To
ESMA
European Securities and Markets Authority

Milan, 14 September 2023

Re: Response to the call for evidence on Mifid II suitability and sustainability, 16 June 2023 (ESMA35-43- 3599)

Dear Sirs,

In answering the questions posed in the above-mentioned consultation paper ("**Call For Evidence**"), Associazione Italiana Private Banking ("**AIPB**" or the "Association") would like first of all to thank for the opportunity and express its appreciation for the interest shown in allowing the industry to present its remarks and point out any contentious issues regarding enforcement of the regulations on the integration of sustainability preferences into suitability assessment and product governance.

In view of the Association's interest, we have provided responses to only some of the questions in the Call for Evidence; the single responses include the number of the question to which they refer.

On the other hand, AIPB – for the reasons better explained in the answers to the questions below – considers it necessary to undertake a revision of the MiFID II sustainability framework (Directive 2014/65/EU and Delegated Regulation (EU) 2017/565) and/or the relevant Guidelines in respect of certain aspects of the suitability requirements, effective as from next 3 October. The believe there is an opportunity to review the current Guidelines, also accompanied by specific Q&As, to make the entire new client-side system more manageable based on further implementation options, with a view to greater simplicity, flexibility and effectiveness, while preserving the general spirit of the ESG regulatory requirements. The opportunity for this review is further supported by the ongoing review of the RTS SFDR/Taxonomy and the first level SFDR, which will necessarily require a link and an enhancement in the MiFID(IDD) area of the innovations that will emerge from this review process (think for example to the question under discussion about the real and concrete differentiation of the concepts of "sustainable investment SFDR" vs "environmentally sustainable investment Taxonomy", and related management of the DNSH or to the high discretion currently envisaged by issuers to qualify a product as having a "sustainable investment SFDR" in the absence of second-level standards and implementing regulations).

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In this regard, AIPB would like to preliminarily point out that the main areas on which the Authority is requested to take action in respect of the client suitability assessment process, as integrated with sustainability preferences, and the subsequent controls concern the following aspects:

1. Use of a simple language regarding clients' sustainability preferences in the profiling questionnaire (the "**Questionnaire**"), thus avoiding an excessively granular level of detail that makes reference to the three categories laid down in the definition contained in Article 2(7) of EU Regulation 2017/565.
2. The need to further enhance, also from a MiFID/IDD/ESMA regulatory point of view (in addition to what is already happening in the field of SFDR/Taxonomy/asset manager investment processes/data providers), the use of ESG scoring/ratings for the mapping of all the financial instruments and the management of the suitability rules and the advisory investment service. In this context, the recent regulatory proposal to regulate ESG rating/scoring data providers on the basis of the evidence gathered during the consultation launched by the European Commission and ESMA's Call for Evidence is an important element.
3. The possibility for intermediaries to rely on suitability controls that are also based on more flexible implementations.
4. The fact that distributors have non-reliable and totally discretionary data based on which the sustainability of the individual financial instruments should be assessed; in this regard, it is pointed out here and now that a clear definition of 'sustainable investment', with particular reference to the products under letter b) of Article 2(7) of EU Regulation 2017/565, which will limit the issuers' discretion over whether to include the products created by them into this category should be provided as part of the regulatory framework.

That being stated, we hereby wish to submit to your kind attention our responses to and remarks on the Call for Evidence.

Hoping that the input from our Association can contribute to the considerations that shall be made by the Authority, we remain available for any clarifications that may be required.

Best regards,

AIPB Associazione Italiana Private Banking

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QUESTION AND ANSWER

With reference to **question n. 2**, it is preliminarily to be noted that, when completing the Questionnaire, clients struggled most to understand the types of financial instruments assigned to the notion of "sustainability preferences" contained in letters a), b), and c) of Article 2(7) of Regulation (EU) 2017/565.

As a matter of fact, understanding the concept of sustainability preferences requires clients to have knowledge of technical categories peculiar to Regulation (EU) 2019/2088 and Regulation (EU) 2020/852.

In essence, in view of the highly technical categorisation of financial instruments assigned to the notion of sustainability, it was found that clients struggled considerably to understand the notion of sustainability preferences, on which they were unable to express themselves easily after an articulate and complex explanation.

Hence, we consider it more efficient to provide clients with a more simplified explanation of the definition of sustainability preferences, avoiding an excessively "granular" degree of detail, which will make it possible to better approach customer education. In other words, it is preferable to hypothesise that clients should only be asked whether they have any sustainability preferences as a whole, without going into detail about the three distinct categories of the definition contained in Article 2(7) of Regulation (EU) 2017/565, granting intermediaries greater discretion in assessing the "ESG suitability" of the product (or portfolio) with respect to the client's profile, according to the general principle that supervised entities are in any case required to look after the investors' best interests.

Moreover, we believe that the approach provided for in the MiFID II regulations, which is aimed at investigating all aspects of the definition of "sustainability preferences", may, in the immediate future, make it particularly difficult to offer products that can cover those preferences, because the catalogues of the majority of intermediaries mainly contain products covering the Environment pillar and, to a considerably lesser or no extent, the remaining two pillars (i.e., Social and Governance); this also considering the fact that no social taxonomy has been developed yet.

Furthermore, as already mentioned, we are of the view that there may be problems getting clients to understand the differences among the aspects set out in letters a), b) and c) of Article 2(7) of Regulation (EU) 2017/565 and, consequently, allowing them to then make a conscious choice to that effect. In this case, too, excess information is likely to be counterproductive for average investors, even if they were interested in making investments with sustainability features.

With reference to **question n. 4**, in your opinion, are these approaches effective? Please provide details. Are retail clients satisfied with the quality of information provided?

With reference to **question n. 6**, as a general premise, we believe it is essential to outline the reference context in order to clarify the underlying rationale of the choices made so far by the main Italian banks.

In particular, it should be noted that at present:

- there is an absolute lack of information and system data mainly due to the fact that the legislation on sustainable finance is still being completed taking into account that: i) the environmental taxonomy has codified 6 environmental objectives, whose technical requirements have been completed only on 13 June 2023; ii) the social taxonomy is totally absent; iii) the first CSRD report will refer to 2024 and will be published in 2025; iv) not all companies will have to report according to CSRD; v) the SFDR does not provide for implementing rules aimed at detailing what is meant by a sustainable investment, with the consequence of leaving discretion to the financial market participants on the methodologies on the basis of which they evaluate this type of objective. Consequently, the data relating to the quantification of sustainable investments within the meaning of Article 2(17) of the SFDR declared by the various financial market participants are not homogeneous and therefore not comparable. And this is one of the main reasons for the RTS review and SFDR review, which is expected in the Q4 2023;
- the notion of sustainability preferences proposing the three categories of products in points (a), (b) and (c) as distinct categories is partly misleading, since
    - the products referred to in point (a) are in fact a subset of those referred to in point (b) and
    - almost products with sustainable investments under SFDR (point b) or environmentally sustainable investments under Taxonomy (point a) manage PAI (point c) in order to meet the commitment not to cause significant harm to any of the sustainable factors.

Therefore, the 3 ESG financial product categories MiFID a/b/c are not "watertight compartments" but are strictly interconnected and they intersect themselves, and as such they should be read and considered as a whole for the sustainability preferences, and not individually;

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- the current market situation still appears to be far from consolidated. In fact, according to the data emerging from the EET relating to mutual funds distributed in Italy in Q2 2023:
    - 65% of these funds do not declare any minimum proportion aligned with the taxonomy (EET field 20450). Of the remaining 35%, more than 90% declares 0%. This means that less than 3% of the funds declares a minimum proportion. Moreover, the minimum proportion declared is maximum 5%;
    - 53% of these funds do not declare any SFDR sustainable minimum proportion (EET field 20420); of the remaining 47%, almost 40% declares 0%. This means that almost 30% of the funds declares an SFDR minimum proportion but but the range of minimum proportion are very low;
    - 52% of these funds declare to consider PAI (EET field 20100) but exclusively in a qualitative way in terms of YES;
- analyzing the data communicated by the EET FULL it emerges how, in general, both environmental and social PAIs are indicated regardless of the theoretical focus of the product on one pillar rather than on another expressed through the field 20090. The evidence obtainable from the EET is, therefore, not very significant for the purposes of combination with the potential preferences indicated by the clients in the questionnaire. Among other things, the consideration of the PAI is based on independent considerations of each financial market participant without, at present, common guiding criteria at the basis of the declaration.

On the basis of the above-mentioned considerations, financial distributors believe appropriate to evaluate carefully the ESG data communicated by the issuer/financial market participants and consider premature to ask more detailed questions (i.e. to ask clients for the minimum proportion of environmentally sustainable investment for the products referred to in point (a), the minimum proportion of SFDR sustainable investment for the products referred to in point (b), the families of PAI indicators for the products referred to in point (c)), with respect to which clients could hardly provide informed and reliable indications. This would in fact imply, given the limited availability on the market of products capable of satisfying the quantitative indications provided by clients, to complicate rather than facilitate the path of approaching clients towards sustainable investments.

Below we set out some examples of approaches/questions:

EXAMPLE 1

In choosing your investments, considering your overall portfolio, how important do you consider it important to evaluate investment products, which take into consideration, where possible, in addition to other financial conditions, also environmental, social and good corporate governance (ESG) factors, and therefore that they have a minimum share of sustainable/eco-sustainable investments or that they manage the PAI?

- Not very important
- Important
- Very important

EXAMPLE 2

How interested are you in investing a portion of your portfolio in products that take sustainability factors into account?

- Not very interested
- Very interested

In the context of sustainability, which products do you prefer to invest in?

- I'm mainly interested in broad-spectrum ESG products that consider sustainability issues as a whole.
- I'm mainly interested in ESG products that focus on specific sustainability themes.
- I have no preferences regarding the types of ESG products mentioned in the previous responses.

EXAMPLE 3

Are you interested in having your investments directed towards solutions that, in addition to being financially consistent with your characteristics and needs, are attentive to environmental, social and governance (ESG) factors?

(Multiple answers are possible)

- I am interested in environmentally conscious investments
- I am interested in investments that are reflective of social sensitivity
- I am interested in investments that are attentive to the good governance of companies or countries
- I am not interested in investments that are attentive to the environment and/or social sensitivity and/or the good governance of companies or countries (in which case, however, ESG products may still be used by the

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Bank in its advisory and/or investment strategies according to the same selection approach as for other products).

Taking into account the importance you attribute to the environmental, social and governance factors indicated in the previous answer, what is the minimum percentage of your investments that you believe should be directed towards solutions that are attentive to these sustainability factors?

- Basic interest level (for a percentage equal to or increasing to at least 10% of the portfolio for a single factor or as a combination of several factors among those indicated in the previous answer).
- Intermediate level (for a percentage equal to or increasing to at least 15% of the portfolio for a single factor or as a combination of several factors among those indicated in the previous answer).
- High level (for a percentage equal to or increasing to at least 20% of the portfolio for a single factor or as a combination of several factors among those indicated in the previous answer).
- No minimum percentage required. Please inform me on a regular basis of the ESG percentage I have achieved in my portfolio.

The two questions above are preceded by an explanatory introduction aimed at describing the purposes of collecting information relating to sustainability preferences (taxonomy-aligned investments, sustainable investments and consideration of Principal Adverse Impacts).

EXAMPLE 4

The question asked to the client (as provided below) is preceded by a detailed definition of “instruments relevant to sustainability preferences”, which are those falling within the MiFID Delegated Regulation - art 2, (7), point a), b) or c).

With reference to your portfolio, are you interested in investing a minimum portion in "instruments relevant to the sustainability preferences"? The possible answers are:

- No, I am not interested.
- Yes at least 10%
- Yes at least 20%
- Yes at least 35%

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With reference to **question n. 7**, we are waiting to receive updated figures from Members that use questionnaire forms in order to support the point that clients mainly express themselves on the general question about sustainability preferences, without going into detail about the three distinct categories of the definition contained in Article 2(7) of Regulation (EU) 2017/565.

With reference to **question n. 10**, as already indicated within our answer to Q6, data currently available on the market are not sufficient in order to assess products' ESG features in view of their subsequent matching with the client's sustainability preferences. Data related to the most common important products (mutual funds) are insignificant, in particular with regards to the product aligned to the Taxonomy (point a).

In addition, the situation is even worse with regard to all the other financial products not covered by SFDR, such as equity, government bonds, corporate bonds, certificates, covered warrants etc…In this case the concepts of environmentally sustainable investment (Taxonomy) or sustainable investment (SFDR) or PAI managements are formally but also de facto" not applicable.

With reference to **question n. 18, 19 and 20**,

Taking into account the context illustrated in our answer to Q6 and the fact that investment advice is provided on the entire range of financial instruments, including products outside SFDR scope (such as, for example, shares, government securities, bonds, structured products) and therefore without information on the aspects codified by the MiFID II ESG rules, the solutions adopted by banks are many and do not necessarily adhere to each of the two examples set out in the Call for Evidence document, but have adopted different approaches as better described below.

Many banks have considered it appropriate to adopt a homogeneous metric for all types of financial instruments (under SFDR but also outside SFDR) capable of expressing summary indications appropriately graduated according to a numerical scale, reflecting in a granular and dynamic way over time the sustainability characteristics of financial instruments relevant for suitability. They are based on the use of ESG scoring calculated by external info providers as a combination of a series of indicators aimed at intercepting and measuring the sustainability profile of financial instruments. In some cases, ESG scorings are integrated and supplemented with the consideration of additional elements chosen by the individual bank in order to increase their degree of significance and consider also the characteristics of the MiFID point a/b/c in terms of presence of minimum proportion of environmentally sustainable investment (Taxonomy), sustainable investment (SFDR) or PAI's management. This evolution in the ESG methodology is important to assure a high correlation between the numerical value of the ESG score and the existence of the features set out in the three MiFID categories

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indicated in the art 2, (7), point a, b o c (that is the minimum proportion of environmentally sustainable investment/sustainable investment or the PAI's management).

Under each bank's internal rules, products are considered relevant for sustainability preferences if their ESG scoring exceeds a pre-established threshold on the numerical scale of ESG scoring used.

These solutions represent very significant proxies, whose methodologies are likely to evolve: the expectation is, in fact, that a greater correlation of the ESG scoring processing methodologies used by the various info providers and the alignment with the regulatory requirements of SFDR/Taxonomy/MiFID II ESG will be achieved and that ESG scoring can also retain their validity in the future to support investment advice. The current classification based on ESG scoring is expected to be gradually complemented by the classification based on the information received from manufacturers through EETs as the latter becomes more homogeneous and reliable, also considering the new regulatory proposal for the use of rating/scoring ESG, the future supervisory regime and the future evolution in terms of methodologies, as better described above, that some data provider has identified and decided to implement. The use of ESG scoring associated with the consideration of the information provided by manufacturers can also be considered as a mechanism useful to mitigate the risk of greenwashing borne by banks in the provision of investment advice.

In some cases, ESG scoring is applied not only to the individual investment product, but also to the overall portfolio in order to detect the average level of sustainability of that portfolio.

In light of the above, in addition to the approaches described in ESMA document as examples 1 and 2, we set out below some alternative approaches used by the investment firms:

EXAMPLE 3 (suitability at the portfolio level as a whole using the ESG score)

All the financial instruments (either covered by SFDR or not covered by SFDR) are marked by an ESG scoring/rating, whose methodology considers also the features of environmentally sustainable investment, sustainable investment and PAI's management set out in the MiFID point a/b/c.

In the questionnaire the investment firm collects the extent, that is the level of sustainability ambitions of the client (for example high, medium, low).

For each level of ESG ambition expressed by the customer, the investment firm set a minimum level of ESG average portfolio's score to be reached (optimal target).

In the suitability assessment the investment firm performs the suitability test both:

- at portfolio level, matching the single financial instrument's ESG score with the overall ESG average portfolio's score and
- at the instrument level, matching the single financial instrument with the three categories MiFID (point a/b/c)

In the suitability report it is provided the client with the information regarding:

- the output of the suitability test (portfolio approach)
- the status of the financial instruments recommended compared to the categories MiFID art 2, (7), point a, b or c.

EXAMPLE 4 (suitability at the instrument level using the ESG score)

All the financial instruments (either covered by SFDR or not covered by SFDR) are marked by an ESG scoring/rating, whose methodology considers also the features of environmentally sustainable investment, sustainable investment and PAI's management set out in the MiFID point a/b/c: products with an ESG score above a predefined threshold are considered as ESG.

In the questionnaire the investment firm collects the level of interest (for example low, medium, high) in investing in ESG products.

In the suitability assessment the investment firm performs the suitability test comparing the customer's interest level in investing in ESG products with the ESG score of the product.

In the suitability report it is provided the customers with the information regarding the consistency between the customer's interest level (es. low/high) and the financial instrument (ESG yes/ESG no).

EXAMPLE 5 (suitability at portfolio level using the product ESG score to classify each financial instrument/product according to the categories MiFID art 2, (7), point a, b or c)

All the financial instruments/products (either covered by SFDR or not covered by SFDR) are classified as relevant or not relevant to sustainability preferences. The financial instruments/products relevant to sustainability preferences are those falling within the MIFID Delegated Regulation - art 2, (7), point a), b) or c). At the current stage, given the lack of data, the bank classifies each financial instrument/product as relevant or not relevant to sustainability preferences according to a specific ESG scoring, calculated by an external info provider according to a methodology which collects and combines the various ESG features.

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In the MIFID questionnaire the bank collects the client sustainability preferences asking the client the following question: With reference to your portfolio, are you interested in investing a minimum portion in "instruments relevant to the sustainability preferences"? The possible answers are:

- No, I am not interested
- Yes at least 10%
- Yes at least 20%
- Yes at least 35%

The suitability check in relation to any sustainability preferences expressed by the customer is carried out at portfolio level and is aimed at verifying the consistency between the share of "instruments relevant to the sustainability preferences" in the customer portfolio and the sustainability preferences expressed by the customer within the questionnaire.

In case of negative outcome of the suitability check (i.e. the share of "instruments relevant to the sustainability preferences" in the customer portfolio is lower than sustainability preferences expressed within the questionnaire) a specific block is applied

In the suitability report the client is provided with the following information:

- the output of the suitability test (portfolio approach)
- the classification of each product as relevant or not relevant to sustainability preferences,
- the share of portfolio invested in instruments/products relevant to sustainability preferences.

EXAMPLE 6 (suitability at portfolio level using the ESG rating of each pillars and the EMT field 05105 = Y in addition to the ESG rating for all the financial instruments/products covered by SFDR).

All the financial instruments/products (covered by SFDR) are classified as relevant if two criteria are met (at the same time):

- declaration from the "manufacturer" if the instrument is suitable to

satisfy client sustainability preferences (EMT field 05105 = Y), and

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- if the ESG rating (of each pillars) is above a defined threshold.

All the financial instruments/products (not covered by SFDR) are classified as relevant if the ESG rating (of each pillars) is above a defined threshold.

The MiFID questionnaire includes 2 questions:

- interest in each of the 3 ESG "pillars" (E and/or S and/or G or no preference);
- level of interest (Base, Intermediate, High) and indication of the minimum % share of sustainable products to be included in the portfolio (10%, 15%, 20%, no preference in terms of threshold).

The suitability check aims at verifying that the share of financial instruments/products classified as ESG relevant (for each ESG factor expressed by the client during MiFID profiling) of the planned portfolio is greater than the minimum between the level of intensity of ESG interest declared by the client, where expressed, and the ESG relevant portion present in the starting portfolio.

If the client selects more than one factor (E-S-G) at the same time, a "mitigation factor" is provided which allows a limited reduction on the individual factors, against an overall increase in the share of ESG financial instruments/products in the recommended portfolio.

With reference to **question n. 21, 22 e 23**, we take this opportunity to underline one of the most difficult issues to resolve regarding suitability controls.

Indeed, at present, it is not possible to manage PAI information, as provided by the various product issuers, within the framework of suitability controls.

More in detail, the PAI data received from the various issuers:

- are estimated and, more specifically, non-stable data;
- provide only qualitative information or quantitative data in an absolute way (for example 20 tons of GHG emissions); there is no indication in relative terms compared, as example, to the industrial sector to which the data belongs or compared to an average of market or reference ranges or other indications which could help to evaluate the meaning and the materiality (in positive or negative) of the numerical data (in the example above, 20 tons of GHG emissions);

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- in the EET standard or official documents is not provided the priority/importance of the PAI indicators, but simply the issuer provides qualitative and quantitative information in relation to all the PAI indicators (both environmental and social/governance) indicated by the Annex I of the SFDR Regulation (approach used after the clarifications of the European Commission and ESA with regard the DNSH's demonstration). Therefore, as better explained in the Q6, in this case the evidence obtainable from the EET is, therefore, not significant for the purposes of combination with the potential preferences indicated by the clients in the questionnaire;

As a consequence, it is unclear how the financial intermediaries can used these data within the framework of suitability controls and there is no way for clients to be able to at least reasonably consider PAIs, and even less to be allowed to express an assessment about any qualitative elements making it possible to prove the consideration of PAIs.

Hence, the mere information provided by the issuer about the fact that an individual product manages a PAI is not decisive; in substance, what matters most, for the purposes of suitability control, is to be able to have information describing the quantitative effect of those types of management and their meaning with respect to a trend over time and in relation to the relevant industry.

Finally, we would point out that point (c), concerning the consideration of PAI, cannot be regarded as stand-alone, as better described above in the answer to Q6, because the characteristic of the point c) is a pre-requisite for the products that fall in the point a (minimum proportion Taxonomy) and point b (minimum proportion SFDR).

With reference to **question n. 26, 27, 28 e 29**, we confirm the use of ESG scorings, along with SFDR criteria, for ESG products mapping. We point out that such use is also justified by the fact that ESG scorings also make it possible to attach value to all three sustainability factors (E+S+G) – *inter alia*, in line with the new provisions introduced by Article 52 of EU Regulation 2017/565 concerning selection of financial instruments and Article 54 of the above-mentioned Regulation concerning analysis of equivalent products.

As already illustrated within our answer to Q6, most italian banks currently map products' ESG risk feature on the basis of ESG rating scoring, which represent one of the best metric applicable homogeneously to all the financial instruments under MiFID, included those outside the SFDR (i.e. securities, bonds).

In fact, for all the products outside the SFDR (in primis stocks, government bonds, corporate bonds, certificates, covered warrants and structured products) the concepts

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of environmentally sustainable investment (Taxonomy) or sustainable investment (SFDR) or PAI managements are formally but also de facto" not applicable.

In this regard, it is pointed out that dialogue should be continued with data providers to further improve the correlation between ESG scoring assessment and the products under letters a), b) and c) of Article 2(7) of Regulation (EU) 2017/565, attaching value, in scoring assessment methodologies, also to the characteristics provided for by the MIFID regulations.

Moreover, in the Association's view, it would be advisable to provide for specific rules, within the "Proposal for a Regulation on the transparency and integrity of activities connected with rating providers" (the "Regulation"), to govern the regime of users of ESG scorings. In fact, although from the text of the above-mentioned proposal for a regulation it can be inferred that responsibility for the truthfulness and correctness of the data lies with the data provider, we consider it necessary to clarify in the Regulation, also through an individual provision, that users may legitimately and consistently use the data provided by the respective providers without incurring any liability, as they are not required to perform any additional controls regarding the correctness of the data they received.

Notwhistanding the above mentioned elements, it is worth underling, as already described in the previous questions, that some intermediaries, in cooperation with the ESG data provider, have identified and decided to implement further evolutions in terms of methodologies in order to guarantee a better correlation and interrelation between the numerical data of the ESG score and the characteristics of the ESG mifid financial instruments indicated in the point a/b/c in terms of presence (and relative levels) of minimum proportion of environmentally sustainable investment (Taxonomy), sustainable investment (SFDR) or PAI's management. All these methodological improvements will be able to ensure a sensitivity of the numerical value of the ESG score compared to the presence and level of the proportion of sustainable investment or environmentally sustainable investments or compared to the presence of the PAI managements.

With reference to **question n. 36**, it is to be noted that one of the major issues related to the data provided by Issuers with respect to financial instruments with sustainability features regards their reliability.

In fact, we would like to point out that those data are unreliable and totally discretionary, in that Issuers have ample discretion in qualifying a product as sustainable, with particular reference to the products under letter b) of Article 2(7) of Regulation (EU) 2017/565. And this aspect is one of the main focus of the ESA Joint consultation paper on RTS, in particular:

- the question under discussion about the real and concrete differentiation of the concepts of "sustainable investment SFDR" vs "environmentally sustainable investment Taxonomy", and related management of the DNSH or
- the high discretion currently envisaged by issuers to qualify a product as having a "sustainable investment SFDR" in the absence of second-level standards and implementing regulations.

In our view, that discretion arises in the first place from the fact that there are no delegated acts defining the meaning of ‘sustainable investment’.

In this regard, we wish to point out that even the Authority, in its Progress Report on greenwashing, noted a lack of clarity in this area and pointed out that the greenwashing phenomenon is also due to a fast-moving regulatory context, within which – let this be reiterated – a clear definition of ‘sustainable investment’ is relevant.

The above issues related to data quality with respect to financial instruments with sustainable features are reflected, as a logical consequence, on portfolio allocation choices, in that distributors are likely to recommend securities whose sustainability assessment is based on totally discretionary data.

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