

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 Actuarial Association of Europe	
Disclosure of comments:	EIOPA will make all comments available on its website, except where respondents specifically request that their comments remain confidential. 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.	Public
<p>Please follow the following instructions for filling in the template:</p> <ul style="list-style-type: none"> ⇒ Do not change the numbering in the column “reference”; if you change numbering, your comment cannot be processed by our IT tool ⇒ Leave the last column <u>empty</u>. ⇒ 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>. ⇒ Our IT tool does not allow processing of comments which do not refer to the specific numbers below. <p>Please send the completed template, in Word Format, to CP-17-002@eiopa.europa.eu.</p> <p>Our IT tool does not allow processing of any other formats.</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>		
Reference	Comment	
General Comments		
Question 1 (p6)		

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Question 2 (p6)		
Question 3 (p7)	We think that a principle based approach is good in this area. It would be difficult and probably also counter-productive to have strict rules in this area that is changing with science going forward.	
Question 4 (p7)		
Technical Advice 1 (p21)		
Technical Advice 2 (p21)	We agree with the approach set out in the consultation paper on leaving existing product governance and oversight requirements. We think this should be both an efficient and effective approach.	
Technical Advice 3 (p22)	This piece of advice talks of « stated non-financial investment objectives ». Talking of EOS as non-financial is to some extent misleading. In the context of the Non-financial disclosure directive the term is understandable as financial disclosure has a clear meaning in financial reporting. But in PRIIPs we think it would not be necessary to call EOS as non-financial. In any case sustainability is thought to be also financially essential in a longer term.	
Technical Advice 4 (p23)	<p>We agree that the Investment Policy Statement should be written in clear language, and should outline why the investment is regarded as having an environmental or social objective. But we did not think that it was necessary to add a requirement that the Investment Policy Statement should explain <i>‘why a just and equitable person would regard this as an environmental or social objective.’</i> This additional wording of <i>‘just and equitable person’</i> may be interpreted differently by different manufacturers, and could suggest a level of detail in the Investment Policy Statement which may make the document less accessible to some retail investors.</p> <p>We also think that it is good that this piece of advice stresses the « exact impact ». Such impacts tend to be easier to understand than reference to, e.g., sustainability ratings etc. Also stressing impacts would probably increase the transparency of the products.</p>	
Technical Advice 5 (p24)	We agree with allowing flexibility in how the Investment Policy Statement is stored by	

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	the Manufacturer.	
Technical Advice 6 (p26)	We agree with the approach that product governance principles should be applied in a proportionate manner.	
Technical Advice 7 (p26)	<p>We question whether governance processes need to be reviewed annually, as a governance process should be sufficiently durable so that it does not require material changes to the process from one year to the next. We would suggest a less frequent review of the governance process is more appropriate.</p> <p>The advice requires: <i>‘Manufacturers shall inform retail investors in EOS PRIIPs about the outcome of their regular reviews and in particular about any significant deviations from the EOS objectives and investment strategy set out in the IPS and the procedures and steps to be implemented to restore compliance.’</i> We would have thought that retail investors can assume that the PRIIP/fund is adhering to the EOS objectives unless told otherwise; and therefore that there should not be a need to inform retail investors of the outcome of a review where the outcome has been positive or neutral.</p>	