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European Union

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**'I/A' ITEM NOTE**

From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
No. Cion doc.:	COM (2018) 353 final
Subject:	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the establishment of a framework to facilitate sustainable investment - Political agreement

1. On 8 March 2018, the Commission published its Action Plan 'Financing Sustainable Growth', setting up an ambitious and comprehensive action plan strategy on sustainable finance. One of the main objectives of that action plan is to reorient capital flows towards sustainable investment to achieve sustainable and inclusive growth.
2. In this context, on 24 May 2018, the Commission submitted to the Council a package of legislative proposals:
  - Proposal for a Regulation of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, also referred to as "the Taxonomy Regulation";

- Proposal for a Regulation of the European Parliament and of the Council on disclosures relating to sustainable investments and sustainability risks and amending Directive (EU) 2016/2341, also referred to as "the Disclosure Regulation"; and
  - Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 2016/1011 on low carbon benchmarks and positive carbon impact benchmarks, also referred to as "the Benchmarks Regulation".
3. Political agreements have been reached with the European Parliament on the Disclosure and Benchmarks Regulations in March 2019. They were published in the Official Journal of the European Union as Regulations (EU) 2019/2088<sup>1</sup> and (EU) 2019/2089<sup>2</sup>, respectively.
  4. The European Economic and Social Committee delivered its opinion on the Taxonomy Regulation on 17 October 2018<sup>3</sup>.
  3. On 11 March 2019, the European Parliament's Committee on Economic and Monetary Affairs (ECON) and Committee on the Environment, Public Health and Food Safety (ENVI) adopted their joint report on this proposal, followed by the adoption of European Parliament's first reading position on 28 March 2019<sup>4</sup>.

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<sup>1</sup> OJ L 317, 9.12.2019, p. 1.  
<sup>2</sup> OJ L 317, 9.12.2019, p. 17.  
<sup>3</sup> Doc. 7342/19.  
<sup>4</sup> Doc. 7759/19.

4. The Permanent Representatives Committee agreed on a negotiating mandate on the abovementioned proposal on 25 September 2019<sup>5</sup>. On that basis, negotiations took place with the European Parliament and the Commission with a view to an early second reading agreement.
5. A total of five trilogues took place. On the basis of a revised mandate given by the Permanent Representatives Committee on 16 December 2019, the Presidency concluded the negotiations with the European Parliament in a sixth trilogue, followed by a written procedure, that took place on the same day.
6. The Presidency submitted the negotiated text to the Permanent Representatives Committee on 18 December 2019 for endorsement of the agreement reached with the European Parliament.
7. ECON and ENVI Committees voted on 23 January 2020 in favour of the agreed text.
8. On 24 January 2020, the Chairs of the ECON and ENVI Committees addressed a letter to the Presidency indicating that they would recommend to the Plenary that the Council's position be accepted, subject to legal-linguistic verification, at Parliament's second reading. The letter, including the negotiated text of the Taxonomy Regulation, is reproduced in doc. 5426/20.

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<sup>5</sup> Doc. 12360/2/19 REV 2 + ADD 1.

9. The text contained in the Annex to that letter is set out in Addendum 1 to this note. That text is identical to the text endorsed by the Permanent Representatives Committee on 18 December 2019, with the exception of a correction of an error that concerns Article 16(6). In line with the Council's mandate and agreement of the co-legislators, the objection period for delegated acts of two months was changed to four months (extendable by two additional months).
10. In view of the above, the Permanent Representatives Committee is invited to:
- confirm the agreement reached with the European Parliament, as set out in Addendum 1 to this note,
  - suggest to the Council to adopt a political agreement on the text of this Regulation.

After adoption of the political agreement, the texts will be sent for lawyer-linguist revision so that the Council can adopt its first reading position as an "A" item at a forthcoming Council. Subsequently, the Council's position at first reading will be communicated to the European Parliament with a view to approval by the Plenary without amendment in second reading.

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