

**Comments Template on  
Consultation Paper on PRIIPs with environmental or social objectives  
(‘EOS PRIIPs’)**

**Deadline  
23 March 2017  
18:00 CET**

Name of Company:	The Norwegian Consumer Council	
Disclosure of comments:	<p>EIOPA will make all comments available on its website, except where respondents specifically request that their comments remain confidential.</p> <p>Please indicate if your comments on this CP should be treated as confidential, by deleting the word Public in the column to the right and by inserting the word Confidential.</p>	Public
<p>Please follow the following instructions for filling in the template:</p> <ul style="list-style-type: none"> <li>⇒ <u>Do not change the numbering</u> in the column “reference”; if you change numbering, your comment cannot be processed by our IT tool</li> <li>⇒ Leave the last column <u>empty</u>.</li> <li>⇒ Please fill in your comment in the relevant row. If you have <u>no comment</u> on a paragraph or a cell, keep the row <u>empty</u>.</li> <li>⇒ Our IT tool does not allow processing of comments which do not refer to the specific numbers below.</li> </ul> <p><b>Please send the completed template, in Word Format, to <a href="mailto:CP-17-002@eiopa.europa.eu">CP-17-002@eiopa.europa.eu</a>.</b></p> <p><b>Our IT tool does not allow processing of any other formats.</b></p> <p>The numbering of the questions refers to the Consultation Paper on the proposal for Guidelines under the Insurance Distribution Directive on insurance-based investment products that incorporate a structure which makes it difficult for the customer to understand the risks involved</p>		
<b>Reference</b>	<b>Comment</b>	
General Comments	The Norwegian Consumer Council (NCC) welcome the initiative from the European Commission to specify the details of the procedures to establish whether a PRIIP targets specific environmental or social objectives, and support the framework laid out by the Joint Committee of the European Supervisory Authorities (ESAs) in the	

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	consultation paper. There is a growing interest on environmental and social issues among consumers. Independent research ( <a href="#">FIVH 2015</a> ) done on domestic banks show that 75 % of the banks experience an increased attention on ethical and or sustainable management of funds. Introducing EOS PRIIPs would meet the growing attention with comparable and trustworthy data for decision-making.	
Question 1 (p6)	<p>The Norwegian Consumer Council will emphasize that the finance sector has an important responsibility – as well as an opportunity – in contributing to direct capital flows towards ethical and sustainable investments.</p> <p>The objective of EOS PRIIPs must be to encourage and support investors who in addition to financial returns also want capital to work for a more sustainable world.</p>	
Question 2 (p6)	<p>The Norwegian Consumer Council would like to point out that there is a growing need for unambiguous pan-European standards in the field of PRIIPs with environmental or social objectives. The demand for sustainable and ethical investment options is growing, and clear guidelines and requirements are essential in order to provide confidence and trust.</p> <p>It is necessary to ensure that requirements are clear and comprehensive. Potential loopholes must be identified and blocked. Any unsubstantial or unjustified proposals by the finance industry to postpone or delay the implementation of the regulation should be dismissed.</p>	
Question 3 (p7)	<p>The principle-based approach outlined in the consultation paper will lay the foundation for improved transparency and oversight. The Norwegian Consumer Council welcome appropriate steps that will increase consumer knowledge.</p> <p>The principle-based approach could also help to raise awareness and commitment in the finance industry. Clarification of requirements on EOS PRIIPs could help facilitate influx of capital towards investments with an increased focus on sustainability.</p>	
Question 4 (p7)	In order to ensure that holdings are compatible with long-term sustainable development, the Norwegian Consumer Council would like to point out that there may be a need to include requirements on inclusions and/or exclusions as part of the investment strategies outlined in an IPS. Certain industries and companies, especially those who violate basic human rights and international environmental conventions,	

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	<p>have no place in EOS PRIIP portfolios.</p> <p>Furthermore, in order to adapt to and capture significant changes which should be reflected in the composition of holdings in an EOS PRIIP, a necessary degree of flexibility may be needed. It must be possible to adapt to important innovations and developments in the marketplace.</p> <p>There is a growing demand from many investors for independent and objective assessments, in particular on the actual sustainability profile of the various investment products that exist in the market. Hence, there should be a section in the IPS providing information to investors on where to find any possible externally provided updated ratings and assessments.</p>	
Technical Advice 1 (p21)	<p>The Norwegian Consumer Council support introducing requirements on PRIIPs with environmental or social objectives. Relevant detailed additional information should be provided within the framework of existing and well-known investor documents, and preferably in an unbureaucratic way.</p> <p>In order to ensure this ESMA should conduct user testing of templates, in the same way as it was done when developing KIID in UCITS IV – which has turned out as a success.</p> <p>The aim must also be to support investment managers with a clear and simple way to communicate the environmental or social profile and the investment strategy of a PRIIP.</p>	
Technical Advice 2 (p21)	<p>The Norwegian Consumer Council support introducing requirements on PRIIPs with environmental or social objectives. Relevant detailed additional information should be provided within the framework of existing and well-known investor documents, and preferably in an unbureaucratic way.</p> <p>The aim must also be to support investment managers with a clear and simple way to communicate the environmental or social profile and the investment strategy of a PRIIP.</p>	

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Technical Advice 3 (p22)	It is essential that investment products follow appropriate governance procedures. This is important not only in order to ensure that the stated non-financial investment objectives are adhered to during the lifetime of the EOS PRIIP, but also in order to ensure long-term investor confidence.	
Technical Advice 4 (p23)	<p>The Norwegian Consumer Council advocates transparency in financial markets in general and for financial investment products in particular. An IPS should provide guidance on how investment decisions will be made.</p> <p>The presence of an IPS helps to create an environment of transparency in the relationship between client and advisor, and may give a client a better understanding of what to expect from their advisor. Hence, an IPS will be an important tool for consumers and retail investors.</p> <p>However, it is essential that non-professionals are able to understand text that is provided in an IPS. The content must be written in a clear way and also arranged in a way that is useful for investors in determining whether the product actually meets their requirements. This must be ensured with user-testing.</p> <p>The goal must be to ensure that investment products meet investor wishes with regard to how ethics and sustainability are safeguarded. An IPS should enable retail investors to check if their desired EOS objectives are a match with the investment strategy of the PRIIP on offer.</p>	
Technical Advice 5 (p24)	<p>It is important that investors can make informed choices. As a consequence, information about investment products in an IPS must be able to answer whether the requirements put forward by the investors concerning sustainability and ethics are sufficiently met.</p> <p>Substantial deviations from the provided information given in an IPS should constitute a basis for claims by retail investors as well as opening up a pathway for sanctions by supervisory authorities.</p>	
Technical Advice 6 (p26)	The Norwegian Consumer Council welcomes the introduction of an appropriate monitoring framework, which needs to be listed in the IPS. However, for some investments there may be certain challenges associated with measuring whether	

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	<p>general requirements on environmental or social objectives have been achieved.</p> <p>A description of how monitoring procedures and controls are to be carried out must be clearly formulated in relevant investor documents.</p>	
Technical Advice 7 (p26)	<p>The Norwegian Consumer Council support introduction of a mandatory requirement related to the introduction of reviews on a regular basis. The main purpose is to ensure that investors are informed about any significant deviations from the EOS objectives and investment strategies set out in the IPS. Such reviews should also include a description of measures, procedures and steps to be implemented to restore compliance.</p> <p>Adequate authorities, which could include the ESAs, should communicate and publish these reviews in the same way as they communicate and publish market warnings.</p> <p>The frequency of reviews should take into account the needs of the investors. Different investment products will need varying levels of minimum frequencies. For some investment products requirement could be annual reviews, while for others semi-annually or quarterly or even more often would be preferable and sometimes also necessary.</p>	