



**Association for Independent
Corporate Sustainability &
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Response to the European Commission Consultation on Legislative Steps for the Packaged Retail Invest- ment Products (PRIPs)

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Information about the consultation process:

http://ec.europa.eu/internal_market/finservices-retail/investment_products_en.htm

AI CSRR's registration number with the European Commission: 70271085323-71

The **Association for Independent Corporate Sustainability and Responsibility Research (AI CSRR)** welcomes the Commission's initiative to address the current issues in the selling and disclosure of Packaged Retail Investment Products (PRIPs) across the EU.

AI CSRR owns and manages a quality standard, CSRR-QS 2.1, its related instruments and processes and is responsible for organising independent, external verification.

CSRR-QS 2.1 has been drawn up with the objective of promoting confidence in those Groups performing Corporate Sustainability and Responsibility Research and in Investments Products driven by and ESG approach.

The standard aims at (i) improving quality management systems; (ii) stimulating transparency; (iii) facilitating assurance processes and (iv) forming a basis for further verification procedures. This standard covers the functions of CSRR Groups whose work may include the collection of CSR data and subsequent SRI-activities of researching, analysing, evaluating, rating, ranking, screening, and risks and opportunities assessments, as well as all related products, processes, work procedures and services, and subsequent reporting of results of these activities to customers and other stakeholders.

History/background. This Quality Standard has been drawn up by a number of independent Corporate Sustainability and Responsibility Research (CSRR) Groups mostly working for customers in the financial services industry. They are thus supporting and servicing Socially Responsible Investments (SRI).

The establishment of the standard was initiated with the support of the European Commission, DG Employment and Social Affairs as the outcome of two projects.

Phase 1 was the project "Developing a Voluntary Quality Standard for SRI Research" (2002-2003). The Quality Standard has been drawn up in the light of the European Commission's aim to build partnerships for the promotion of CSR.

Phase 2 of the project "Implementing and Disseminating the Voluntary Quality Standard for Corporate Sustainability & Responsibility Research (CSRR-QS)" (2004-2006) aimed at discussing and amending the standard and its instruments with stakeholders and experts in the field of SRI and CSR research. A sector specific verification system was set up in order to offer solutions to all legal and technical aspects regarding the certification.

Summary of comments

- AI CSRR recommends the Commission to explore how the KIID could contain additional information pertaining to environmental, social and governance (ESG) aspects in addition to the elements proposed by the Commission in the consultation document;
- AI CSRR recommends to include information enhancing consumers' ability to compare products and to select the product that best matches any goals they may have regarding ESG standards or considerations;
- AI CSRR recommends to inform consumers about the certified ESG quality aspects of PRIPs, mentioning quality labels and certifications.
- AI CSRR recommends taking measures to ensure that products are "true to label" and doing what they say they do.

Responses to a selection of questions in the consultation document

Q18: Should the KIID be a separate or 'stand alone' document compared with other information that might be necessary, e.g. background information, other disclosures, or contractual information? Please justify or explain your answer.

For clarity and comparability purposes, the PRIPs KIID should be a separate stand-alone document providing the retail investor with key information needed in the investment decision making process. The KIID should be principles-based, including ESG factors and transparent about the SRI aspects.

Q26: What are some broad principles that should be considered on content and format of the Key Investor Information Document for PRIPs?

AI CSRR pleads the KIID could include information on the integration of ESG issues in the PRIPs, as these are aspects that concern retail investors, when making a successful long-term investment decision. The information should be:

- Transparent, as to provide consumers with sufficient relevant information to understand the approach of a fund to these issues;
- Accurate, as to ensure information presented or omitted does not create a misleading or deceptive impression;
- Comprehensible, as to present information in a simple and concise manner, recognising that too much information is as potentially problematic for consumers as too little; and
- Comparable, as to present information in a manner that allows consumers to compare different products.

Q30: What detailed steps might be taken to improve the transparency of the social and environmental impacts of investments in the KIID for PRIPs?

AI CSRR supports the idea to hold a separate consultation to gather an industry perspective on the possible impact of "green" or "ethical" labelling.

AI CSRR recommends the Commission to assess current European/national initiatives.

AI CSRR draws the attention of the Commission on a European development, supported by the EC: an auditable ESG quality standard with a rulebook that details requirements on the level of quality management systems, the ESG information supply chain, professional rules and requirements on the level of independency and integrity, stakeholder involvement.

Since its inception and the initiation of audit and verification procedures, the voluntary quality standard is gaining interest in and outside Europe with new auditees in Australia, India, Israel, Korea, Mexico, and more.

All information regarding the CSRR Quality Label can be found at: www.csrr-qs.org

Annex: CSRR-QS 2.1

This Quality Standard has been drawn up by a number of independent Corporate Sustainability and Responsibility Research (CSRR) Groups mostly working for customers in the financial services industry. They are thus supporting and servicing Socially Responsible Investments (SRI).

AI CSRR, the Association for Independent Corporate Sustainability and Responsibility Research owns and manages the Voluntary Quality Standard and its related instruments and processes and is responsible for organising independent, external verification.

CSRR-QS 2.1 is the first quality standard conceived and developed at a sector level in the field of Corporate Social Responsibility (CSR) and SRI research and analysis.

Purpose

CSRR-QS 2.1 serves the following purposes:

- Encourage CSRR Groups to adopt organizational features that ensure their independence and objectivity;
- Improve quality management systems;
- Stimulate transparency;
- Facilitate assurance processes and form a basis for further verification procedures;
- Promote research characteristics viewed as best practices.
- CSRR-QS 2.1 covers various aspects:
 - The organisational structure of the CSRR group
 - Features of its research process
 - Specificities of its assessment process

This standard covers the functions of CSRR Groups whose work may include the collection of CSR data and subsequent SRI-activities of researching, analysing, evaluating, rating, ranking, screening, and risks and opportunities assessments, as well as all related products, processes, work procedures and services, and subsequent reporting of results of these activities to customers and other stakeholders. Although these CSRR activities may have numerous outputs and clients, the CSRR-QS 2.1 focuses mainly on the operational requirements of SRI-related products and services.

CSRR-TM 2.1® and CSRR-IM 2.1® are part of CSRR-QS 2.1®

The Transparency Matrix CSRR-TM 2.1® is being developed both as an instrument of transparency and as a proof of conformity with the Corporate Sustainability and Responsibility Research Quality Standard, CSRR-QS 2.1®.

The Instruction Manual CSRR-IM 2.1® is a document explaining and detailing the concepts, terms and interpretations and the requirements of the CSRR-QS and CSRR-TM documents.

Documentation

Name	Description
CSRR-QS 2.1	Quality Standard: general description of principles and requirements
The 11 principles	Signatory document with commitments and principles of the Quality Standard
CSRR-TM 2.1	Transparency Matrix, a disclosure tool for methodologies and research processes and group features concerned by CSRR-QS
CSRR-IM 2.1	Instruction Manual for filling in the transparency matrix (CSRR-TM), with detailed description of requirements

Quality issues and standard domains

Applicability

- 1 Scope
- 2 Definitions
- 3 The quality principles of CSRR-QS 2.1 ("The Eleven Commitments")

Requirements on Group level

- 4 The integrity principles and ethical commitments of CSRR-QS 2.1
- 5 Administrative requirements
- 6 Independence, impartiality and integrity

- 7 Confidentiality
- 8 Organisation and management
- 9 Quality management system
- 10 Personnel
- 11 Records
- 12 Sub-contracting
- 13 Complaints and appeals
- 14 Co-operation
- 15 Public disclosure

Requirements on the level of methodologies

- 16 Research standards and indicators
- 17 Research and evaluation methodologies and procedures
- 18 Stakeholder involvement procedures

Initiation

The establishment of the standard was initiated with the support of the European Commission, Employment and Social Affairs DG as the outcome of the project "Developing a Voluntary Quality for SRI Research" (2002-2003). It has been drawn up in the light of the European Commission's aim to build partnerships for the promotion of CSR.

Prior to the setting-up of the standard, a detailed survey was undertaken in order to make an inventory of existing practices and the level of quality management within the CSRR industry, and how the related customer and stakeholder demands were included in these systems.

Phase 2 of the project "Implementing and Disseminating the Voluntary Quality Standard for Corporate Sustainability & Responsibility Research (CSRR-QS)" (2004-2006) aimed at discussing and amending the standard and its instruments with stakeholders and experts in the field of SRI and CSR Research. Furthermore the Quality Standard and the Transparency Matrix have been piloted within participating CSRR Groups and updated versions of the Quality Standard and Transparency Matrix have been provided. A sector specific verification system was set up in order to offer solutions to all legal and technical aspects regarding the certification.

All information regarding the CSRR Quality Label can be found at: www.csrr-qs.org