improving the assessment and management of long term risks and intangible factors of value creation. The second is to improve the contribution of the financial sector to sustainable and inclusive growth by financing long-term needs and accelerating the shift to a sustainable economy".

In its interim report ([EU High-Level Expert Group on Sustainable Finance, 'Financing a sustainable European economy' Interim report, July 2017](#)), the HLEG proposed eight early recommendations for policy action on sustainable finance. The third recommendation focused on establishing a "fiduciary duty"

that encompasses sustainability. The HLEG suggested clarifying that the duties of institutional investors and asset managers explicitly integrate material environmental, social and governance (ESG) factors and long term sustainability.

Given the maturity and the interest of the HLEG recommendation, the Commission has decided to start work on an impact assessment to assess whether and how a clarification of the duties of institutional investors and asset managers in terms of sustainability could contribute to a more efficient allocation of capital, and to sustainable and inclusive growth.

The duties of care, loyalty and prudence are embedded in the EU's financial framework governing obligations that institutional investors and asset managers owe to their end-investors/scheme members. These duties are the foundation of investment process.

The implementation of these duties implies fulfillment of various obligations for asset managers and institutional investors that include, for instance, the duty to act in the best interest of beneficiaries /investors, with due care, skill and diligence in performing their activities, including the identification and management of conflict of interests. They are also required to act honestly, and ensure adequate and proportionate performance of their activities.

Although these duties are embedded in the EU financial legal framework, it appears unclear that they require institutional investors and asset managers to assess the materiality of sustainability risks (i.e risks relating to environmental, social and governance issues). Market practices indicate that institutional investors and asset managers generally understand these duties as requiring a focus on maximising short-term financial returns and disregard long-term effects on performance due to sustainability factors and risks. This can lead to misallocation of capital and might give rise to concerns about financial stability since markets can be vulnerable to abrupt corrections, such as those associated with the delayed transition to low carbon economies.

This consultation will help the Commission gather and analyse the necessary evidence to determine possible action to improve the assessment and integration of sustainability factors in the relevant investment entities' decision-making process.

Please note: In order to ensure a fair and transparent consultation process **only responses received through our online questionnaire will be taken into account** and included in the report summarising the responses. Should you have a problem completing this questionnaire or if you require particular assistance, please contact fisma-investors-duties-sustainability@ec.europa.eu.

More information:

- [on this consultation](#)
- [on the protection of personal data regime for this consultation](#)

Glossary

Relevant investment entities: entities managing assets entrusted to them

Sustainability factors: for the purpose of this consultation, sustainability factors refer to environmental, social and governance issues as defined by the United Nations Environment Programme (UNEP) ([UNEP Inquiry, Definitions and Concepts: Background Note, 2016](#)). The exact scope of sustainability factors to be addressed is also the object of this consultation.

Environmental issues relate to the quality and functioning of the natural environment and natural systems including biodiversity loss; greenhouse gas emissions, renewable energy, energy efficiency, natural resource depletion or pollution; waste management; ozone depletion; changes in land use; ocean acidification and changes to the nitrogen and phosphorus cycles

Social issues relate to rights, well-being and interests of people and communities including human rights, labour standards, health and safety, relations with local communities, activities in conflict zones, health and access to medicine, consumer protection; and controversial weapons.

Governance issues relate to the management of investee entities. Issues include board structure, size, diversity, skills and independence; executive pay; shareholder rights; stakeholder interaction; disclosure of information; business ethics; bribery and corruption; internal controls and risk management; and, in general, issues dealing with the relationship between a company's management, its board, its shareholders and its other stakeholders.

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:

EPRA - European Public Real Estate Association

Contact email address:

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

j.bour@epra.com

* 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:

09307393718-06

* Type of organisation:

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

* Please specify the type of organisation:

EPRA, the European Public Real Estate Association, is the voice of the publicly traded European real estate sector. With more than 250 members, covering the whole spectrum of the listed real estate industry (companies, investors and their suppliers), EPRA represents over EUR 430 billion of real estate assets* and 86% of the market capitalisation of the FTSE EPRA/NAREIT Europe Index.

*European companies only

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

Belgium

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

at least 1 choice(s)

- Accounting
- Auditing
- Banking
- Credit rating agencies
- Insurance
- Occupational pension provision
- Personal pension provision
- Collective Investment Management
- Individual portfolio management
- Financial advice
- Market infrastructure operation (e.g. CCPs, CSDs, Stock exchanges)
- Service provider (e.g. index provider, research providers)
- Other
- Not applicable

*Please specify your activity field(s) or sector(s):

EPRA's mission is to promote, develop and represent the European public real estate sector. We achieve this through the provision of better information to investors and stakeholders, active involvement in the public and political debate, improvement of the general operating environment, promotion of best practices and the cohesion and strengthening of the industry. Find out more about our activities on www.epra.com

Disclaimer: The EPRA position in this public consultation reflects exclusively the listed real estate sector (i.e. property companies and specialist investors) views on the matter.



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

2. Your opinion

2.1 Questions addressed to all respondents:

I. General overview

1) Do you think relevant investment entities should consider sustainability factors in their investment decision-making?

- Yes
 No
 No opinion

Please explain the reasons:

EPRA believes that integration of the ESG factors will allow investors to improve their asset allocation process and to move away from a short-termism towards a long-term focused investment decision-making. In particular, improving ESG factors enhances long term stability; reduces risks and enhances risk/return profiles.

2) What are the sustainability factors that the relevant investment entities should consider? (Please make a choice and indicate the importance of the different factors (1 is not important and 5 is very important). (Please refer to the definition in the Glossary).

	Yes	No	No opinion
Climate factors (these include climate mitigation factors as well as climate resilience factors)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other environmental factors	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Social factors	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Governance factors	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Others	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Importance for climate factors:

- 1
 2
 3
 4
 5

Importance for other environmental factors:

- 1
- 2
- 3
- 4
- 5

Importance for social factors:

- 1
- 2
- 3
- 4
- 5

Importance for governance factors:

- 1
- 2
- 3
- 4
- 5

Please specify, which specific factors within the above categories you are considering, if any:

Depending on type of business and geographical area where companies operate, the weight and the relevance of these factors vary significantly with the exception of the governance which remains a key factor in setting any kind of sustainability strategy in listed companies. Governance, therefore, should be weighted at the same level across all sectors.

For listed real estate companies in Europe, climate and environment should be considered the most relevant impact categories, while social factors (i.e. slavery and human trafficking) could become material, e.g. for those companies which not only operate but also develop the assets.

3) Based on which criteria should the relevant investment entities consider sustainability factors in their investment decision making?

Please explain:

Considering the European commitments to contribute to the UN climate goals, we are strongly convinced that investments should be driven into those sectors which have the potential to make a real change. We at EPRA believe that investors should be encouraged not only to invest into green assets, but also, if not more predominantly, to invest in those assets which are to be transformed into green assets. That way, the investors contribute to not only creating new green assets, but converting the existing ones into green ones. This is the change much needed to adverse or at least minimise the effects of climate change.

With reference to real estate, the latest estimates put the annual investment gap at €1.77 trillion out of which the biggest gap relates to investment in energy efficiency in buildings (74%). This is a very significant indicator that shows how much transformative the real estate sector could be and that investors should mobilize capital especially towards the real estate sector.

We also suggest that the key factor, when determining the potential of a company/asset class, is to look at the specific action plans of companies' strategy to become greener (i.e. the Hammerson's strategy to

become Net Positive across four key pillars by 2030 - <https://www.hammerson.com/media/press-releases/hammerson-launches-net-positive-strategy/>).

4) Which of the following entities should consider sustainability factors in their investment decision-making? (Possibility to select several answers). If so, please indicate the level of impact that this would have (1 is the smallest impact and 5 is the highest impact).

	Yes	No	No opinion
Occupational pension providers	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Personal pension providers	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Life insurance providers	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Non-life insurance providers	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Collective investment funds (UCITS, AIF, EuVECA, EuSEF, ELTIF)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Individual portfolio managers	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain:

Level of impact for occupational pension providers:

- 1
- 2
- 3
- 4
- 5

Level of impact for personal pension providers:

- 1
- 2
- 3
- 4
- 5

Level of impact for life insurance providers:

- 1
- 2
- 3
-

4

5

Level of impact non-life insurance providers:

1

2

3

4

5

Level of impact for collective investment funds (UCITS, AIF, EuVECA, EuSEF, ELTIF):

1

2

3

4

5

Level of impact for individual portfolio managers:

1

2

3

4

5

II. Problem

5) To your knowledge, what share of investment entities active in the EEA (European Economic Area) currently consider sustainability factors in their investment decisions?

	All or almost all	More than two thirds	More than half	More than a third	None or almost none	No opinion
Occupational pension providers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Personal pension providers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Life insurance providers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Non-life insurance providers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Collective investment funds (UCITS, AIF, EuVECA, EuSEF, ELTIF)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Individual portfolio managers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

6) To your knowledge, which is the level of integration of sustainability factors by the different investment entities (active in the EEA)?

	High integration	Medium integration	Low integration	No integration	No opinion
Occupational pension providers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Personal pension providers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Life insurance providers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Non-life insurance providers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Collective investment funds (UCITS, AIF, EuVECA, EuSEF, ELTIF)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Individual portfolio managers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

7) Which constraints prevent relevant investment entities from integrating sustainability factors or facilitate their disregard. Please provide the importance of the different constraints that you consider relevant (1 is not important and 5 is very important).

	1	2	3	4	5	No opinion
Lack of expertise and experience	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Lack of data/research	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of impact on asset performance	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Inadequate methodologies for the calculation of sustainability risks	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Inadequate sustainable impact metrics	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Excessive costs for the scale of your company	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
No interest from financial intermediaries	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
No interest from beneficiaries/clients	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
European regulatory barriers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
National regulatory barriers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Lack of fiscal incentives	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of eligible entities	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Others	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Please specify others:

With reference to questions 5 and 6, the answer can vary greatly from one country to another and from one investor to another. Typically, institutional investors in countries like the Netherlands, France, Germany and the Nordics countries have ESG on the top of their agenda. This is not always true in other Member States.

Please provide more details on what the constraints/reasons are and how they limit the integration of sustainability factors:

We believe that the lack of expertise and knowledge of most of the investors is currently representing the main barrier to the ESG integration: the gap between the availability of ESG data disclosed and their transparency by listed companies and their integration into the investment process is enormous. We believe that education of investors is much needed, and the European Commission can definitively play a pivotal role in this.

On the other side, those investors who are already familiar with ESG factor integration, would need more comparable and coherent datasets within the same industry. European Commission can play a fundamental role to promote industry specific reporting frameworks (i.e. EPRA sBPR Guidelines for listed real estate sector).

In addition, more evidence on the risk/return impact would activate a bigger part of the market to integrate ESG on their investment decision making.

In terms of regulatory barriers at the EU level, we would like to express our strong support of the CMU objectives of addressing barriers to long-term financing. Specifically, in the case of Solvency II, the Commission and EIOPA should investigate the impact of Solvency II on insurers' long-term exposure to listed real estate. Adjustments to Solvency II might be needed to enable greater investment by insurance companies in sustainable and long-term assets, such as listed real estate companies. We believe that this issue should be addressed thoroughly in the 2020 Solvency II review.

8) How challenging is it for relevant investment entities to integrate the different sustainability factors? (1 is not challenging and 5 is very challenging) - Please refer to the definition in the Glossary).

	1	2	3	4	5	No opinion
Climate factors (<i>these include climate mitigation factors as well as climate resilience factors</i>)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other Environment factors	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Social factors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Governance factors	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Others	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Please explain:

Climate and environmental metrics are easier to quantify; hence they are easier to integrate into investments' analysis.

III. Policy options

9) In which area should relevant investment entities consider sustainability factors within their investment decision-making? Please make a choice and indicate the relevance of the different areas (1 is minor relevance and 5 is very high relevance).

	Yes	No	No opinion
Governance	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Investment strategy	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Asset allocation	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Risk management	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Others	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Relevance for governance:

- 1
- 2
- 3
- 4
- 5

Relevance for investment strategy:

- 1
- 2
- 3
- 4
- 5

Relevance for asset allocation:

- 1
- 2
- 3
- 4
- 5

Relevance for risk management:

- 1
- 2
- 3

- 4
- 5

10) Within the area of governance, which arrangements would be most appropriate to enable the integration of sustainability factors? (1 is the not appropriate and 5 is the very appropriate).

	1	2	3	4	5	No opinion
Specific sustainability investment Committee	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Specific sustainability member of the Board	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sustainability performance as part of remuneration criteria	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Integration of sustainability factors in the investment decision process	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Integration of sustainability checks in the control process	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Periodic reporting to senior management/board	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Others	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please specify others:

All the factors above are needed and should not be considered in isolation, as they supplement each other.

11) Should insurance and pension providers consult their beneficiaries on an annual/periodic basis on their preference as regards sustainability factors?

- Yes
- No
- No opinion

12) Within the portfolio's asset allocation, should relevant investment entities consider sustainability factors even if the consideration of these factors would lead to lower returns to beneficiaries/clients in the medium/short term?

- Yes
- No
- No opinion

Please explain:

We at EPRA believe that while transforming financial markets as part of the sustainable finance dialogue, we should be jointly addressing the issue of short-termism. The high returns with great risks of losing it all, in our view, is not the solution for investing in long-term. Instead, we should be looking at what will lead to 'risk-adjusted returns'.

Therefore, we should focus on how to achieve that investors, within the portfolio's asset allocation, consider sustainability factors in a way which would lead to risk-adjusted returns. This would mean that the same returns would be achieved with lower risks, or lower returns with no risks, or higher returns with the same risks.

A well-diversified portfolio is what we should be aiming for. In this regard, listed real estate represents a substantial part of the investment opportunity set and provides investors with significant diversification benefits due to its low correlation with other asset classes.

13) Within the area of risk management, does the current set of corporate disclosures provide the relevant investment entities with adequate information to perform sustainability risk assessments in respect of investee companies?

- Yes
- No
- No opinion

Please explain where the possible gaps are, if any:

In addition to shortage of coherent and comparable data, investors also refer to the lack of tools to process those data and to perform sustainability risk assessment.

14) Do the overall information or risk metrics available enable the relevant investment entities to adequately perform sustainability risk assessments?

- Yes
- No
- No opinion

Please explain where the possible gaps are, if any:

As above in Q 13.

15) Do you think that uniform criteria to perform sustainability risk assessments should be developed at EU level?

- Yes
- No
- No opinion

Please explain:

The EU's guidance would be a good starting point to set a common approach and to ensure that investors are looking at the same material factors within the same sector.

16) In case material exposure to sustainability factors is identified, what are the most appropriate actions to be performed by the relevant investment entity?

In our experience, investors who already integrate ESG factors in their investment process usually reach out to entity for comment & verification, followed up by closer engagement and expression of concerns in order to encourage change.

This way, the investors have a great opportunity to contribute not only to creating new sustainable assets, but also to converting the existing ones into sustainable ones. We refer to our response to Question 2.1.3., as we at EPRA believe that investors in real estate should be encouraged not only to invest into green assets, but also, if not more predominantly, to invest in those assets which are to be transformed into green assets so that they can minimise the effects of climate change.

17) Should relevant investment entities disclose how they consider sustainability factors within their investment decision-making?

- Yes
- No
- No opinion

Please explain:

Yes, in a similar way as already included in the Shareholder Directive.

If yes, what areas should the disclosure cover? Please make a choice and indicate the relevance of disclosure within the different areas (1 is minor relevance and 5 is high relevance):

	Yes	No	No opinion
Governance	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Investment strategy	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Asset allocation	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Risk management	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Relevance for governance:

- 1
- 2
- 3
- 4
- 5

Relevance for investment strategy:

- 1
- 2
- 3
- 4
- 5

Relevance for asset allocation:

- 1
- 2
- 3
- 4
- 5

Relevance for risk management:

- 1
- 2
- 3
- 4
- 5

If yes, where?

	Yes	No	No opinion
Pre-contractual disclosure (e.g. prospectuses)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Semi-annual/annual reports	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Periodic reports	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Website	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Newsletters	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Factsheets	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Marketing materials	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Others	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

IV. Impacts for stakeholders

18) Which stakeholder groups would incur costs and which would benefit from integrating sustainability factors within investment decision-making by relevant investment entities?

	Benefits	Costs
Occupational pension providers	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Personal pension providers	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Life insurance providers	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Non-life insurance providers	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Collective investment funds (UCITS, AIF, EuVECA, EuSEF, ELTIF)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Individual portfolio managers	<input checked="" type="checkbox"/>	<input type="checkbox"/>
General public	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Retail investors	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Financial advisors	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Service providers (index provider, research providers...)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other stakeholders (please specify)	<input type="checkbox"/>	<input type="checkbox"/>

Please explain:

A recent MSCI study 'Foundations of ESG investing' (attached to our response) demonstrates the causality between financial and ESG performance. It says that high ESG-rated companies tended to show higher profitability, higher dividend yield and lower idiosyncratic tail risks. This means that investing in long-term sustainable business would bring benefits to the all above mentioned entities. The cost involved in gathering & providing data, and then also by analysing and integrating those data into investment decision-making, can be by far outweighed by the added benefits for both investors and companies.

2.2 Questions addressed to end-investors

1) Do you take into account sustainability factors when you choose your investment products or investment entity?

- Yes
- No

3. Additional information

Should you wish to provide additional information (e.g. a position paper, report) or raise specific points not covered by the questionnaire, you can upload your additional document(s) here:

9c0384ac-8ae9-42eb-ae6e-8895a33bd0b6/MSCI_-_ESG_Research_2017_resize.pdf

Useful links

[More on the Transparency register \(http://ec.europa.eu/transparencyregister/public/homePage.do?locale=en\)](http://ec.europa.eu/transparencyregister/public/homePage.do?locale=en)

[Consultation details \(https://ec.europa.eu/info/consultations/finance-2017-investors-duties-sustainability_en\)](https://ec.europa.eu/info/consultations/finance-2017-investors-duties-sustainability_en)

[Specific privacy statement \(https://ec.europa.eu/info/files/specific-privacy-statement-institutional-investors-and-asset-managers-duties-regarding-sustainability_en\)](https://ec.europa.eu/info/files/specific-privacy-statement-institutional-investors-and-asset-managers-duties-regarding-sustainability_en)

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