

Articulation of Mystery Shopper Profiles

2° Investing Initiative - 2022 Mystery Shopping Campaign

This 2022 Mystery Shopping Campaign is focussed only on the part of the suitability assessment which relates to sustainability preferences – not the part of the suitability assessment which relates to traditional investment objectives.

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All mystery shopper profiles are not aware of the recent regulatory changes to the suitability assessment but are aware of more sustainable investment opportunities becoming available and would like to invest in a sustainable manner themselves.

All mystery shopper profiles have received a lump sum of €50,000 in inheritance and would like to invest the entirety of this money for the long term (e.g. saving for retirement) and has no need to access any of this money in the short term.

All mystery shoppers would like to invest the full €50,000 in accordance with their sustainability preferences/environmental and social objectives.

All Mystery Shopper Profiles

During the appointment, you must create a persona that matches as closely as possible to the selected mystery shopper profile.

Note that, as explained above, all mystery shopper profiles have the same financial situation and investment objectives. Our mystery shopper profiles differ only in terms of the specific nature of the environmental or social objectives they have for their investments.

More importantly, all mystery shopper profiles are **not** aware of the recent regulatory changes to the suitability assessment but **are** aware of more sustainable investment opportunities becoming available and would like to invest in a sustainable manner themselves. As explained in the *Research Approach* document, the recent regulatory changes mean that it is now mandatory to assess client sustainability preferences during the suitability assessment. However, it is entirely possible that some advisors will miss this out and proceed to the financial product presentation/recommendation without having asked about your sustainability preferences. If this is the case, then please record that this has happened in the Feedback Form. **[NOTE: This relates to Q7 in the Feedback Form].**

However, if it is absolutely clear that the advisor will not be asking about client sustainability preferences, the mystery shopper should raise the issue. Where this is the case the mystery shopper can simply say that he/she would like to invest in a sustainable manner and had heard something about this now being assessed in financial advice.

Please also note that we would ordinarily expect the appointment to follow the following three steps:

- Step 1: Explanation of sustainability preferences
- Step 2: Identification of client sustainability preferences
- Step 3: Financial product presentation/recommendation

However, mystery shoppers should be prepared that this might not always be the case and the discussion during the appointment should be fluid and you may not be able to answer all the questions on the Feedback Form.

However, mystery shoppers should keep the following main themes in mind:

- Ensuring the advisor has the right assessment of your profile.
- Whether the advisor brings up the assessment of sustainability preferences itself and whether this focus comes after the assessment of traditional investment objectives.
- The quality of the explanation of sustainability preferences in terms of whether it is understandable, whether it appears to be biased etc.
- Whether the identification of your sustainability preferences is independent or done through reference to the financial products which the advisor can recommend.
- The advisor's knowledge and expertise to advise on the specific circumstances of the selected mystery shopper profile.
- How the recommendation is made and if the advisor cannot match the sustainability preferences as originally expressed, whether the advisor is transparent that these products may be available elsewhere on the market.
- How the advisor records information throughout the appointment.

NOTE: Ask at each appointment to leave with documentation, a link or an email that could attest to the product that is offered to you.

Mystery Shopper Profile 1

Profile 1 would like to invest in line with the established concept of sustainability preferences. However Profile 1 must ask the questions articulated below to see how the advisor differentiates between different aspects of the definition of sustainability preferences.

Financial situation and investment objectives

Has received a lump sum of €50,000 in inheritance and would like to invest the entirety of this money for the long term (e.g. saving for retirement). Has no need to access any of this money in the short term.

Age	40-50 years old
Marital status	Married, 1 child
Monthly income	€3100 net per month
Partner income	€1800 net per month
Financial situation	Apartment fully paid/no credit. No other savings.
Investment objectives	Long-term, saving for retirement.
Risk aversion/tolerance	Has a balanced approach to risk. Would like to have good returns over the long term and is prepared to invest capital in financial markets and to tolerate that a small part of invested capital might fall due to the evolution of the equity markets. Prepared to bear a possible loss of up to 15% of the invested capital.
Knowledge of financial markets	Has an average knowledge of financial markets. Knows how traditional financial savings work: shares, bonds and funds in general. But has no understanding of complex products and hedging products.
Experience of financial markets	Limited experience of financial investments (sold shares 3 years ago).

Exposition of environmental/social objectives for investments

- In general, Profile 1 has a desire to invest in a sustainable manner provided that these investments will not lose money.
- Having heard the explanation of sustainability preferences from the advisor, Profile 1 wants to invest in accordance with sustainability preferences.
- Profile 1 wants to invest in the 'most environmental option' but is uncertain how to choose between different types of sustainability preference.
- Profile 1 would like to focus on biodiversity as an environmental objective.
- Profile 1 wants to invest all the €50K in accordance with its sustainability preferences.

Particular points to note and questions to raise during the appointment

During the part of the appointment which relates to identifying your sustainability preferences

- Profile 1 should express a desire to select the 'most environmental option.' Please record how the advisor explains the relative environmental merits of different types of sustainability preferences in the Feedback Form. **[NOTE: This relates to QA1 in the Feedback Form]**
- Profile 1 should also express a desire to focus on biodiversity as an environmental objective. Please record how the advisor explains this desire can be satisfied in the Feedback Form. **[NOTE: This relates to QA2 in the Feedback Form]**

During the part of the appointment which relates to financial product presentation/recommendation

- If the advisor presents a financial product as matching your sustainability preferences, how did the advisor cover your desire to select the most environmental option and the focus on biodiversity in the presentation of financial products? **If the advisor does not volunteer this information, please ask the advisor how the product covers these aspects.** Please record the advisor's response in the Feedback Form. **[NOTE: This relates to QA4 in the Feedback Form]**

At the end of the appointment

- If at the end of the appointment, the advisor does not provide a summary, please request one and record the outcome in the Feedback Form. **[NOTE: This relates to Q37 in the Feedback Form]**
- If at the end of the appointment, the advisor recommends a financial product which is presented as matching your sustainability preferences, please record the ISIN number. This is a 12-digit code which provides a unique identification for a financial product and will be located in the financial product documentation. **[NOTE: This relates to Q39 in the Feedback Form]**

Mystery Shopper Profile 2

Profile 2 would like to invest in a way which generates positive impact in the real world. The definition of sustainability preferences does not accommodate impact oriented financial products. Therefore Profile 2 is designed to investigate how advisors will respond to clients who do not easily fit into the definition of sustainability preferences.¹

Financial situation and investment objectives

Has received a lump sum of €50,000 in inheritance and would like to invest the entirety of this money for the long term (e.g. saving for retirement). Has no need to access any of this money in the short term.

Age	40-50 years old
Marital status	Married, 1 child
Monthly income	€3100 net per month
Partner income	€1800 net per month
Financial situation	Apartment fully paid/no credit. No other savings.
Investment objectives	Long-term, saving for retirement.
Risk aversion/tolerance	Has a balanced approach to risk. Would like to have good returns over the long term and is prepared to invest capital in financial markets and to tolerate that a small part of invested capital might fall due to the evolution of the equity markets. Prepared to bear a possible loss of up to 15% of the invested capital.
Knowledge of financial markets	Has an average knowledge of financial markets. Knows how traditional financial savings work: shares, bonds and funds in general. But has no understanding of complex products and hedging products.
Experience of financial markets	Limited experience of financial investments (sold shares 3 years ago).

Exposition of environmental/social objectives for investments

- Profile 2 is very concerned about the future of the planet and wants to devote its investments to environmental and social causes it believes in.
- Having heard the explanation of sustainability preferences from the advisor, Profile 2 is very clear that wants to invest in a way which generates a positive environmental impact in the real world. **Profile 2 does not specifically pick up on whether the definition of sustainability preferences covers impact products but is just very clear that wants to achieve impact.**
- Profile 2 is quite distrustful of banks generally. It makes a point of being able to demonstrate the impact of its investments in the real world because it is suspicious of banks generally.
- Profile 2 wants to invest all the €50K in a way which generates a positive environmental impact in the real world.

¹ For example, whether advisors will seek to recommend financial products which are not in fact impact-oriented (but fit under the definition of sustainability preferences) or whether they will be transparent and demonstrate expertise and competence on the impact topic to explain that the definition of sustainability preferences is lacking in this regard but the advisor can recommend a genuine impact-oriented financial product.

Particular points to note and questions to raise during the appointment

During the part of the appointment which relates to identifying your sustainability preferences

- Profile 2 must make very clear that it wants to invest in a way which generates positive impact in the real world. Please record how the advisor responds and/or provides an explanation by reference to the concept of sustainability preferences in the Feedback Form. **[NOTE: This relates to QB1 in the Feedback Form]**
- Profile 2 should also query how it is possible to prove or demonstrate the impact of any investment. Please record the advisor's explanation in the Feedback Form. **[NOTE: This relates to QB2 in the Feedback Form]**

During the part of the appointment which relates to financial product presentation/recommendation

- If the advisor presents a financial product as matching your sustainability preferences, how did the advisor cover your desire to invest in a way which generates positive impact in the real world and be able to demonstrate the impact of the investment? **If the advisor does not volunteer this information, please ask the advisor how the product covers these aspects.** Please record the advisor's response in the Feedback Form. **[NOTE: This relates to QB4 in the Feedback Form]**

At the end of the appointment

- If at the end of the appointment, the advisor does not provide a summary, please request one and record the outcome in the Feedback Form. **[NOTE: This relates to Q37 in the Feedback Form]**
- If at the end of the appointment, the advisor recommends a financial product which is presented as matching your sustainability preferences, please record the ISIN number. This is a 12-digit code which provides a unique identification for a financial product and will be located in the financial product documentation. **[NOTE: This relates to Q39 in the Feedback Form]**

Mystery Shopper Profile 3

Profile 3 wants to be sure that its investments are in no way connected to pesticides and tobacco. The definition of sustainability preferences does not accommodate some more granular details about how clients typically want to invest their money. Therefore Profile 3 is similarly designed to investigate how advisors will respond to clients who do not easily fit into the definition of sustainability preferences.²

Financial situation and investment objectives

Has received a lump sum of €50,000 in inheritance and would like to invest the entirety of this money for the long term (e.g. saving for retirement). Has no need to access any of this money in the short term.

Age	40-50 years old
Marital status	Married, 1 child
Monthly income	€3100 net per month
Partner income	€1800 net per month
Financial situation	Apartment fully paid/no credit. No other savings.
Investment objectives	Long-term, saving for retirement.
Risk aversion/tolerance	Has a balanced approach to risk. Would like to have good returns over the long term and is prepared to invest capital in financial markets and to tolerate that a small part of invested capital might fall due to the evolution of the equity markets. Prepared to bear a possible loss of up to 15% of the invested capital.
Knowledge of financial markets	Has an average knowledge of financial markets. Knows how traditional financial savings work: shares, bonds and funds in general. But has no understanding of complex products and hedging products.
Experience of financial markets	Limited experience of financial investments (sold shares 3 years ago).

Exposition of environmental/social objectives for investments

- Profile 3 would consider itself ethically and environmentally conscious and has certain environmental and social convictions.
- Having heard the explanation of sustainability preferences from the advisor, Profile 3 wants to make sure that any investments are in no way connected to pesticides or tobacco. ***When articulating this, Profile 3 must make clear that this applies to companies involved in the distribution or supply for pesticides or tobacco (i.e. not just companies involved in production). Profile 3 does not specifically pick up on whether the definition of sustainability preferences ensures this but is just very clear that investments should in no way be connected to pesticides or tobacco.***
- Profile 3 wants to invest all the €50K in this way so that none of the investment is connected to pesticides or tobacco.

² For example, how advisors respond to clients which have more detailed environmental or social objectives.

Particular points to note and questions to raise during the appointment

During the part of the appointment which relates to identifying your sustainability preferences

- Profile 3 should express a desire to make sure that any investments are in no way connected to pesticides or tobacco. Please record how the advisor responds in the Feedback Form. **[NOTE: This relates to QC1 in the Feedback Form]**
- Profile 3 should also ask the advisor what could prove that any investments are in no way connected to pesticides or tobacco. Please record how the advisor responds in the Feedback Form. **[NOTE: This relates to QC2 in the Feedback Form]**

During the part of the appointment which relates to financial product presentation/recommendation

- If the advisor presents a financial product as matching your sustainability preferences, how did the advisor cover your desire to make sure that any investments are in no way connected to pesticides or tobacco in the presentation of financial products? **If the advisor does not volunteer this information, please ask the advisor how the product covers these aspects.** Please record the advisor's response in the Feedback Form. **[NOTE: This relates to QC4 in the Feedback Form]**

At the end of the appointment

- If at the end of the appointment, the advisor does not provide a summary, please request one and record the outcome in the Feedback Form. **[NOTE: This relates to Q37 in the Feedback Form]**
- If at the end of the appointment, the advisor recommends a financial product which is presented as matching your sustainability preferences, please record the ISIN number. This is a 12-digit code which provides a unique identification for a financial product and will be located in the financial product documentation. **[NOTE: This relates to Q39 in the Feedback Form]**

Mystery Shopper Profile 4

[To be completed in relation to PAI]

Financial situation and investment objectives

Has received a lump sum of €50,000 in inheritance and would like to invest the entirety of this money for the long term (e.g. saving for retirement). Has no need to access any of this money in the short term.

Age	40-50 years old
Marital status	Married, 1 child
Monthly income	€3100 net per month
Partner income	€1800 net per month
Financial situation	Apartment fully paid/no credit. No other savings.
Investment objectives	Long-term, saving for retirement.
Risk aversion/tolerance	Has a balanced approach to risk. Would like to have good returns over the long term and is prepared to invest capital in financial markets and to tolerate that a small part of invested capital might fall due to the evolution of the equity markets. Prepared to bear a possible loss of up to 15% of the invested capital.
Knowledge of financial markets	Has an average knowledge of financial markets. Knows how traditional financial savings work: shares, bonds and funds in general. But has no understanding of complex products and hedging products.
Experience of financial markets	Limited experience of financial investments (sold shares 3 years ago).

Exposition of environmental/social objectives for investments

- Profile 4 would consider itself to be conscious about sustainability through his/her lifestyle and has certain sustainability convictions.
- Having heard the explanation of sustainability preferences from the advisor, Profile 4 wants to make sure that any investments are taking negative impacts of companies into account. **Profile 4 does not specifically pick up on how exactly he/she wants to consider these negative impacts but makes it clear that negative impacts should be considered and reduced through the investment.**
- Profile 4 wants to invest all the €50K in this way so that all of the investment considers the negative impacts of companies and that this negative impact should be reduced through the investment.

Particular points to note and questions to raise during the appointment

During the part of the appointment which relates to the explanation of sustainability preferences

- Profile 4 should say that is has heard something about a Do No Significant Harm principle and would like to know whether it means that it can be guaranteed human rights are respected by companies

which are invested in. Please record how the advisor responds in the Feedback Form. **[NOTE: This relates to QD1 in the Feedback Form]**

During the part of the appointment which relates to identifying your sustainability preferences

- Profile 4 should express a desire to make sure that any investments are considering the negative impact of the companies invested in and aiming to reduce it. Please ask the advisor how this can be achieved and record how the advisor responds in the Feedback Form. **[NOTE: This relates to QD3 in the Feedback Form]**
- Profile 4 should also ask the advisor to select a fund which uses its voting power at annual meetings to reduce the negative impact on the climate of companies which are invested in. Please record how the advisor responds in the Feedback Form. **[NOTE: This relates to QD4 in the Feedback Form]**

During the part of the appointment which relates to financial product presentation/recommendation

- If the advisor presents a financial product as matching your sustainability preferences, how did the advisor cover your desire to make sure that any investments take negative impacts of companies into account and reduce them? **If the advisor, does not volunteer this information, please ask the advisor how the financial product covers these aspects.** Please record the advisor's response in the Feedback Form. **[NOTE: This relates to QD5 in the Feedback Form]**

At the end of the appointment

- If at the end of the appointment, the advisor does not provide a summary, please request one and record the outcome in the Feedback Form. **[NOTE: This relates to Q37 in the Feedback Form]**
- If at the end of the appointment, the advisor recommends a financial product which is presented as matching your sustainability preferences, please record the ISIN number. This is a 12-digit code which provides a unique identification for a financial product and will be located in the financial product documentation. **[NOTE: This relates to Q39 in the Feedback Form]**