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General Secretariat

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**Brussels, 12 March 2026**

**WK 3931/2026 INIT**

**LIMITE**

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#### **WORKING DOCUMENT**

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| From: | General Secretariat of the Council   |
| To:   | Working Party on Financial Services and the Banking Union (Sustainable Finance)<br>Financial Services Attachés |

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| Subject: | SFDR Review - questionnaire after CWP of 23/2 - replies from 23 MS |
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Thank you for your cooperation!

| Questions  | Replies  |
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| <p>Q1. Do you see the principles underpinning Article 9a as a good basis for discussion?</p> | <p>AT<br/>(Replies):</p> <p>The principles in Article 9a are a good basis for discussion. However, in our opinion the sentence in this recital explaining Article 7 (2) lit. f (specifying the usage of sustainable investments for a transition product) and Article 8 (2) lit. d (specifying the usage of sustainable and/transition investments) could refer more explicitly to these articles in order to make clearer that there is no such mixed category. We would also think that further clarification on the inclusion of sovereign debts is required and therefore would like to explicitly support the proposal for a non-paper regarding the treatment of sovereign debts.</p> <p>BE<br/>(Replies):</p> |

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|           | <p>We see the principles underpinning article 9a as a good basis for discussion. Nevertheless, we are of the opinion that MOPs should be addressed more frontally.</p> <p>We are also seeking rationale in terms of responsibility beyond the introduction of the provision. In our view, the responsibility of financial market participants to ensure that their investments are compliant should remain consistent, regardless of whether those investments are made directly or through other categorized financial products. From this perspective, it appears appropriate that financial market participants continue to verify compliance with the relevant category requirements in all cases.</p> <p>In this context and furthermore, we believe it would be useful to reflect on the underlying objective of such a provision. In particular, clarification would be welcome as to whether the intention is to presume compliance based solely on investment in categorized products, or whether active oversight by the consolidating financial market participant remains expected. In any event, a detailed assessment would still appear necessary in order to support the preparation of the relevant product documentation.</p> <p>Should a specific provision be introduced to address financial products investing in other financial products, it may be helpful to consider whether its scope should extend beyond products investing in two or more financial products. For example, products investing in a single financial product, such as those structured as master-feeder arrangements or internal fund-financial product, could also be captured under this provision. In this specific case, the FMP could directly use the information published at the level of the</p> |

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|           | <p>underlying product. In this respect, we would like to reiterate our position that internal fund held by insurance companies should also be included with the scope of the revised SFDR. We suggest modifying article 2 as follows:<br/>                     « For the purposes of this Regulation, the following definitions apply:</p> <p>(12) ‘financial product’ means: {...}</p> <p>(g) a PEPP; or</p> <p><b>(h) an internal fund linked to one of the above-mentioned product.</b></p> <p><b>(29) ‘internal fund’ means an internal fund held by an insurance undertaking as referred to in article 132.3 of the Directive 2009/138/ EC of the European Parliament and of the Council.”.</b></p> <p>Additionally, we note that the current drafting of Article 9a and the corresponding recital leaves some uncertainty regarding the application of the 70% threshold. In particular, it is not entirely clear whether this threshold should be assessed at the level of the underlying investments or at the level of the consolidating product’s portfolio. For greater legal certainty, we believe it would be beneficial to clarify that the threshold applies at the portfolio level of the consolidating product. In this regard, we would suggest considering the following redraft of the of Article 9a:</p> <p style="text-align: center;"><i>Article 9a</i></p> <p style="text-align: center;"><i>Financial products without investment options that claim that they invest in , among others, financial product(s) that are categorised as sustainability-related products</i></p> <p><b>1. Financial products without investment options that claim that they invest in, among others, one or more financial product(s) that are categorised as sustainability-related financial products can</b></p> |

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|           | <p><b>only be categorised themselves as sustainability-related products if their entire portfolio meet the requirements of respectively Articles 7(1), 8(1) or 9(1).</b></p> <p>For the purposes of assessing eligibility for a category as referred to in Articles 7 to 9, financial market participants may rely on the information disclosed in relation to their investments in, or exposure to, financial products categorised in accordance with those Articles.</p> <p>2. For non-categorised financial products without investment options that claim that they invest in, are exposed to or are constituted of one or more underlying financial products as referred to in Articles 7, 8 and 9, the information to be disclosed pursuant to Article 6(3) shall include:</p> <ul style="list-style-type: none"> <li>(a) the composition of the financial product in terms of the relative share of the underlying financial products referred to in Articles 7, 8 and 9;</li> <li>(b) the share of the financial product to which point (a) does not apply;</li> <li>(c) the objective, strategy and applicability of any exclusions applicable to the share of the product referred to in point (b) of this subparagraph.</li> </ul> <p>For the purposes of the first subparagraph, financial market participants may rely on the information referred to in Article 7(3), Article 8(3) and Article 9(3).</p> <p>3. Where financial market participants are provided with portfolio management services by entities authorised therefor in accordance with either Directives 2009/65/EC, 2009/138/EC, 2011/61/EU, 2013/36/EU, 2014/65/EU or Directive (EU) 2016/2341, they may rely on the information provided by those entities.</p> |

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|           | <p>CZ<br/>(Replies):<br/>CZ: Yes, we can agree in general to the principles.</p> <p>DE<br/>(Replies):<br/>Article 9a provides a good basis for the discussion. It is in our view an important part of the proposal.</p> <p>One question to the general understanding of Article 9a: If we understood correctly in the CWP on 23.2., the 70% threshold has to be achieved via a look through approach, i.e. 100% of Assets under Article 9a products have to be invested in Article 7-9 products. Is this understanding correct?</p> <p>DK<br/>(Replies):<br/>Preliminarily, we support the principles underpinning article 9(a) and to include a provision on how to treat financial products investing in other categorised products.</p> <p>However, as also raised by other Member States at the last Council Working Party, we do see merit in introducing some more clear wording in the provision that the article (9a) is not a mixed “category” for the product itself, investing in other products.</p> <p>Regarding Article 9a(2), we have concerns with favouring Funds-of-Funds structures and are not convinced why these products are permitted to make claims in their marketing communication, while other non-categorised</p> |

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|           | <p>products are not. We would therefore propose to discuss this further with reference to article 13 and point 14 of the detailed explanation to the proposal.</p> <p>FR<br/>(Replies):</p> <p>We support the objective of Article 9a, which aims to align the proposed categorisation framework with the specificities of certain financial products and services. However, we recommend i) clarifying and restricting the scope of products and activities covered to MOPs and ii) specifying the nature of the applicable requirements (see our reply on Q2).</p> <p>GR<br/>(Replies):</p> <p>EL: Greece considers that the principles underpinning Article 9a provide a useful and appropriate basis for discussion. In particular, the provision enhances transparency for financial products investing in categorized financial products, while preserving flexibility for different product structures. The approach based on a quantitative threshold combined with disclosure requirements ensures clarity for investors and supports consistency across financial products within the scope of SFDR.</p> <p>HR<br/>(Replies):</p> <p>While we understand the intention behind the provisions introduced in Article 9a, in our view they blur the distinction between categorised and non-categorised products and could create significant confusion for retail investors. SFDR 1.0, which was conceived as a disclosure Regulation, has already demonstrated that retail investors struggle to differentiate between “disclosure” and “categories”. We should therefore seek to avoid repeating the same mistake.</p> |

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|           | <p>We are open to the proposed provision in paragraph 1, which refers to financial products investing in other categorised products and, as a result, being categorised themselves.</p> <p>However, we have reservations regarding paragraph 2. This is a disclosure-based provision that presents to investors the extent to which their investments are allocated to categorised financial products, where they are exposed to at least two categorised products, even if the criteria are not met at portfolio level.</p> <p>We believe that paragraph 2 should be placed in a separate Article (should the co-legislators ultimately decide to retain it). The title of that Article should clearly indicate that it concerns disclosure, for example: <i>“Disclosure requirements for non-categorised products investing part of their assets in categorised products.”</i></p> <p>In addition, the disclosed information should be accompanied by an explicit statement clarifying that the product itself is not a categorised product, like the approach currently set out in Article 6 of the Taxonomy Regulation regarding DNSH.</p> <p>HU<br/> <b>(Replies):</b></p> <p>We consider it particularly positive that the proposal takes into account the specific investment structure of insurance and pension products and, with the introduction of Article 9a, does not exclude these products from the ESG framework. This contributes to preserving the diversity of product choice, which is a fundamental value of independent intermediation.</p> <p>IE<br/> <b>(Replies):</b></p> <p>Yes, Article 9a helps to align diversified investment strategies with the EU's climate objectives and helps create a more reliable map for investors by</p> |

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|           | <p>categorising fund-of-funds based on their allocation to Transition (Article 7), ESG Basics (Article 8), and Sustainable (Article 9) products.</p> <p>IT<br/>(Replies):</p> <p><b>Q1.</b> In principle, we share the approach. However, we are concerned that combining financial products categorised as sustainability-related could have a dilution effect. For instance, a fund comprising three sustainable and one non-sustainable fund, each of an identical amount, would, using a look-through approach, have slightly more than 50% of its investments meeting the 70% threshold referred to in paragraph 1, point (a) of Article 9.</p> <p>LT<br/>(Replies):</p> <p>Yes, we consider Article 9a to be a potentially useful aggregation and transparency mechanism and a good basis for further discussion. It reflects the market reality that certain financial products may invest in multiple categorised financial products and may wish to disclose this in a structured way.</p> <p>However, the practical value of Article 9a depends critically on legal clarity regarding its nature and scope. In particular, it should be made clear that Article 9a does not create an additional category; it is a disclosure and aggregation mechanism only and does not provide an alternative pathway to categorisation. Without such clarity, there is a risk that Article 9a could evolve into a de facto “mixed” label, undermining the objective of establishing clear and comparable categories under the revised SFDR.</p> <p>Therefore, we support the principles underpinning Article 9a, provided that its non-category nature is explicitly anchored in the operative text.</p> <p>LU<br/>(Replies):</p> |

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|           | <p><b>LU</b><br/>Please refer to LU comment under 9a.</p> <p><b>LV</b><br/><b>(Replies):</b><br/>Yes, based on diversity of opinions. We believe that the principles underlying Article 9a provide a workable basis for discussion. However, we also recognise that substantial refinement is required in areas such as threshold methodology, data availability, operational feasibility and the prevention of new categories.</p> <p><b>NL</b><br/><b>(Replies):</b><br/>We consider the principles of Article 9a to be a good starting point. This is workable, since pension funds can communicate over their products to their clients. However, we do still have some questions to the Commission:</p> <ul style="list-style-type: none"> <li>- Concerning the criteria for the category. How should the 70% threshold be interpreted?</li> <li>- Is the 70% linked to the percentage of investments in categorized products or does it refer to the percentage of investments within the underlying categorized products that meet the 70% contribution criteria?</li> <li>- How do the marketing restrictions work for products under article 9a that do not meet the 70% threshold but do consist of at least to categorized underlying products?</li> </ul> <p><b>PL</b><br/><b>(Replies):</b><br/>PL_1: Article 9a is a good basis for maintaining imprecisely classified products within the group of mixed sustainable products. However, in our opinion, Article 9a requires further clarification, as its current wording does</p> |

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|           | <p>not fully take into account the specific nature of insurance products and the limitations resulting from their portfolio structure.</p> <p>PT<br/>(Replies):</p> <p><b><u>Firstly, we would like to thank the COM for the presentation and the PRES for organizing this meeting.</u></b></p> <p><b><u>Our views are still preliminary, and subject to a scrutiny reservation, as the national position is still being finalized.</u></b></p> <p>Portugal can agree that the principles underpinning Article 9a are a good basis for discussion. We acknowledge the objective of improving transparency regarding financial products investing in categorised financial products. However, we are concerned that, as currently drafted, this provision could apply to situations where exposure to categorised products is residual (for example, limited or fragmented exposures to Transition or ESG Basics products). In addition, we would welcome further clarification regarding the interaction with article 13(3)(2nd paragraph), which allows Financial Market Participants to include sustainability-related claims in the marketing communications of financial products referred to in Article 9a, provided that such claims are clear, fair and not misleading.</p> <p>It should be assessed whether an investment in categorised financial products (even to a limited extent) should, in itself, be considered sufficient to justify the inclusion of sustainability-related claims in marketing communications, considering the objectives of the framework and the need to prevent potential greenwashing.</p> <p>RO<br/>(Replies):</p> |

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|   | <p>Yes, the principles in Article 9a provide an adequate basis for discussion and flexibility in implementation</p> <p>SE<br/>(Replies):</p> <p>Yes, but we share the concerns raised by several MS that the practical application of Article 9a to insurance and pension products, particularly multi-option products (MOPs), requires further elaboration.</p> <p>It is essential that Article 9a is designed in a way that ensures consumers have access to comparable sustainability information. This includes enabling appropriate communication of sustainability characteristics of the investment options available to them, regardless of whether the product itself is categorised.</p> <p>We support further discussion on how the principles of Article 9a can be applied to the specific structures and investment policies of insurance and pension products.</p> <p>SK<br/>(Replies):</p> <p>Article 9a provides certain basis however some clarification is needed.</p> |
| <p>Q2. Do you agree that products such as insurance and pension products are sufficiently covered by Article 9a, given that Article 9a applies to financial products investing in at least two categorised financial products? Do you consider that for such insurance and pension products, in particular multi-option insurance products, specific provisions should be included to cater for their specific investment policies and constraints? In particular, do you consider that investment options of MOPs should be explicitly covered, in the definition of the financial product and/or in Article 9a?</p> | <p>AT<br/>(Replies):</p> <p>Q2 It is still an open issue, how unit-linked life insurance policies should be handled where the customer can choose the underlying funds, and it is not clear in advance whether the customer will exceed the 70% threshold or if at least two underlying financial products are chosen that are categorised products.</p>   |

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| <p>Q3. Do you agree that portfolios managed under a discretionary mandate should also be allowed to disclose if underlying investments are in categorised financial products?</p> <p>Q4. Do you agree that recital 23 provides sufficient and clear guidance? Do you consider that certain elements should be clearer in the operative text?</p> <p>Q5. Do you have any suggestions to amend the text of Recital 23, Article 9a and Article 13(3)?</p> | <p>Q3: In our view, the current proposal would effectively allow portfolio managers to market themselves as “green” PMs — for example by using pie charts — without establishing any concrete link to a specific investor. We are open for a discussion on whether portfolios managed under a discretionary mandate should also be allowed to disclose if underlying investments are in categorised financial products. However, we advocate for consistency and coherence of this voluntary disclosures of portfolio management services with the rules under MiFID II and its Delegated Acts.</p> <p>Q4: As already noted in our response to Q1, the recital appears to create ambiguity and should be more closely aligned with the wording of the legislative text, in particular with Article 9a as well as Articles 7 and 8.</p> <p>Q5: Yes, see above. Additionally, explaining information regarding MOPs would also be useful in Rec. 23. Also, in Article 9a it should be explicitly stated that regarding MOPs reference can be made to the underlying investment options. To this end we would like to propose the inclusion of the following text in Art 9a:</p> <p><u>“(2a) Where a financial product referred to in paragraph 2 offers a range of options for investments, the information pursuant to 2 points (a) and (b) of that paragraph may be provided by indicating the possible ranges of selections. The information to be disclosed pursuant to Article 6(3) shall also include a list of the investment options indicating whether the underlying investment products qualify as products referred to in Articles 7, 8 and 9.</u></p> <p><u>For underlying investment products which qualify as products referred to in Articles 7, 8 and 9, the information to be disclosed pursuant to Article 6(3) shall also include the information referred to in Article 7(3), Article 8(3) and Article 9(3).</u></p> <p><u>The requirement pursuant to the second subparagraph shall be deemed to be fulfilled where the information to be disclosed pursuant to Article 6(3)</u></p> |

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|           | <p>contains links to the information referred to in Article 7(3), Article 8(3) and Article 9(3).”</p> <p>BE<br/>(Replies):</p> <p>Q1: With respect to financial products offering investment options, we believe that further guidance or a specific provision could be helpful in addressing the associated technical considerations. At present, there is limited clarity on how the categorisation of individual options should affect the categorisation of the product as a whole. In our view, the categorisation should only occur at the level of the option.</p> <p>We suggest the inclusion of a new provision drafted as follows:</p> <p style="text-align: center;"><i>Article 9b</i></p> <p style="text-align: center;"><i>Multi-options products</i></p> <p><b>1. For multi-options products, the information referred to in this Regulation shall be published for each option that is a financial product.</b></p> <p><b>2. If an option claims that it invests in, among others, one or more financial product(s) that are categorised as sustainability-related financial products, financial market participants shall apply Article 9a at the level of the option.</b></p> <p>Q3: On the question of the inclusion of portfolio management, we advocate for a consistent treatment of all portfolio management, either by including it within SFDR, or by regulating it under MIFID II.</p> |

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|           | <p>Q4: We suggest to add a specific recital aiming at describing the way MOPs are included within the regulation:</p> <p>“Precontractual documentation of financial products investing in other financial products calls for a distinction depending on whether the financial product includes investment options: (a) if it does not include investment options, the financial product falls within the scope of Article 9a, pursuant to which information must be consolidated and provided exclusively at the financial product level. This ensures that the client receives a relevant information at the level of the main product, taking into account the weighting of the various underlying financial products, including its potential categorisation as sustainability related ; if the financial product invests in only one underlying financial product, financial market participants may rely on the information disclosed for that underlying financial product ; (b) for financial products including investment options, they fall within the scope of Article 9b, pursuant to which information must be provided at the level of each investment option. If some or all options are constituted of financial products, FMPs shall provide information at the level of each option in accordance with Article 9a and are authorised to rely on the information published by these underlying products.”</p> <p>Q5: See our answers to previous questions.</p> <p>Regarding Article 13, we would support maintaining the existing prohibition set out in Article 13 for all financial products, irrespective of whether they invest in other financial products. Where a product is not categorized as sustainability related, it would seem appropriate that it should not promote sustainability characteristics beyond what is permitted for non-categorized products under Article 6a, even if it invests partially in categorized products</p> <p>BG</p> |

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|           | <p><b>(Replies):</b></p> <p>BG: In our opinion the application of Art. 9a to insurance and pensions products is not clear enough.<br/>Regarding portfolio management for us it is not clear why such possibility for disclosure should be included in the regulation as the service would not be in the scope of SFDR.<br/>Recital 23 should be further clarified.</p> <p>CZ<br/><b>(Replies):</b></p> <p>CZ: We believe that MOPs are sufficiently covered and support the proposal as it stands. In view of the discussion, we do not oppose further clarification, preferably on Level 1.<br/>Yes, we believe that the discretion here should be maintained.<br/>Yes, we agree to the wording of recital 23.</p> <p>DE<br/><b>(Replies):</b></p> <p>Q2: The Article could benefit from clearer wording, especially with regard to which products are covered and how products can market themselves.</p> <p>To us especially the marketing communication regime e.g. for MOPs that combine sustainable and non-sustainable options is unclear as of now.</p> |

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|           | <p>Q3 Yes, we agree.</p> <p>Q3 and Q4: We would like to understand the current regime better: If we understood correctly portfolio management services can be regarded as “other investments” under Article 9a products. What is unclear as of now is when those investments can count towards the 70% threshold. Is it when a) they invest in products under Article 7-9 or b) is it also feasible if they invest with respect to the underlying criteria of Articles 7-9?</p> <p>If b) is the case, and if the Article 9a product developer may “blindly” rely on the portfolio management services providers information, who is in charge of supervising if the PMS are actually investing with regard to Articles 7-9? Could this not create a loophole?</p> <p>DK</p> <p><b>(Replies):</b></p> <p>Q2:<br/>Preliminarily, we agree that insurance and pension products are sufficiently covered by article 9a.</p> <p>Q3:<br/>Before replying to this question, we find it necessary to come to an agreement on how to include versus exclude portfolio management in general. We propose further discussions on the Commission’s proposal to exclude portfolio management completely.</p> <p>As mentioned at the last Council Working Party, we see strong reasons for <b>keeping credit institutions and investment firms managing <u>standardized portfolios within the scope of SFDR 2.0</u></b>. Excluding standardized portfolio management from SFDR without amending the level 1 text of MiFIDII would - in our view - result in a lack of disclosure requirements, likely to increase</p> |

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|           | <p>serious greenwashing risks and pose challenges for distributors offering sustainability-related products. <b>We are concerned that insufficient alignment between SFDR and MiFIDII could create regulatory loopholes.</b> Unless we can ensure adequate disclosure requirements in MiFIDII - which would, in our view, require significant amendments likely mirroring SFDR - we believe that product level disclosures should continue to be provided through SFDR, as MiFIDII is not developed as a disclosure regime. We take note of the Commission’s reaction that standardized portfolios is not a well-known term in the regulatory sphere, but nevertheless, we believe it would be meaningful to introduce such a distinction.</p> <p>Taken the above mentioned into account, <b>we can agree that the treatment of <u>discretionary</u> mandate services should rely on MIFIDII and contract law.</b></p> <p><i>Q4:</i><br/>We don’t agree that recital 23 provides sufficient guidance, particularly regarding the inclusion of portfolio management which is at the same time proposed excluded from scope. Specifically, it is unclear what “<i>information disclosed by portfolio managers</i>” refers to in recital 23 and article 9a(3).</p> <p><i>Q5:</i><br/>We suggest to explicitly incorporate the guidance from recital 23 regarding <b>permitted claims for products combining underlying categorised products according to article 9a.</b> More specifically, we would suggest stating in the article, that if a [“art. 9a”] product consists of investments in both article 7 and 9 products, only claims permitted under article 7 should be allowed. Similarly, if a [“art. 9a”] product combines article 7, 8, and 9 products, only claims permitted under art. 8 should be allowed. However, this should be read in light of our comment to Q1, suggesting to also rephrase article 9a to hinder misinterpretation that this article constitutes a “mixed” product category itself.</p> |

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|           | <p>Currently, the text requires readers to consult recital 23 alongside the product categories and article 13 to understand these limitations. Clearer wording in article 13 would enhance legal certainty.</p> <p>ES<br/>(Replies):</p> <p>Q2.<br/>The current drafting of Article 9a appears insufficient to adequately cover insurance and pension products, in particular multi-option products (MOPs). Article 9a is built around the logic of products that combine other already-categorised financial products, allowing the aggregated product to meet the relevant thresholds at portfolio level. However, the investment policies of MOPs typically involve direct exposures to underlying assets or internally managed investment options that do not themselves constitute categorised financial products in the sense of Article 2(12) SFDR. This structural mismatch means that <b>MOPs cannot straightforwardly rely on Article 9a to reflect their sustainability features.</b></p> <p><b>We are cautious about addressing this issue primarily through amendments to Article 9a.</b> Extending that provision to cover MOPs would risk blurring the conceptual boundary between SFDR financial products and insurance contracts governed by their own regulatory frameworks, and could introduce significant complexity regarding the treatment of individual investment options chosen by policyholders. If adjustments are warranted, a more appropriate avenue might be to clarify the definition of financial product in Article 2(12), or to introduce a targeted standalone provision that recognises the specific nature of these products without altering the internal logic of Article 9a.</p> |

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|           | <p><b>That said, we consider that the question of sovereign bond treatment under Articles 7 and 9 raises a broader issue of regulatory coherence that deserves consideration</b> independently of the specific constraints of insurance and pension products. General-purpose sovereign bonds represent a significant share of EU capital markets and of the portfolios of many regulated financial intermediaries, including investment funds. Their current exclusion from the contribution pillar of Articles 7 and 9 creates an asymmetry that is difficult to justify in the absence of a principled distinction grounded in sustainability criteria that could lead to undesired outcomes.</p> <p>We would therefore <b>suggest exploring the development of a framework for the sustainability assessment of sovereign bonds</b> — based on credible, verifiable and publicly available criteria, and subject to robust anti-greenwashing safeguards — <b>that would allow such bonds to count towards the relevant thresholds where they meet defined standards.</b> Such a framework should be developed with reference to existing EU and international frameworks. This would allow the categorisation framework to operate coherently across asset classes and avoid differentiated treatment that cannot be justified on sustainability grounds.</p> <p>Q3</p> <p>We agree that portfolios managed under a discretionary mandate should be allowed to disclose whether their underlying investments are in categorised financial products. Transparency towards investors about the sustainability features of their portfolios is a legitimate objective.</p> <p>However, this should not translate into a full application of the SFDR product categorisation framework to portfolio management services. These are bespoke arrangements already subject to MiFID II <b>sustainability preferences</b>, which <b>should remain the primary regulatory vehicle</b> and will need to be adapted to reflect the revised SFDR. We consider that SFDR should remain focused on financial products.</p> |

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|           | <p><b>A different consideration arises for standardised portfolio management solutions marketed to retail clients</b> as alternatives to investment funds. Given their pre-defined nature, these are functionally analogous to collective investment vehicles and should be subject to equivalent sustainability standards. Two avenues could be explored: adapting MiFID Level 2 rules to ensure functional equivalence with Articles 7 to 9; or allowing a voluntary opt-in into the SFDR categorisation framework for such standardised portfolios. That said, we are of the opinion that the revised MiFID II and IDD regimes will need to be updated -ideally during the transitional period- to integrate SFDR categorisation system.</p> <p>FI<br/> <b>(Replies):</b></p> <p>Q2: We are concerned that Article 9a does not provide the investor with sufficiently clear information of a MOP that the investor themselves “compile”. The investor may be misled by assuming that the investor’s own choices also fulfil the classification (70 %), even though in principle all the underlying investment options that the investor chooses may belong to the 30 % of non-classified investment options. In order for the regulation to be credible, it would be more important to ensure that the investors can trust that all classified products really always are sustainable (and do not become something else when choosing the underlying investments), rather than trying to bring as many products as possible within the scope of the regulation. Therefore, we are of the opinion that specific provisions should be included to cater for the specific investment policies and constraints of MOPs.</p> <p>Q3: Yes, portfolios managed under a discretionary mandate should also be allowed to disclose whether underlying investments are in categorised financial products. In such a case it might be important for the end customer to receive information on the categorization of underlying investments.</p> <p>Q4: Yes</p> |

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|           | <p>FR<br/>(Replies):</p> <p>Q2: specific provisions should be added to the second paragraph to specifically target MOPs. We suggest restricting the scope to PRIIPs offering a range of options for investments as referred to in Articles 4(3) and 6(3) of Regulation 1286/2014, as well as pension products and PEPPs as referred to in respectively Article 2(8) and (9) of Regulation 2019/2088 where they offer a range of options for investments.</p> <p>Such amendment would also helpfully clarify that investment options of MOPs are explicitly covered by the categorization, rather than the MOP itself. It would also prevent misuse of Article 13 (i.e. marketing communications and naming rules) by other types of non-categorised financial products whose communications should remain restricted to art. 6a.</p> <p>Regarding disclosure requirements for MOPs under Article 9a (2), we identify an opportunity for simplification under point c), by limiting disclosure obligations to exclusions applied by the product itself and not by each underlying.</p> <p>Q3 : portfolio management should be subject to most of the requirements set out by the SFDR. Some elements, such as the minimum level of ambition of investment strategies and ESG periodic disclosures, are not covered by MiFID, which focuses on the distribution process.</p> <p>The investment strategy of a managed portfolio with ESG features would need to respect the investments approaches under category 7/8/9.</p> <p>In light of the distinction between financial products and portfolio management, we advocate for limited disclosure requirements for managed portfolio, specifically:</p> <ul style="list-style-type: none"> <li>i) disclosures on integration of ESG risks at entity level would apply (Article 3),</li> </ul> |

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|           | <p>ii) no pre-contractual disclosures under Articles 6, 7(3)-(4), 8(3), 9(3)-(4) and 10(a), i.e., to be categorised, portfolio management should only need to apply the positive contribution criteria and exclusion criteria of a category,</p> <p>iii) periodic disclosure (Article 11).</p> <p>This approach would strike a balance between our goal of simplification and the need to ensure a level playing field among ESG products and services.</p> <p>Q4: we observe a discrepancy between Recital 23 and the first paragraph of Article 9(a). The industry interprets the latter as establishing a mixed category, which does not align with the intent expressed in Recital 23. Therefore, we recommend to add investments in categorized products to the list of eligible investments under Articles 7(2), 8(2), and 9(2). It follows that the first paragraph of Article 9(a) can be removed (see Q5).</p> <p>Also, on recital 23, we see merit in making a distinct reference to MOPs in, in coherence with our proposal to tailor Article 9a (2) for MOPs exclusively.</p> <p>Q5:<br/>As regards 9a(1), consistently with our reply to Q4, the wording of this provision could be simplified. Formally, 9a(1) could be moved to Articles 7(2), 8(2) and 9(2). Please see below an example of drafting suggestion for Article 7(2):</p> <div style="border: 1px solid black; padding: 5px;"> <p><i>[bold = suggested amendments]</i></p> <p>2. Investments by financial products as referred to in paragraph 1, first subparagraph, point (a), shall include any of the following:</p> <p>...</p> <p><i>(aa) investments in sustainability-related financial products subject to Article 7 or Article 9;</i></p> </div> |

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|           | <p data-bbox="1196 284 1256 316">[...]</p> <p data-bbox="1196 331 2175 432"><i>Where the financial product aims at meeting a clear and measurable transition towards the climate change mitigation objective [...] the objective of achieving climate neutrality as established in Regulation (EU) 2021/1119.</i></p> <p data-bbox="1196 451 2175 584"><b><i>For the purpose of assessing the eligibility of investments referred to in the first subparagraph point (aa), financial market participants may rely on the information disclosed by those investments pursuant to Article 7(3) or Article 9(3) and Article 10</i></b></p> <p data-bbox="1196 619 2107 770">Similar amendments should be introduced in Article 8 and 9:<br/>                     For Article 8: “<i>aa. investments in sustainability-related financial products subject to Article 7, 8 or Article 9</i>”<br/>                     For Article 9: “<i>aa. investments in sustainability-related financial products subject to Article 9</i>”</p> <p data-bbox="1196 815 2175 994">As regards Article 9a(2), 9a(3) and recital 23, our drafting suggestions will follow.<br/>                     Furthermore, should SFDR applies, even partially, to portfolio management, there would be a need to amend the initial wording of the review beyond Article 9a(3).</p> <p data-bbox="1196 1050 1317 1121">GR<br/>                     (Replies):</p> <p data-bbox="1196 1145 2197 1423">EL: Greece considers that Article 9a provides a generally appropriate framework for insurance-based investment products and pension products, insofar as it recognizes financial products investing in multiple categorized financial products. However, given the specific structure and constraints of insurance-based and pension products, including multi-option products (MOPs), further clarification may be beneficial. In particular, it would be useful to explicitly clarify how investment options within multi-option products should be treated for categorization and disclosures purposes, in order to ensure legal certainty and consistent application.</p> |

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|           | <p>Q3: Greece considers that portfolios managed under a discretionary mandate may also disclose whether their underlying investments include categorized financial products. This approach supports transparency and promotes consistency in disclosures across different financial products and investment services.</p> <p>Q4: Greece considers that recital 23 provides useful guidance regarding the categorization of financial products investing in categorized financial products. Further clarification in the operative provisions may be helpful to ensure consistent interpretation and application.</p> <p>Q5: Greece does not have specific suggestion to amend the text of recital 23, Article 9a or Article13 (3) at this stage. Greece considers that further clarification, where appropriate, may support consistent interpretation and application.</p> <p>HR<br/>(Replies):</p> <p>We consider that the current approach appears appropriate and provides a workable basis for covering insurance and pension products. However, we are not sure that multi-option products (MOPs) and their underlying investment option are sufficiently and consistently captured.</p> <p>Also, we agree that pension products, due to their asset allocation characteristics, notably exposures to general purpose sovereign and public sector issuers, may encounter structural challenges in qualifying under the “sustainable” or “transition” categories, and in that sense Article 9a provides a proportionate and coherent framework enabling them to encompass sustainability-related characteristics without creating a separate category.</p> <p>However, it is important to emphasize that for the same challenges as indicated above and limited investment universe, many pension products are likely to rely</p> |

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|           | <p>primarily on the disclosure-based regime under Article 9a(2) rather than seeking categorisation. Furthermore, the absence of any obligation to opt into a category may reduce incentives for more ambitious portfolio alignment with sustainability objectives. This may limit the extent to which pension funds, as long-term institutional investors, actively contribute to the advancement of sustainable finance objectives.</p> <p>Yes, we agree that portfolios managed under a discretionary mandate should be allowed to disclose if underlying investments are in categorised financial products.</p> <p>We consider that Recital 23 provides a useful starting point; however, more concrete clarification would be beneficial. It would be helpful to further specify what types of products, structures, and elements are intended to be covered by this provision. Also, certain elements that are currently explained primarily in the recital would benefit from clearer expression in the operative provisions of Article 9a itself. Moreover, greater clarity would be beneficial with respect to: (i) methodology for calculating the 70% threshold in mixed structures; (ii) the treatment of discretionary portfolio management mandates in terms of more articulate conditions under which mandates are considered equivalent to categorised products; (iii) the distinction between categorization and disclosure-only products, including clearer referencing to marketing restrictions to avoid interpretative uncertainty.</p> <p>We suggest further elaborating Article 13(3). We do not consider it appropriate from a level playing field perspective that non-categorised products could have the same rights in terms of marketing and communication as categorised products. While we understand that this approach introduces an additional layer between Article 6a and Article 9a(1), as well as the broader categorisation framework, we believe that this aspect should be carefully reconsidered and more clearly articulated in the legislative text.</p> |

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|           | <p>We consider that the introduction of a statement for non-categorised products under Article 9a(2), incorporating certain predefined statements on the products' profile, could enhance clarity and prove useful for retail investors.</p> <p>HU<br/>(Replies):</p> <p>We ask that consideration be given to treating government bond exposures neutrally in the ESG classification of insurance products, as these are prudent investments that serve the interests of customers and may currently be at a structural disadvantage.</p> <p>IE<br/>(Replies):</p> <p>We consider it important that insurance-based investment products are in scope of the revised SFDR, and that it should be possible for the product categories to apply to insurance-based investment products. We believe that the current article 9a does this in a reasonable way, and the point is well covered in the non-paper, which provides “Article 9a as drafted is not limited to funds-of-funds but covers various financial products within the scope of SFDR including insurance-based investment products and pension schemes, as long as such financial products invest in at least two categorised financial products.”</p> <p>As with other aspects of the SFDR, consumer testing will be important to ensure that investors in Insurance based investment products understand the product, its sustainability features, and that greenwashing is avoided.</p> <p>IT<br/>(Replies):</p> |

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|           | <p><b>Q2.</b> In general, we deem that Article 9a does not address the obligations of multi-option insurance products (MOPs). In particular, MOPs are not products of products or portfolio management of products, but rather offer policyholders the option to invest in internal insurance undertaking funds that do not fall within the definition of financial products under the SFDR, as they are not stand-alone financial products. Therefore, specific provisions should be included in the text that by way of example encompass internal funds within the definition of a product for the purposes of the SFDR only. Please see also comment on Q5.</p> <p><b>Q3.</b> We believe that the scope and purpose of Article 9a (3) is not entirely clear. In particular, we question whether this paragraph aims to address situations of delegation/outsourcing of the management of part of the portfolio of a fund by FMPs to a MiFID entity providing portfolio management services.<br/>In our view, Recital 23 does not clarify the point either (see comment to Q4).</p> <p><b>Q4.</b> It is important to further clarify in recital 23 the distinction between products that fall under Art. 9a par. 1 and art. 9a par. 2 respectively.</p> <p>Furthermore, from the perspective of the interaction with MiFID II distribution rules, we note that it would be important to understand how products falling under Article 9a (2) – i.e. non categorised products that claim that they invest in, are exposed to or are constituted of two or more products falling under Articles 7, 8 or 9 - would be considered for the purposes of clients’ sustainability preferences. This is key to assess whether this approach would allow to effectively achieve the declared overarching goal of SFDR review of improving clients’ investment journey in terms of better understanding and comparability of products’ sustainability ambitions, as well as to avoid unintended greenwashing consequences.</p> |

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|           | <p>Moreover, we believe that further clarification in recital 23 would be useful with respect to MOPs and to cases where FMPs may use services of an entity authorized to provide portfolio management services (addressed in Article 9a, paragraph 3).</p> <p><b>Q5:</b> See comments to Q3 and Q4.</p> <p>We suggest adding in Article 9a the following paragraph: “4. <i>Where an IBIP offers a range of underlying investment options, each underlying investment option shall be deemed to be compliant with the requirements of Articles 7, 8 or 9 if it meets the 70% threshold of investments referred to in paragraph 1 point (a) of those Articles by way of investments in categorised products or other investments that meet the requirements of Articles 7, 8 or 9, and comply with the exclusions in Articles 7(1), 8(1) or 9(1).</i>”</p> <p>LT<br/> <b>(Replies):</b></p> <p>Q2. We do not consider the current drafting sufficiently clear in relation to insurance and pension products, in particular where multi-option structures are concerned. This concern was also raised by several Member States, which pointed to practical uncertainty in how such products should be treated under Article 9a.</p> <p>In our view, the key issue is not product-specific exemptions, but operational clarity and consistent treatment. Clarification is particularly needed in the following areas:</p> <ol style="list-style-type: none"> <li>1. Scope of investments – including how indirect exposure through fund-of-funds structures and multi-option product structures should be treated;</li> <li>2. Clear aggregation methodology – how exposure to categorised products is calculated;</li> </ol> |

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|           | <p>3. Clear separation between aggregation and categorisation – a product that discloses aggregated exposure to categorised products should not be perceived as itself categorised unless it meets the relevant category criteria. We therefore support targeted clarifications (including, if needed, specific provisions or clarifying text for MOPs structures), while avoiding unnecessary product specific exemptions and ensuring equal treatment across product types.</p> <p>Q3. Considering discussion whether discretionary mandates should fall within the relevant scope for Article 9a disclosures, we would support a cautious approach.<br/>If discretionary portfolio mandates are allowed to disclose exposure to categorised products, this should be subject to clear safeguards to avoid investor confusion:</p> <ol style="list-style-type: none"> <li>1. Disclosure of exposure to categorised products must not imply that the mandate itself qualifies as a categorised financial product;</li> <li>2. Marketing communications should clearly distinguish between exposure to categorised products and fulfilment of category criteria at portfolio level;</li> <li>3. The scope and legal basis for such disclosures should be clearly defined to avoid overlap or inconsistency with MiFID-related frameworks. Alternatively, if it is preferred to keep Article 9a strictly focused on financial products in a narrower sense, this should be stated clearly in the text to avoid divergent interpretation.</li> </ol> <p>Q4. We consider Recital 23 helpful in explaining the logic of Article 9a, in particular that it does not create fourth category. However, recital-level clarification alone is insufficient to ensure harmonised implementation across Member States.<br/>The current wording of Article 9a does not provide sufficient legal certainty.</p> |

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|           | <p>Given the risk of divergent supervisory interpretation and marketing practices, we consider that key elements should be reflected in the operational provisions, notably:</p> <ol style="list-style-type: none"> <li>1. An explicit statement that Article 9a does not constitute an additional category;</li> <li>2. A high-level requirement for a consistent and documented aggregation methodology.</li> </ol> <p>Anchoring these principles in the operative text would strengthen legal certainty and reduce fragmentation.</p> <p>Q5. We suggest the following targeted improvements:</p> <ol style="list-style-type: none"> <li>1. Explicit non-category clause in Article 9a: the operative text should clearly state that Article 9a provides an aggregation and disclosure mechanism and does not establish a separate category.</li> <li>2. Alignment with Article 13(3): marketing communications referencing the degree of investment in categorised products should not imply that the product itself is categorised unless it meets the relevant eligibility criteria.</li> <li>3. Minimum aggregation principle: Article 9a should require that the calculation of exposure to categorised products be based on a consistent and documented methodology (with further technical specifications to be developed at Level 2, if needed).</li> </ol> <p>The objective of these amendments is to ensure that Article 9a enhances transparency without creating a parallel “soft label” regime that could undermine comparability, legal certainty and investor understanding.</p> <p>LU<br/>(Replies):</p> <p><u>LU</u><br/>When reading Article 9a in the light of Recital (23), our understanding is that only those financial products which achieve the 70% threshold through</p> |

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|           | <p>investments exclusively in Sustainable products may be categorised as ‘Sustainable.’ Products that allocate investments across categories would instead fall either within the ‘Transition’ category (where investments combine Transition and Sustainable products) or within the ‘ESG Basics’ category (where investments may include assets from any of the three categories).</p> <p>LU believes this hierarchical approach to categorisation is not sufficiently clear in the text of article 9a and joins other delegations on the need to expressly integrate this into the operative text to ensure legal certainty and consistent application.</p> <p>LV<br/> <b>(Replies):</b></p> <p>Q2. In our opinion Article 9a, as currently drafted, is insufficient for the proper regulation and categorisation of insurance and pension products. Specific provisions are necessary to prevent misapplication and ensure coherence, as well as to prevent greenwashing. Additionally, the investment options of multi-option products (MOPs) should be explicitly referenced in the definitions of Article 9a. Otherwise, categorisation would be inconsistent, supervisory interpretation would diverge, and retail investors would be misled or lose access to sustainability-labelled products.</p> <p>Q3. We agree that discretionary mandates should be allowed to disclose whether their underlying investments are in categorized financial products. We propose that a harmonised framework is needed to avoid divergent national interpretations. Clarification is also essential on how proportions, thresholds and underlying data are calculated.</p> <p>Q4. In recital 23, we see that there is room for clarifications that would provide greater clarity on elements or clearer rules regarding the methodology for the 70% threshold, the role of managers of delegated portfolios and the required information on non-classified products.</p> |

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|           | <p>Q5. We don't currently have a set of targeted amendment suggestions for the recitals. At the same time, all proposals should be designed to improve legal certainty, supervisory convergence, consumer protection, and operational feasibility.</p> <p>NL<br/>(Replies):</p> <p>Q2. We believe it is essential that pension and insurance products under Article 9a can continue to communicate about the sustainability aspects of their products, including when core investments consist of sovereign bonds. The Netherlands thinks that Article 9a is currently sufficient and offers the necessary flexibility, provided Article 8 and Article 9a remain unchanged in substance. Additional provisions are only desirable if they bring practical improvements.</p> <p>Concerning the MOPs, the Netherlands does not have a clear position on the MOPs. We would like to ask the Commission how and if the risk that choices provided to individual pension scheme members (or policyholders) in MOPs could lead to a situation where the pension provider as a whole no longer qualifies for Article 9a affect the provider's ability to make sustainability-related claims.</p> <p>Q3. We find it logical that portfolios under discretionary mandate are also allowed to transparently report on their underlying sustainable investments. This supports a level playing field and enables better comparability between providers, strengthening transparency and protecting investors. Nevertheless we do still have some remarks:</p> <ul style="list-style-type: none"> <li>- Asset managers have been explicitly placed outside the scope of the SFDR. The sustainability assessment under MiFID II (suitability) already incorporates both transparency and the clear explanation and matching of sustainability preferences. To avoid double regulation,</li> </ul> |

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|           | <p>asset managers are no longer in scope under the SFDR review. However, the current interpretation regarding Article 9a SFDR suggests that a (back)door may yet be opening here. This appears inconsistent with the rationale outlined earlier. Moreover, this voluntary option could potentially, create legal uncertainty about the scope of SFDR.</p> <ul style="list-style-type: none"> <li>- The voluntary option for asset managers to disclose under Article 9a SFDR could also lead to less comparability of portfolios in terms of sustainability within the market. One asset manager might choose to do so under the national requirements, while another might do so under Article 9a SFDR. It remains unclear whether this will in fact improve transparency for retail investors across the board.</li> </ul> <p>Q4. At this moment we do believe that this recital provides sufficient guidance. Further clarifications should be pursued only if they clearly contribute to practical workability, without creating new legal uncertainties.</p> <p>Q5. We would like to ask the Commission more clarity or guidance on how the 70% threshold should be calculated and how article 9a(1) and 9a(2) relate tot article 13(3).</p> <p>PL<br/> <b>(Replies):</b></p> <p>PL_2: We believe that IBIPs in the form of MOPs, which ensure transparency of provisions, should be explicitly covered by SF D R. Most such IBIPs take the form of Unit–Linked life insurance policies that offer insurance capital funds as investment options. These options allocate assets to underlying investments, including investment funds, which are financial products that are subject to SF DR. However, the insurance capital funds themselves are not financial products; they are investment options that policyholders can select and change at any time during the policy term.</p> |

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|           | <p>In this context, it is unclear whether a multi-option unit-linked policy should be treated as a single, non-categorised financial product or whether the classification and disclosures should be based on the underlying investment funds instead. Clarification is also required on whether disclosure obligations should apply when the selected investment options no longer meet sustainability or ESG criteria, for example as a result of a policyholder's decision to switch between options.</p> <p>PL_3: Yes, we agree. As part of the discretionary mandate, it should be possible to disclose additional information (ESG) about underlying investments. This would guarantee transparency and complement information about the product or the entire managed portfolio. Clients would be informed about the extent to which their investments fall into sustainable categories.</p> <p>PL_4: We believe that recital 23 requires further clarification, particularly with regard to the application of the 70% threshold and how public debt exposures are treated. Furthermore, the current wording of recital 23 does not provide sufficient clarity in the case of MOPs, where clients choose and can change the funds during the term of the agreement.</p> <p>In such situations, it is unclear how these rules should be applied and to what exactly they should apply — to the entire product or to individual funds.</p> <p>PL_Q5: Yes, we have a proposal to amend Recital 23:<br/>         [...] For financial products that do not qualify for a category but invest in categorised financial products, in order to ensure comparability, disclosures should include <del>how much these financial products have invested in the</del> <b>composition of the financial product in terms of the share of</b> financial products that are categorised as sustainability-related financial products, as well as in portfolios managed for clients on a discretionary basis in accordance with the criteria for categorised products, and <del>how much in the share of</del> non-categorised products. [...]</p> <p>PL: We also have a proposal to amend Article 9a(2):<br/>         2. For non-categorised financial products that claim that they invest in, are exposed to or are constituted of two or more <del>underlying</del> <b>underlying</b> financial products <del>as</del></p> |

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|           | <p><i>referred to in categorised in accordance with Articles 7, 8 and 9, the information to be disclosed pursuant to Article 6(3) shall include:</i></p> <p><i>(a) the composition of the non-categorised financial product in terms of:</i></p> <ul style="list-style-type: none"> <li><i>(i) the share of the financial products categorised in accordance with Articles 7, 8 and 9;</i></li> <li><i>(ii) the share of the financial product to which point (i) does not apply;</i></li> </ul> <p><i>(b) the objective, strategy and applicability of any exclusions applicable to the share of the product referred to in point (a)(ii) of this subparagraph.</i></p> <p><i>For the purposes of the first subparagraph, financial market participants may rely on the information referred to in Article 7(3), Article 8(3) and Article 9(3).</i></p> <p><i>Article 13(3) should be modified accordingly:</i></p> <p><i>3. Financial market participants may not include sustainability-related claims in the names and in the marketing communications of financial products referred to in Article 6(a).</i></p> <p><i>Financial market participants may include sustainability-related claims in the marketing communications of financial products referred to in Article 9a provided those claims are clear, fair and not misleading, and consistent with the information disclosed in accordance with of Article 9a(1), points (a) to (e) 9a(2).</i></p> <p>Additional general remarks:</p> <p>1) A “product” does not yet mean a specific insurance contract. A product is a type of insurance contract under which an individual contract may be concluded. The fact that at least two base options are available within a “product” that comply with Articles 7–9 SFDR does not mean that the client will ultimately conclude a contract with such assets, nor what their percentage share in the final contract will be. Therefore, in the case of MOP-type products, it is unclear how these proportions should be presented at the pre-contractual disclosure stage.</p> |

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|           | <p>2) Since SFDR disclosures relate to the “product” and not to a specific contract, this means that Article 9a(2) could be applied regardless of the final allocation of funds. In this way, a “combined” product could exist even where no client has ultimately chosen investment options compliant with Articles 7–9 SFDR.</p> <p>3) Article 9a may become an “informal category” of products. There is also no clear naming convention for Article 9a products. Therefore, we can envisage various formally accurate but potentially misleading descriptions of such investments, for example “Mixed with elements of sustainable investments,” etc. The issue is even more significant with respect to the “social” category, which remains operationally insufficiently defined.</p> <p>4) In particular, the method of applying the 70% threshold for products covered by Articles 7, 8, and 9 needs to be clarified, as the SFDR does not clearly indicate whether this threshold should be met throughout the entire investment period or at a specific point in time, e.g., at the end of the year. The treatment of exposures to sovereign bonds also needs to be clarified</p> <p>5) The final form of the percentage disclosure will depend on whether sovereign bonds are excluded from only the numerator or both the numerator and denominator when calculating the investment threshold (e.g. 70%). In the latter case, it would be easier to reach the 70% threshold, so the option provided under Article 9a(2) might not be necessary.</p> <p>PT</p> <p><b>(Replies):</b></p> <p>Q2: We have no suggestions regarding the first and second questions under Q2. Regarding the third question, it seems that MOPs are subject to article 9a; in other words, that “financial products that claim that they combine financial products that are categorised as sustainability-related financial products” cover both: (i) financial products that invest in said products but that do not provide investment options to the investor; and (ii) MOPs. In addition, an option under</p> |

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|           | <p>a MOP could combine financial products that are categorised as sustainability-related financial products.</p> <p>In the case of a MOP, under the proposed regime, it seems that the FMP will disclose an aggregate category that combines <i>all</i> investment options jointly to determine the 70% threshold, even though the investor may invest in an option that could potentially be more or less sustainable than the aggregate result. Therefore, it seems that there are two options for MOPs: (i) either the category is disclosed in aggregate (which is the proposed regime); or (ii) the category is disclosed per investment option. The latter option would be potentially more transparent for the investor and would also be in line with the underlying rationale of having a KID for each investment option (cf. article 10 of Commission Delegated Regulation (EU) 2017/653). However, it would also be potentially more onerous operationally.</p> <p>Having said this, we propose that the following is considered: (i) that the Regulation clarifies to what extent MOPs are subject to SFDR; and (ii) that the FMPs disclose sustainability information per each option of the MOP. Nevertheless, regarding the latter suggestion, we are open to cost-benefit considerations, as well as the risk of added complexity.</p> <p>Q3: It is important to ensure coordination with the potential removal of discretionary portfolio management services from the direct scope of the SFDR, as was discussed in the January Council Working Party. However, if Article 9a is maintained in its current format, Portugal considers that portfolios managed under a discretionary mandate should also be allowed to disclose whether their underlying investments include categorised financial products. Allowing such disclosures would promote consistency across different forms of portfolio management and contribute to a more level playing field in terms of investor information.</p> |

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|           | <p>Q4: As currently drafted, the recital appears to capture situations where exposure to categorised products may be merely residual or incidental. In such cases, the resulting disclosure requirements, and the possibility to make sustainability-related claims in marketing communications, may not be fully aligned with the overall characteristics or strategy of the financial product.</p> <p>In this context, we would welcome further clarification on how Recital 23 should be applied to ensure that sustainability-related disclosures and claims by non-categorised products remain proportionate and meaningful, and do not create incentives for sustainability messaging based on limited exposure.</p> <p>Q5: Portugal considers that targeted clarifications could usefully be introduced in Recital 23, Article 9a and Article 13(3) to ensure proportionality, legal certainty and consistency with the objectives of the framework.</p> <p>First, the reference in article 13(3)(2nd paragraph) to Article 9a(1), points (a) to (c) should be reviewed. Article 9a(1) does not include points, and financial products falling under Article 9a(1) are, by definition, assumed to qualify as categorised products under Articles 7, 8 or 9. As such, they should not be subject to limitations regarding the use of sustainability-related naming or marketing. In our view, the correct reference should be instead to Article 9a(2), points (a) to (c), which concerns non-categorised financial products investing in categorised products.</p> <p>Drafting suggestion for article 13(3)(2nd paragraph):</p> <p>Financial market participants may include sustainability-related claims in the marketing communications of financial products referred to in Article 9a provided those claims are clear, fair and not misleading, and consistent with the information disclosed in accordance with of Article 9a<del>(1)</del> (2), points (a) to (c).</p> |

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|           | <p>Second, as regards the conditions under which financial products referred to in Article 9a(1) may themselves qualify as categorised products, Portugal considers that the key elements currently set out only in Recital 23 should be included in the provision. In particular, the clarification that, provided the relevant exclusion criteria are met, <b>only products reaching the 70% threshold by investing solely in sustainable products may be considered sustainable, while products investing across categories would fall under the transition or ESG basics categories</b>, should be directly reflected in the text of Article 9a(1).</p> <p>This would enhance legal certainty, ensure consistent application across market participants, and avoid reliance on recital-level interpretation for the framing of core regulatory obligations.</p> <p>Drafting suggestion for article 9a(1):</p> <p>Financial products that claim that they combine financial products that are categorised as <b>transition or ESG basics sustainability-related financial products</b> shall be deemed to be compliant with the requirements of Articles 7 <b>or 8 or 9</b> if they meet the 70% threshold of investments referred to in paragraph 1 point (a) of those Articles by way of investments in categorised products <del>or other investments that meet the requirements of Articles 7, 8 or 9</del>, and comply with the exclusions in Articles 7(1) <b>or 8(1) or 9(1)</b>.</p> <p><b>Any financial product that reaches the 70% threshold through investments across different categories shall not be considered a sustainable financial product.</b></p> <p>RO<br/>(Replies):</p> |

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|           | <p>Q2 -Yes, insurance products are covered. For multiple options, clarification is recommended on how investments are aggregated and reported to investors.</p> <p>Q3 - Yes, discretionary portfolios should be able to disclose whether the underlying investments are in classified financial products.</p> <p>Q4 - Partially; recital 23 is useful, but could be clearer for multiple choice products and for the aggregation of information from portfolio providers.</p> <p>Q5 - Suggestions: include examples for multiple options, clarify the 70% threshold, provide more precise definitions for ESG categories, and provide guidance on the use of information resulting from portfolio management.</p> <p>SE<br/>(Replies):</p> <p>Q2 - No, products such as insurance and pension products are not sufficiently covered by Article 9a, as mentioned above under Q1.</p> <p>And yes, specific provisions for pension and insurance products should be included in the text.</p> <p>Generally, we believe that the criteria for all categories need to be better adapted to different asset classes so that a wider range of financial products can be included in the categorisation.</p> <p>With regard to insurance and pension products, we have observed fundamental issues that could make it difficult to categorise them under Articles 7–9. It would not be sufficient to neutralise general issuances by public sector bodies, as some other Member States have proposed, since the portfolios usually also contain large amounts of other assets (e.g. real/alternative assets such as real estate, infrastructure, unlisted assets, private equity) that may be difficult to include in the contributing portion — the 70% numerator.</p> <p>We want in this context to emphasise that Swedish insurance and occupational pension providers manage very large assets (representing approximately SEK 7,500 billion in assets) and are, in many cases, at the forefront of sustainable</p> |

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|           | <p>finance. They are often major shareholders in companies where engagement plays an important role and delivers results. The proposal put forward by the CION risks leading to these actors/products being excluded from the possibility of applying the SFDR, and consumers risk thereby losing access to easily available and comparable sustainability information which would help them ‘choose green’.</p> <p>The so-called <b>MOPs</b> (Multi-Option Products such as unit-linked insurance or custody account insurance with multiple investment options) appear difficult to categorise, as the customer selects the actual investment from the underlying investment options. We share concerns raised by other MS that there is legal uncertainty regarding the application of Article 9a to multi-option products. For Swedish MOPs, a critical issue is ensuring that financial market participants can communicate sustainability characteristics of the underlying investment options to customers during advisory situations, even if the wrapper itself cannot be categorised. We note that a very large amount of Swedish fund assets (according to the industry itself, amounting to some 88%) fall under Articles 8 or 9 of the current SFDR, and it is essential that consumers retain access to this sustainability information when these funds are offered as investment options within MOPs. Questions have also been raised about whether the wording “other investments that meet the requirements” in Article 9a(1) includes products outside SFDR scope. We are still reviewing the proposed provision, but wonder whether the CION foresees that the wrapper as such could be categorised, considering the fact that the client can change its allocation among available investment options from one day to another? Or would such wrapper fall under Article 9a(2), as described in the non-paper from the PRES?</p> <p>Specifically for MOPs, we would welcome clarification on:</p> <ul style="list-style-type: none"> <li>- How Article 9a(2) should operate when the wrapper cannot be categorised but the majority of underlying investment options are categorised funds</li> <li>- What communication about sustainability characteristics is permitted during</li> </ul> |

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|           | <p>customer advisory for non-categorised MOPs that offer categorised investment options.</p> <p>Regarding Swedish <b>traditional life insurance and occupational pension products</b>, these face categorisation barriers under Articles 7–9 and under Article 9a due to substantial holdings in general-purpose debt from public bodies -thereafter called “sovereign debt”- (excluded from thresholds), real assets (infrastructure, forestry, real estate) and alternative assets lacking SFDR-compatible data, making the 70% contribution threshold mathematically unachievable despite rigorous sustainability practices.</p> <p>A particular challenge is that sovereign debt is included in the denominator but excluded from the numerator in Articles 7 and 9, which automatically disqualifies virtually all Swedish traditional life insurance products from categorisation. Even in Article 8, where sovereign debt is permitted in the numerator, the criteria are difficult to apply in practice as they appear primarily designed for listed equities (particularly large EU-listed companies covered by EU reporting requirements), whereas Swedish products invest globally and across multiple asset classes.</p> <p>Traditional life insurance products are governed by multiple regulatory frameworks which involve commitments to secure returns for future pensions, requiring broad diversification across asset classes (including sovereign bonds, supranational organisations, directly owned real estate, forestry, infrastructure projects, unlisted companies, and credits) to balance risk and guarantee long-term returns.</p> <p>We therefore urge for the revision of the criteria to make it possible to incorporate products that today are excluded “by design” and not due to a lack of ambition. The categorisation criteria should be formulated to be applicable across all asset classes, not only listed equities.</p> |

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|           | <p>Q3 – Yes.</p> <p>Q4 - Both the operative text and Recital 23 require clarification. Recital 23 should explicitly state which product types are covered (e.g., MOPs, unit-linked insurance, custody account insurance, fund-of-funds) and under what conditions they can be categorised.</p> <p>We note that Recital 23 is overly broad and complex, covering several crucial questions regarding scope and application. Consideration should be given to splitting this guidance into multiple recitals to ensure clarity.</p> <p>Furthermore, the operative text should clarify whether products meeting the requirements of Article 9a(1) are to be formally considered categorised. If so, it should be specified how they should be treated concerning disclosure requirements and marketing communications.</p> <p>These clarifications are necessary to provide the legal certainty required for consistent implementation and supervision.</p> <p>Q5 - We share the concerns raised by several Member States regarding Article 9a and its application to insurance and pension products, particularly MOPs.</p> <p>We note that other MS have identified legal uncertainties regarding the treatment of internal insurance funds and investment options under Article 9a, and questions have been raised about the interpretation of the wording “other investments that meet the requirements” in Article 9a(1).</p> <p>We recognize that different MS face different structural challenges with regard to MOPs. For Sweden, the priority is ensuring that Article 9a(2) enables appropriate communication about the sustainability characteristics of</p> |

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|  | <p>underlying investment options, even where the wrapper is not categorised.</p> <p>We also support suggestions that recital 23 should be clarified to explicitly address multi-option products and specify the conditions under which they can be categorised. The operative text should clarify whether products meeting the requirements of Article 9a(1) are considered categorised products and how they should be treated in terms of disclosure and marketing communications.</p> <p>Regarding Article 13(3), we would welcome any guidance the CION may provide on the application of marketing communications rules to MOPs under Article 9a(2).</p> <p>SK<br/>(Replies):</p> <p>Portfolios managed under discretionary mandate are not a financial product therefore should not be covered by SFDR 2.0, especially if they are managed under a discretionary mandate.</p> <p>Some principles from recital 23 could be included to Article 9a. It should be specified that threshold applies on the final product level or to include a principle that Article 9a applies if only categorized products are combined (100% share of categorized products in portfolio).</p> |
| <p>Q6. Do you agree with the investment approaches listed? If not, please explain why.</p> | <p>AT<br/>(Replies):</p> <p>We generally agree with the investment approaches and metrics for transition.</p> <p>BE<br/>(Replies):</p> <p>In order to minimise the risk of inconsistencies and potentially misleading practices, we believe that all key concepts — in particular those relating to investment policy — would benefit from being clearly defined (including the</p>   |

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|           | <p>definition of transition and the “appropriate sustainability-related indicators”). In this context, the strategies listed under Article 7(2)(c), (d), (e) and (g) should ideally not rely solely on the financial market participant’s own interpretation or acceptance of the underlying terms, but rather be supported by sufficiently clear and commonly understood definitions. This is particularly relevant for concepts such as a “credible transition plan” but also for “credible science-based targets”</p> <p>CZ<br/>(Replies):<br/>CZ: Yes, in general we can agree to the proposed list.</p> <p>DE<br/>(Replies):<br/>We generally agree with the approaches listed.<br/>With regard to the exclusion list we want to reiterate that we should not go beyond what the CTB prescribes.</p> <p>For investments into sovereign debt we would like to reiterate that some products (esp. insurance) will have difficulties in reaching the investment thresholds under Article 7 and 9. Therefore, we are in favour of altering the current wording to reflect an asset neutral approach. If adequate methodologies exist for sovereign assets to be categorized as transitional or sustainable, then it should be allowed to count them in the numerator as well as the denominator especially given the important role public funding plays in delivering on climate goals. If this is not acceptable, sovereign assets should not be included in the denominator as well when calculating 70% threshold.</p> <p>DK<br/>(Replies):</p> |

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|           | <p>Yes.</p> <p>ES<br/>(Replies):</p> <p>We broadly agree with the investment approaches listed in Article 7(2). The combination of approaches reflects the diversity of transition-related investment strategies and provides appropriate flexibility while maintaining a clear focus on the transition objective.</p> <p>We would nonetheless suggest one <b>clarification regarding the portfolio-level target approach under Article 7(2)(g)</b>. We note that this approach, taken in isolation, could be met by reallocating capital towards already low-carbon assets without necessarily financing real-economy decarbonisation. We would welcome clarification that this approach should be complemented by asset-level considerations to ensure that the transition category delivers genuine real-economy impact and not merely portfolio assets' re-distribution.</p> <p>FI<br/>(Replies):</p> <p>In a general level, the listed investment approaches seem to be appropriate.</p> <p>FR<br/>(Replies):</p> <p>For the sake of consistency, we see merits in aligning the wording of the introductory sentence of Article 7(2) with the one used of Articles 8(2) and 9(2):</p> <div data-bbox="1189 1190 2181 1315" style="border: 1px solid black; padding: 5px;"> <p>2. Investments by financial products as referred to in paragraph 1, first subparagraph, point (a), shall include <b>any or a combination of</b> any of the following:</p> </div> <p>We support the principle behind criterion 7)2.a but recommend a slight rewording, as the phrase “managed in reference to” is overly broad and could</p> |

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|           | <p>lead to ambiguity. The current SFDR framework already suffers from such ambiguity, as it makes a distinction between actively managed and passively managed financial products. This distinction has introduced an unlevel playing field between these two types of products, to the detriment of the former. Also, it has generated a significant amount of Q&amp;As (V.7, V.9, V.28 of the Consolidated Q&amp;As on the SFDR).</p> <p>The wording suggested below aims to treating on an equal foot actively and passively managed financial products.</p> <div style="border: 1px solid black; padding: 5px;"> <p>2. Investments by financial products as referred to in paragraph 1, first subparagraph, point (a), shall include any of the following:</p> <p style="padding-left: 40px;">(a) investments in portfolios replicating <del>or managed in reference to</del> an EU climate transition benchmark or EU Paris-aligned benchmark ('EU climate benchmarks') <b>or in portfolios that comply with the requirements laid down in Section 2 of Delegated Regulation (EU) 2020/1818, or with the requirements laid down in Section 3 of that Delegated Regulation;</b></p> </div> <p>Moreover, passive funds are already included under this criterion. Therefore in our opinion, the safe harbour on PAB/CTB funds is irrelevant and may be deleted without any impact on passive funds replicating a PAB/CTB.</p> <p>We support the removal of approach 7)2.b(ii), which relies on a complex and prospective application of the taxonomy. When taxonomy will evolve, those changes will “automatically” be integrated in eligible investments according to 7)2.b, without the need to refer to a prospective application. Regarding approach 7)2.b(i), we are still assessing its potential impact.</p> |

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|           | <p>We strongly support the introduction of the concept of a “credible transition plan” (7)2.c, particularly its emphasis on of proportionality.</p> <p>Therefore, we are in favour of combining criteria 7)2.c and 7)2.d.</p> <p>We support criterion 7)2.f, but consider removing “in combination to”.</p> <p>GR<br/> <b>(Replies):</b></p> <p>EL: Greece considers that the investment approaches listed, is important to ensure that eligibility criteria remain closely linked to measurable sustainability performance and credible transition pathways, rather than solely on predefined sectorial exclusions. Accordingly, these approaches must reflect existing market practices and support the objective of facilitating the transition towards more sustainable economic activities. On this context, we have some concerns if the approach is appropriate for the transition category.</p> <p>HR<br/> <b>(Replies):</b></p> <p>While we support listing the eligible investment approaches in the Regulation in general, we find the proposed investment approaches quite divergent in terms of their level of ambition. We note that the approaches appear quite divergent in terms of their level of ambition—for example, the more stringent criteria under points (a) and (b) compared to the broader and less clearly defined approach under points (h). This may create an incentive for product manufacturers to rely on the least demanding options, such as point (h) (“other” investments) where key concepts are not sufficiently specified.</p> <p>HU<br/> <b>(Replies):</b></p> |

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|           | <p>In our opinion, the investment strategies outlined are acceptable, and we also recommend the development of RTS (Level 2) for them.</p> <p>We'd like to ask for clarification on the following sentence in recital 16 regarding the transitional financial product category: „This category should also exclude activities which are commonly agreed to be harmful to the environment and society.” as it is unclear what activities and common agreements it refers to, as in our opinion, this wording creates legal uncertainty.</p> <p>IE<br/>(Replies):<br/>Yes we agree.</p> <p>IT<br/>(Replies):</p> <p><b>Q6.</b> In general, we support the proposed investment approaches — such as EU climate benchmarks, taxonomy- aligned activities, credible transition plans, science- based targets, targeted engagement, and portfolio- level objectives — as they provide an objective basis for assessing the contribution of investments to the Article 7, 8 and 9 categories.</p> <p>However, with regard to all categories' proposed investment approaches, we believe that definitions should be detailed as much as possible in Level 1. In particular, with regard to green or sustainable sovereign bonds issued under international standards (e.g. ICMA, CBI, etc.) it should be clarified whether they are automatically eligible under the sustainable and transition category without further verification requirements. With regard to such products, a preferential treatment should also be considered and defined for those that entail a credible commitment to a significant (even if partial) alignment to EU</p> |

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|           | <p>Taxonomy (for instance with reference to the substantial contribution and minimum safeguard clauses), consistently with the logic of graduality in transition processes. In general, cases of progressive application of the EU Taxonomy should also be considered by foreseeing safe-harbor regimes for products partially aligned to the EU Taxonomy (e.g. substantial contribution and minimum safeguard clauses).</p> <p>Furthermore, we deem it appropriate to differentiate the classification metrics of eligible assets applied to the different product categories. In particular, we share the view of using revenues for the sustainable category, whereas for transition products we believe it should be appropriate to consider CapEx-based thresholds as they favor transition processes.</p> <p>We also deem that:</p> <ul style="list-style-type: none"> <li>- the remaining 30% of investments should be better qualified (please see Q11);</li> <li>- the concept of ‘credibility’ linked to the investment strategies mentioned in Articles 7(2)(h), 8(2)(e), and 9(2)(g) should be better defined (please see Q7);</li> <li>- while the 15% safe- harbour threshold provides a useful starting point, it appears relatively low considering the ambition attached to the EU sustainability framework.</li> </ul> <p>Furthermore, exclusions should be considered for the remaining 30% and 85% of the portfolio.</p> <p>LT<br/> <b>(Replies):</b></p> <p>The listed investment approaches under Article 7 seems sufficient, comprehensive and reflect the main transition investment strategies currently used in the market.</p> |

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|           | <p>Given that in Lithuania the number of financial products explicitly pursuing transition or impact objectives remains limited, we do not see a need to expand or significantly restructure the list of approaches.</p> <p>Therefore, we do not propose adding new approaches but emphasize the need for clear interpretative anchors (in Level 1, if needed) to ensure consistent application across Member States.</p> <p>LV<br/>(Replies):</p> <p>While approaches are conceptually useful, they are not precise enough for developed categories. The list of investment approaches is broad and unclear, which allows too much flexibility for financial market participants and potentially reduces comparability. If the FMFS can choose very different approaches within the same category, labelling loses its meaning. Investment approaches lack a robust, common baseline scenario and allow too much scope for interpretation. Investment approaches to transition are not sufficiently defined; there is a risk that key sectors will be omitted, and there are no practical indicators.</p> <p>NL<br/>(Replies):</p> <p>The Netherlands is open to the proposed investment approaches under the transition category, as long as they remain workable and the required level of ambition is maintained. Therefore we would like address some concerns/remarks:</p> <ul style="list-style-type: none"> <li>- We are concerned that engagement alone is being presented as a transition strategy, while we believe engagement should only support a clear investment strategy that is based on the transition plans of the underlying companies.</li> </ul> |

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|           | <p>- It could be considered that transition targets for emission reductions are most robust when aligned with the CTB (PAB) benchmark, as these provide clear criteria for the required rate of reduction.</p> <p>PL<br/>(Replies):</p> <p>PL_6: In general, we believe that using as many as seven investment approaches in relation to investment portfolios, business activities, projects, objectives and strategies when developing voluntary indicators based on ESRS and PAI, and meeting qualification requirements – may make it difficult to assess the actual nature of a sustainable investment.</p> <p>In the other hand, in practice, the proposed investment approaches may prove too restrictive for insurance portfolios, and that some requirements – particularly the combination of engagement activities with additional indicators, such as taxonomy-aligned activities or credible transition plans – may raise doubts as to their proportionality.</p> <p>PT<br/>(Replies):</p> <p>As already mentioned in the previous meeting, Portugal supports the approach of relying on an open, rather than a closed, list of investment approaches and metrics, and generally agrees with the investment approaches listed in Article 7(2), points (a) to (g), as they reflect a range of transition strategies currently used in the market.</p> <p>However, we would like to underline that the approaches referred to in Article 7(2)(h), Article 8(2)(e) and Article 9(2)(g) appear to be formulated in very broad terms. In their current wording, they may not provide sufficient clarity to Financial Market Participants as to whether a given investment or strategy falls within the scope of a specific category.</p> <p>RO</p> |

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|           | <p>(Replies):</p> <p>We agree with the investment approaches listed.</p> <p>SE</p> <p>(Replies):</p> <p><b>On the investment approaches listed:</b></p> <p>This provides a good basis for discussion, but several elements require clarification at Level 1:</p> <p>“<i>Other investments</i>” – This term needs to be clarified to prevent subjective interpretations that could create a loophole for greenwashing. As several MS have questioned, it should be clarified whether this includes products outside the SFDR scope.</p> <p>The use of PAB benchmarks – Article 7(2)(b) allows investments following PAB benchmarks. It needs to be clarified how this differentiates the <i>Transition</i> category from the <i>Sustainable</i> category (Article 9), as this approach creates a direct overlap.</p> <p>Inclusion of Article 9 approaches in Article 7 - Article 9(2)(d) allows combinations of investments pursuant to Article 7(2) or Article 9(2). The added value and logic of allowing Article 9(2) approaches within the Transition category should be clarified.</p> <p>Proportions between combined approaches – When different investment approaches are combined (e.g., Article 7(2) with Article 9(2) approaches), it should be clarified whether there should be requirements regarding the proportion between them, or whether any proportion is acceptable as long as the 70% threshold is met.</p> <p><b>On the criteria and thresholds:</b></p> |

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|           | <p>In general, we consider that clear and objective criteria for the categories are necessary, as these improve investors’ ability to compare sustainable investments. More work is needed on these aspects.</p> <p>In addition, we believe that the categories should be easily distinguishable from one another for the consumer/investor. We are therefore prepared to discuss modifications to the criteria/approaches, and/or different levels for the 70% threshold, and/or for the “safe harbour” under the taxonomy, and/or the use of benchmarks.</p> <p><b>More specifically on the Transition category:</b><br/>                 We believe that it should be made clearer and more dynamic. It should be clarified that the objective of products in this category should be to obtain a certain transition – a predefined and measurable target/performance. And that it should be clear what is expected from the FMP in terms of reporting and actions taken if/when investments underperform.<br/>                 It is necessary, among other things, to clarify what is meant by a “transition” asset, “credible” transition plans, transition targets, or sustainability-related engagements.</p> <p>We believe that a safe harbour based on 15% taxonomy alignment (activities that are already environmentally sustainable) sends the wrong signal for a category focused on transition, as does the use of the PAB benchmark mentioned above and the reference to “investments pursuant to Article 9(2)” in Article 7(2)f. These are “static” elements and do not reflect the dynamism that the Transition category should promote.<br/>                 One option could be to focus on the CapEx KPI within the taxonomy if this safe harbour is to be retained. Removing the PAB and instead focusing on the CTB could also be interesting avenues to explore in order to give the Transition category stronger transition features.</p> <p>SK</p> |

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|   | <p>(Replies):</p> <p>In general, we agree with the investment approaches listed.</p>  |
| <p>Q7. Do you agree with the concept of ‘credibility’ linked to the transition plan, science-based target, engagement and portfolio level target? Do you believe that the concept of ‘credibility’ should be further defined for these topics at level 1?</p> | <p>AT<br/>(Replies):</p> <p>We generally agree with the concept of “credibility” but do think that it needs further definition already at level 1 (e.g. in Art. 2) as to its relevance to the entire legal act.</p> <p>BE<br/>(Replies):</p> <p>We consider that providing a clear definition of “credibility” in the context of environmental or social transition within the Level 1 text could significantly enhance legal certainty and comparability across products.</p> <p>BG<br/>(Replies):</p> <p>BG: The concept should be further defined.</p> <p>CZ<br/>(Replies):</p> <p>CZ: We do not see the need for further clarification. However, understanding that MS in general welcome clarification, we suggest such definition is reserved for Level 1.</p> <p>DE<br/>(Replies):</p> <p>We understand the reasoning behind including the word credibility. However, the current wording is</p> |

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|           | <p>a) unclear with regard to what credibility refers to (i.e. ambition or simply “the credibility” that certain claims are actually pursued e.g. by an investee company) and</p> <p>b) adds confusion without the prospect of actually delivering additional greenwashing protection.</p> <p>After the CWP and the many interventions asking for a clearer definition of what credibility (in the sense of ambition) means, we would like to stress as others that the SFDR will not be able deliver on the (theoretical) idea of defining ambition with regard to all different transition goals in different investment universes and with regard to the various underlying assets and we strongly object to pursuing this road. It is also inconsistent with the majority of MS who agreed that delivering a new definition of “sustainable investments” would not be beneficial. We have tried this approach already in other legislative pieces and it has not led to the desired results of clarity, unambiguity and, in this context most relevant of all, capital mobilisation for sustainable projects.</p> <p>In our view, we have two possible ways forward on this issue:</p> <p>1) exchange the term credibility with a term that is clearer and more tailored to what we can reasonably assume of what an FMP can reasonably deliver with regard to scrutiny of underlying investments.</p> <p>2) add a process-based requirement to make sure FMPs have in place adequate methods and processes to make investments in line with the transitional objective of the respective financial products.</p> <p>It could also be possible to combine both options. We are currently reviewing options in this regard.</p> |

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|           | <p>DK<br/>(Replies):</p> <p><b>Initially, we would like to remark the importance of thorough discussions on transition as this topic is new for SFDR 2.0 and we don't have much experience from SFDR 1.0.</b> It should therefore be an important focus to have clarified in the framework.</p> <p>We agree with the concept of 'credibility' but find it important to have as much clarification as possible at level 1 for each strategy listed in paragraph 2. Because of the open list (cf. letter (h)), which allows for other investment approaches if proper justification is provided, we do not see issues with further defining 'credibility' for the other strategies or in general.</p> <p>At the last Council Working Party, the Commission asked for more specific drafting suggestions on this issue. We would propose a way forward to be setting up some principles for a credibility-assessment, such as "<i>when assessing credibility, the following factors could be included: (i) whether there are clear targets set for a short-, medium- and long-term perspective, (ii) whether there have been conducted specific scenario-analysis</i>" etc.</p> <p>That being said, we don't find it necessary to include 'credible' specifically for letter (e) on engagement strategy. The current wording already provides a detailed description of when such a strategy is somehow credible – namely when it targets "<i>specific changes with defined milestones and measured with reference to those targets and milestones, and integrating escalation actions in case the expected changes do not happen</i>". As a step towards simplifying the framework, we therefore suggest deleting the word 'credible' for this specific strategy. It could also be reconsidered, whether 'credible' is necessary to include for the other listed strategies, such as science-based-targets (cf. letter</p> |

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|           | <p>(d)), as a science-based target “<i>supported by information ensuring integrity, transparency and accountability</i>” in our opinion already describes when credibility is present in this regard.</p> <p>ES<br/>(Replies):</p> <p>We agree with the concept of credibility as the central organising principle for the investment approaches under Article 7(2). The term is already relatively well-established in supervisory and market practice and it appropriately accommodates different recognised standards and methodologies without unduly prescribing a single approach.</p> <p>However, we consider that <b>the concept should be further defined at Level 1</b>. In our view, credibility should be assessed by reference to a <b>set of commonly recognised process-based principles</b>, without turning the definition into an overly prescriptive checklist. These could include:</p> <ul style="list-style-type: none"> <li>- a <b>time-bound decarbonisation pathway with interim milestones</b>;</li> <li>- <b>appropriate governance and accountability</b> arrangements;</li> <li>- <b>alignment with well-established transition trajectories</b>; and</li> <li>- ongoing <b>monitoring and public disclosure</b> of progress.</li> </ul> <p>We also note that further discussion is needed on the question of whether the credibility assessment should be conducted by the financial market participant based on publicly available information, or whether it should rely on some form of external validation — whether by second-party opinion providers or by reference to recognised standards. Both approaches have merits and limitations, and the appropriate balance may vary depending on the asset class and the availability of information.</p> <p>FI<br/>(Replies):</p> |

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|           | <p>Yes, credibility should be linked to certain terms within the transition category. In order to provide legal certainty and avoid greenwashing, credibility should be further defined at L1 insofar as its possible.</p> <p>FR<br/>(Replies):</p> <p>On Q7, we agree with the underlying concepts and believe they should be further defined at level 1. We are still consulting our stakeholders and will propose drafting suggestion at a later stage, in order to detail the drafting methodology, content and governance of credible transition plans.</p> <p>GR<br/>(Replies):</p> <p>EL: Greece considers that the concept of credibility is an important element in ensuring the integrity and reliability of transition-related investment approaches. Further clarification of this concept at level 1 may be helpful in supporting consistent interpretation and application across Member States.</p> <p>HR<br/>(Replies):</p> <p>Yes, we believe this concept of “credibility” needs to be further elaborated and included in L1. The issue with term “credibility” is not whether it covers mentioned types of transition or not as EC explained: “<i>information provided by the Commission, the term ‘credibility’ aims at catering for all types of transition (i.e. climate, environmental and social)</i>” but to include in the text obligation of certain tools and measures/KPIs to be used so to secure robustness and relevance of given “credibility” which is on its own very general term and may be cause of divergent interpretations and consequent applications if not clearly describing what actually “stands behind it“ .</p> |

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|           | <p>IE<br/>(Replies):<br/>We are supportive of defining credibility in the Level 1 text; however, we would consider that setting out principles or criteria would help ensure the approach is appropriate for all sectors within SFDR.</p> <p>IT<br/>(Replies):<br/>Q7. We recognise the importance of ensuring the credibility of elements such as transition plans, Science-Based Targets, engagement strategies, and portfolio-level targets. It is essential to adopt genuinely multidimensional assessments that go beyond reliance on a single indicator — such as an ESG rating — to ensure a more robust and coherent evaluation.<br/>We also reiterate the need for greater clarity at Level 1 of the regulation: a more detailed primary-level definition of “credibility” would help prevent divergent interpretations and strengthen investor confidence.</p> <p>Indeed, in our point of view the concept of “credibility” turns out to be too vague and, hence, needs to be further specified at L1 to avoid discretionary interpretation and circumvention. Likewise, even the reference to science-based target and engagement appears very generic and requires further specification. In this perspective, some objective requirements underpinning the credibility concept should be defined, so that the assessment can be carried out on the basis of shared criteria.</p> <p>Indeed, based on our evidence, transition products – even when using the term “transition” in their names – currently do not make use of robust indicators to substantiate their transition strategies. There is therefore a clear need to address these shortcomings by introducing objective requirements.</p> <p>LT</p> |

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|           | <p><b>(Replies):</b></p> <p>We support the inclusion of a “credibility” requirement in the Transition category. We also align with the many Member States that asked for additional clarification of “credibility” at Level 1, as the concept otherwise leaves too much room for interpretation and may create supervisory uncertainty. Without a clearer credibility standard, transition claims risk becoming overly declarative. Supervisory authorities may face significant uncertainty when assessing whether transition plans, science-based targets or engagement strategies genuinely qualify as credible.</p> <p>From a supervisory and legal certainty perspective, we consider that “credibility” should be further defined at Level 1 through minimum process-based principles, while avoiding excessive detail that would undermine the simplification objective. In particular, greater clarity could be provided regarding:</p> <ol style="list-style-type: none"> <li>1. Time horizons and milestones (including interim milestones),</li> <li>2. Minimum content elements of transition plans (and references to existing guidance/frameworks, where appropriate),</li> <li>3. Monitoring and escalation mechanisms (especially where credibility relies on engagement),</li> <li>4. Proportionality to company size.</li> </ol> <p>Anchoring minimum credibility elements at Level 1 would enhance legal certainty, reduce divergent supervisory practices and limit marketing-driven interpretations of “credible transition”, while more detailed technical specifications and metrics could be developed at Level 2.</p> <p><b>LU</b></p> <p><b>(Replies):</b></p> <p><b>LU</b></p> <p>In line with the principles of the Commission’s action plan on “better regulation” of 2024 and the conclusions of the Council (ECOFIN) dated 12</p> |

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|           | <p>December 2025, the Level 1 text shall already set forth with sufficient clarity all the key principles and concepts necessary to fully understand and comply with the regulation. The essential elements of an area shall be reserved for the legislative act and accordingly shall not be the subject of a delegation of power.</p> <p>LV<br/>(Replies):<br/>We agree that credibility is essential to prevent superficial transition claims. We believe that 'credibility' should be defined at Level 1 to ensure legal certainty, comparability and consumer protection, if needed, with the possibility to add technical details in level 2.</p> <p>NL<br/>(Replies):<br/>We support the proposed link between credibility, transition plans, engagement, science-based targets, and portfolio-level targets.</p> <p>Nevertheless, we do believe a clear(er) definition of the term credibility is preferable in combination with a transition plan. Furthermore, we emphasize the importance of keeping the references on credibility consistent in Articles 7 and 9.</p> <p>We are open to further clarifying this at Level 1, with detailed technical implementation at Level 2.</p> <p>PL<br/>(Replies):<br/>PL_7: advised. The challenges may lie in the difficulty of measuring the achievement of environmental and social objectives and in the lack of commonly agreed targets in this regard at the EU level.</p> <p>PT</p> |

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|   | <p>(Replies):</p> <p>While Portugal can understand the rationale behind the need to use the concept of “credibility”, it would benefit from further clarification, through the identification of clear minimum criteria. If not, there is a risk of divergent interpretations, which could undermine supervisory convergence. Clearer definitions and framing at L1 make the framework more robust and help avoid the compliance and the supervisory issues we have seen under the current SFDR.</p> <p>RO<br/>(Replies):</p> <p>Second question - As other MS said in the meeting, we believe that the concept of ‘credibility’ should be further defined for these topics at level 1, as there is more need for clarity on this term.</p> <p>SE<br/>(Replies):</p> <p>Yes, it is important that the concept of ‘credibility’ be further defined, at level 1 preferably.</p> <p>SK<br/>(Replies):</p> <p>We agree with the concept of credibility (with the exception of engagement target).</p> |
| <p>Q8. Do you agree with the link made with the EU Climate Law for climate credibility?</p> | <p>AT<br/>(Replies):</p> <p>We agree with the link made with the EU Climate Law for climate credibility.</p> <p>BE<br/>(Replies):</p>   |

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|           | <p>The definition could draw inspiration from the EU Climate Law. However, we would also see merit in basing it on a more operational and detailed framework, such as the ESRS, which could offer clearer and more practical guidance for market participants.</p> <p>CZ<br/>(Replies):<br/>CZ: We are not against such a link in principle.</p> <p>DE<br/>(Replies):<br/>Generally, yes – we wonder however how we can treat investments in countries that have a different pathway to net zero that is still in line with the Paris agreement.</p> <p>DK<br/>(Replies):<br/>Yes.</p> <p>ES<br/>(Replies):<br/>We broadly support the link made with the EU Climate Law as the reference framework for assessing climate credibility within the transition category. The EU Climate Law provides a legally binding and well-established set of targets which offers a clear and verifiable anchor for supervisory convergence within the Single Market.</p> <p>FR<br/>(Replies):<br/>We agree with this link on principle. This link should help the entity to establish reduction targets based on scientific data and official, transparent methodologies. However, the link with the EU Climate Law should not be</p> |

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|           | <p>mandatory, as entities can base their targets on other recognised international trajectories that comply with the Paris Agreement, such as trajectories of the international energy agency which are the reference for entities at an international level. Furthermore, compliance of the entity's reduction targets with these international trajectories should not be the only criterion justifying the credibility of a transition plan (see Q7: actions implemented, investments, etc. should also be taken into account).</p> <p>GR<br/>(Replies):</p> <p>EL: The link with the EU Climate Law provides an appropriate reference point for assessing climate credibility. This approach supports alignment with the EU's climate objectives and promotes consistency across financial products.</p> <p>HR<br/>(Replies):</p> <p>We can agree with the link made. We would welcome introducing some further explanations in relevant recitals.</p> <p>HU<br/>(Replies):</p> <p>By principle, we agree that climate credibility is to be linked to the overarching objective of climate neutrality and the general principles set out in the EU Climate Law (at the same time we need to highlight that Hungary does not support the recent amendment to the Climate Law setting an overly ambitious 90% emission reduction target for 2040). At the same time, the current formulation of the criteria is not clear, and creates uncertainty, for instance, on how comparability is measured. Is it biased on the ambition level or other principles laid down in the EU Climate Law? We would like further clarifications on this provision.</p> <p>IE</p> |

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|           | <p>(Replies):</p> <p>It is a useful to link with the climate law and as such to a high standard of policy, but we would be cautious here in case of unintended consequences of being too strict and potentially limiting the number of products that qualify.</p> <p>IT</p> <p>(Replies):</p> <p><b>Q8.</b> We generally view positively the alignment with the objectives of the Paris Agreement and with the climate- neutrality trajectory set out in the European Climate Law.</p> <p>We thus support establishing a link between climate- related credibility and the EU Climate Law. This provides a harmonised and legally robust framework that anchors transition assessments in scientifically grounded, long- term EU climate objectives.</p> <p>LT</p> <p>(Replies):</p> <p>We support linking climate-related credibility to the EU Climate Law. Using an EU-wide legal anchor is helpful for consistency across Member States and reduces reliance on competing private definitions of what constitutes a credible climate transition.</p> <p>In addition, we see value in considering referring (for example at Level 2 or in guidance) to EU-level sectoral transition pathways (EU Transition Pathways) as complementary guidance, alongside taxonomy transition activities and EU Climate Benchmarks. Such pathways can help translate high-level climate objectives into sector-specific expectations and may support supervisory convergence in practice. We note that this point was also raised in the discussion by at least one Member State.</p> |

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|           | <p>At the same time, the EU Climate Law provides an overarching direction and targets; practical supervisory assessment will still depend on clear criteria (e.g. time horizons, milestones, metrics and verification expectations). We therefore support anchoring minimum process-based principles at Level 1 and further detailing them at Level 2.</p> <p>LV<br/>(Replies):<br/>We broadly support the idea of aligning climate-related requirements with the EU Climate Law. This should include minimum criteria for transition plans and clarification of expectations for portfolio-level targets, as well as clearer requirements for emissions pathways.</p> <p>NL<br/>(Replies):<br/>The Netherlands supports linking credibility requirements to objectives set in the EU Climate Law.</p> <p>PL<br/>(Replies):<br/>PL_8: In our opinion, linking 'credibility' in the field of sustainable development to climate law issues may be a sensible approach. However, financial institutions could also consider credibility more broadly, particularly when categorising the financial products they offer, rather than assessing them solely through a climate-focused lens.</p> <p>PT<br/>(Replies):<br/>Yes, Portugal agrees with the link made to EU Climate Law for climate credibility.</p> <p>RO</p> |

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|   | <p>(Replies):</p> <p>We are open to further discussions, but preliminary, at time being, we are positive with the proposal.</p> <p>SE</p> <p>(Replies):</p> <p>This is an interesting path to explore, yes.</p> <p>SK</p> <p>(Replies):</p> <p>We agree with the link with the EU Climate Law for climate credibility.</p>   |
| <p>Q9. Do you believe that the concept of ‘credibility’ should also be further defined for other sustainability topics (i.e. social) through for example process-based principles at level 1?</p> | <p>AT</p> <p>(Replies):</p> <p>We are open to discuss the inclusion of process-based principles at level I.</p> <p>BE</p> <p>(Replies):</p> <p>We believe that, to the extent possible, key definitions should be set out at Level 1 in order to ensure consistency across the framework. A process-based definition could be an option, but we suggest building it on the revised ESRS criteria and existing regulation in this field.</p> <p>CZ</p> <p>(Replies):</p> <p>CZ: We do not see the need for such definition at the moment. We fear such definition would either be too broad to satisfy all lor too restrictive.</p> <p>DE</p> <p>(Replies):</p> |

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|           | <p>See above Q7.</p> <p>DK<br/>(Replies):</p> <p>We agree that the concept of ‘credibility’ should also be further defined for social topics and other non-climate related environmental topics.</p> <p><b>In general, we find it important that the future framework integrates the social aspect of sustainability more.</b> It is important to clarify – as much as possible – social topics in order to promote transition in this area. At the same time, we also acknowledge that there is currently not an existing regulatory framework to refer to in this area and that the discussions could therefore be very comprehensive. We therefore agree that a way forward could be to have more process-based principles at level 1. We are open to further discussions in the Council Working Party on possible solutions, such as a non-exhaustive list of examples or referencing possible KPIs, for example the SDGs, as previously considered. Alternatively, we would propose to be more explicit about the limitations in this area in recitals, just to ensure that these topics also have a place in the new framework in line with climate-related topics.</p> <p>ES<br/>(Replies):</p> <p>We believe that the concept of credibility should be further defined at Level 1 also for other sustainability dimensions, including social and governance topics. We acknowledge that the absence of commonly agreed targets for these dimensions makes it difficult to define credibility by reference to substantive objectives. However, we consider that this difficulty can be addressed by distinguishing between process-based criteria and content-based criteria.<br/><b>Process-based criteria</b> — such as the establishment of clearly defined objectives, time-bound milestones, appropriate governance and accountability</p> |

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|           | <p>arrangements, a transparent implementation strategy, and ongoing monitoring and disclosure — <b>are dimension-agnostic and do not require agreement on specific substantive targets</b>. Anchoring these criteria in Level 1 would provide a stable foundation for supervisory convergence applicable equally to climate, environmental and social transition strategies.</p> <p>FI<br/>(Replies):</p> <p>Insofar as credibility can be further defined, should the same considerations be made to other sustainability topics.</p> <p>FR<br/>(Replies):</p> <p>We agree with the definition provided it includes, as part of the process, the use of international or European baselines and frameworks with an illustrative list given at level 2. Credibility should be assessed against widely recognised baselines and reference frameworks, as it is the case for climate-related topics. The PCY note highlights a clear link with the objectives of Paris agreement and the EU Climate Law. In our assessment, environmental and social transitions should likewise be evaluated using well-established frameworks, such as the Kunming–Montreal Global Biodiversity Framework and the principles of the European Pillar of Social Rights.</p> <p>GR<br/>(Replies):</p> <p>EL: Further clarification of the concept of credibility for other sustainability topics may be helpful, taking into account the specific challenges associated with defining transition expectations in areas where commonly agreed targets are still developing. We are open to discussions.</p> <p>HR</p> |

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|           | <p>(Replies):</p> <p>We welcome further definitions of the concept of “credibility” for other sustainability topics, including social aspects, as well as additional elaboration in this area. Overall, we consider that, where feasible, key elements should be set out at Level 1.</p> <p>HU<br/>(Replies):</p> <p>We recommend further detailing/defining the term "credibility." "Climate credibility" can be linked to the EU Climate Law. We recommend defining "transition plan" and "transition target" in the Level 1 rule.</p> <p>IE<br/>(Replies):</p> <p>Yes, we think it would be important for credibility principles to be developed in Level 1.</p> <p>IT<br/>(Replies):</p> <p><b>Q9.</b> Yes, we believe that the concept of ‘credibility’ should also be further defined for other sustainability topics (i.e. social) (See question Q7).</p> <p>LT<br/>(Replies):</p> <p>We are open to extending the concept of “credibility” beyond climate to other sustainability topics, including social topics, and we note that several Member States supported at least exploring this further. At the same time, we also recognise the concerns expressed in the discussion about overloading Level 1</p> |

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|           | <p>and the lack of a climate-like common benchmark for many non-climate topics.</p> <p>For that reason, we would support a proportionate and process-based approach, but with a cautious design. If addressed in Level 1, this should be limited to high-level minimum principles (rather than detailed topic-specific criteria), such as:</p> <ol style="list-style-type: none"> <li>1. Clarity of the objective and theory of change,</li> <li>2. Measurable indicators and progress monitoring,</li> <li>3. Governance and accountability arrangements,</li> <li>4. Transparency on scope, assumptions and limitations.</li> </ol> <p>Further topic-specific detail (including social aspects) could then be developed later through Level 2 or supervisory guidance, once implementation experience is available.</p> <p>LU<br/>(Replies):</p> <p><u>LU</u><br/>In line with the principles of the Commission’s action plan on “better regulation” of 2024 and the conclusions of the Council (ECOFIN) dated 12 December 2025, the Level 1 text shall already set forth with sufficient clarity all the key principles and concepts necessary to fully understand and comply with the regulation. The essential elements of an area shall be reserved for the legislative act and accordingly shall not be the subject of a delegation of power.</p> <p>LV<br/>(Replies):</p> <p>We support the idea of defining credibility more broadly, to include social topics as well as climate. Clearer definitions are needed at Level 1.</p> <p>NL<br/>(Replies):</p> |

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|  | <p>No further comments.</p> <p>PT<br/>(Replies):<br/>Yes, the concept of ‘credibility’ could also be further defined for other sustainability topics (i.e. social) as long as it is clarified. That clarification can be made through process-based principles at Level 1.</p> <p>RO<br/>(Replies):<br/>No strong opinion, but we could support that the concept might be taken into consideration for other sustainability topics.</p> <p>SE<br/>(Replies):<br/>Yes, that would be much welcomed, in the spirit of better regulation and simplification.</p> <p>SK<br/>(Replies):<br/>We feel some uncertainty when including the other sustainability topics (e.g. social) into the financial products of sustainable and transition category, as all the concept is mainly environmental.</p> |
| <p>Q10. Do you agree with the obligation to combine ‘engagement’ with other approaches, or do you believe it should be an eligible investment approaches on its own?</p> | <p>AT<br/>(Replies):<br/>Yes, we support a combined approach. In the Austrian Ecolabel, engagement is also an overarching mandatory requirement, that does not constitute sustainability on its own.</p> <p>BE<br/>(Replies):</p>  |

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|           | <p>We consider that an engagement strategy alone should not be regarded as a sufficient approach, as it primarily represents an ex-post assessment. To avoid inconsistencies, a credible sustainability related engagement strategy should be clearly defined and embedded within the framework.</p> <p>BG<br/>(Replies):</p> <p>BG: We do not have a position at this stage if this strategy should be a standalone approach or to be combined. However, in our view there should be no obligation for this category to apply this approach as this could not be applicable for small providers, passive strategies etc.</p> <p>CZ<br/>(Replies):</p> <p>CZ: We have no strong opinion.</p> <p>DE<br/>(Replies):</p> <p>Yes.</p> <p>DK<br/>(Replies):</p> <p><b>We support a strong focus on engagement and believe it should be an eligible investment approach on its own to promote the use hereof.</b> We therefore agree to delete the requirement to combine it with points (a) to (d) or (h), provided that the following wording - describing when an engagement strategy can qualify as ‘credible’ - is kept: I.e. when <i>”targeting specific changes with defined milestones and measured with reference to those targets and milestones, and integrating escalation actions in case the expected changes do not happen”</i>) We remark that second subparagraph of article 7 already allows for different investment approaches to be combined (cf. the</p> |

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|           | <p>wording “<i>any of the following</i>”) and thus, engagement is not precluded as a tool in other approaches as well.</p> <p>ES<br/>(Replies):</p> <p><b>We agree with the obligation to combine engagement with other investment approaches.</b> Engagement alone, without any underlying alignment criterion, provides insufficient guarantees of integrity for the transition category — it does not in itself ensure that investments are on a credible transition pathway, and its outcomes are inherently uncertain and difficult to verify. Requiring combination with at least one other approach is therefore a reasonable safeguard which can even mitigate greenwashing risks. <b>However, we would caution against making engagement a mandatory element of the transition category for all products.</b> There are situations where engagement may not be feasible in practice, in particular for passive investment strategies where the scope for direct engagement is structurally limited, or where the scale and nature of the portfolio make systematic engagement disproportionate. A blanket mandatory requirement would raise proportionality concerns and could exclude investment approaches that genuinely contribute to the transition objective.</p> <p><b>Engagement should therefore be recognised as an important and encouraged approach within the transition category,</b> available in combination with other criteria, but not as a compulsory requirement in all cases.</p> <p>FR<br/>(Replies):</p> <p>The value added of engagement combined with other approaches seems limited in our regard. It could be developed as such:</p> |

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|           | <p>i) Engagement and voting (also known as Stewardship should not be an eligible investment approach on its own.<br/>Engagement and voting should play a more prominent role in the Transition category. This is essential to ensure the transformational impact of the category and justifies the broad spectrum of eligible assets. Engagement and voting should be embedded as a transversal requirement, similar to exclusions or disclosure on indicators.<br/>It would also be a mean to ensure regulatory consistency as most FMPs are already subject to the Shareholder Rights Directive II (SRD2). Under SRD2, FMPs report annually on their shareholder engagement and voting strategy, albeit on a “comply or explain” basis. To strengthen accountability, we propose:</p> <ul style="list-style-type: none"> <li>- requiring Transition products to be built on a credible engagement and voting policy aligned with the objective of the product, with disclosure to the end-investor,</li> <li>- applying these requirements at entity-level (to avoid costly duplication and streamline reporting) or optionally at fund level.</li> </ul> <p>A similar approach is found within the UK SDR regime.</p> <p>ii) A targeted and proportionate approach to Engagement and voting could be introduced.</p> <p>To support the transition, we favour a requirement to disclose the percentage of Assets Under Management (AUM) subject to engagement, and the sectors in which they operate ;<br/>This would contribute to ensure active engagement and voting, while remaining operational for market participants and based on a methodology already tested through one of our national sustainable finance labels.</p> <p>GR<br/>(Replies):</p> |

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|           | <p>EL: Combining engagement with other investment approaches supports the credibility and robustness of transition- related strategies. Engagement being used as an approach on its own may rise concerns, as combining it with other metrics helps ensure that engagement activities are accompanied by measurable objectives and contribute to the overall integrity of the transition category.</p> <p>HR<br/>(Replies):<br/>We agree with the obligation to combine engagement with other investment approaches.</p> <p>IE<br/>(Replies):<br/>We support combining engagement with other criteria, as having credible engagement gives credibility to other requirements.<br/>We do not support engagement as an eligible investment approach on a standalone basis as engagement on its own does not necessitate the investee company taking any action on foot of the engagement and so may not deliver any actual outcome that is consistent with the Transition Category.</p> <p>IT<br/>(Replies):<br/><b>Q10.</b> In our view, engagement should not be considered an investment approach eligible on its own. Engagement activities, while important, may not be sufficient to demonstrate a measurable contribution unless combined with other robust investment approaches and supported by clear objectives, milestones and escalation processes. In this respect, as mentioned under Q6, we favor approaches or best-efforts strategies anchored to even partial alignment with the EU Taxonomy or based on international standards (e.g. ICMA, CBI, etc.).</p> <p>LT</p> |

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|           | <p><b>(Replies):</b></p> <p>We think engagement is a valuable stewardship tool, but it is also the approach most exposed to narrative-driven claims. We therefore align with the Member States that considered engagement insufficient as a standalone basis for the Transition category.</p> <p>To our understanding requiring engagement to be combined with other approaches would help ensure that transition claims are grounded in measurable strategy elements (such as credible transition plans, science-based targets, taxonomy alignment or portfolio-level targets). This would improve comparability across products and help investors understand what the product is actually aiming to achieve. The Regulation (or Level 2/guidance) should clarify what “combined” means in practice, as this was also identified as a practical concern in the discussion.</p> <p>We would only support engagement as a standalone eligible approach if strict minimum safeguards were introduced, such as time-bound milestones, clear escalation steps and regular reporting on outcomes and progress.</p> <p>LV</p> <p><b>(Replies):</b></p> <p>We don't believe that engagement should be a standalone investment approach. Further clarification is needed on minimum principles and KPIs.</p> <p>NL</p> <p><b>(Replies):</b></p> <p>Engagement should not be used as a standalone strategy, but rather as a supporting element alongside a clear investment approach that is grounded in the transition plans of the underlying companies.</p> <p>PT</p> <p><b>(Replies):</b></p> |

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|   | <p>In our view, the obligation to combine ‘engagement’ with other approaches does not bring a discernible benefit, and unnecessarily constrains the capacity of Financial Market Participants to create innovative financial products that contribute meaningfully to the transition to a sustainable economy.</p> <p>As such, Portugal believes that investments with a sustainability-related engagement strategy should qualify on a stand-alone basis to contribute to meeting the proposed 70% threshold.</p> <p>RO<br/>(Replies):</p> <p>We do not support the classification of commitment as an eligible standalone approach, because it is a tool, does not guarantee results, and can be used formally without any real impact.</p> <p>Therefore, we believe that commitment must be combined with measurable targets, exclusion criteria, or transition pathways</p> <p>SE<br/>(Replies):</p> <p>We are assessing the issue but preliminary, we tend to believe that the combination should be kept, as it makes the requirement stronger.</p> <p>SK<br/>(Replies):</p> <p>We are not clear about the concept of “engagement”.</p> |
| <p>Q11. Do you think any other term should be further defined at level 1?</p> | <p>AT<br/>(Replies):</p> <p>We support a definition in Art. 2 and possible reference to existing legal definitions of “(credible) transition plan”, “(credible) science-based targets” and “(credible) transition target” (Art. 8 (2) lit. c, d and f). Also, the term “over</p>  |

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|           | <p>time” is quite vague. Therefore, it might be useful to further specify with reference to a concrete period?</p> <p>BE<br/>(Replies):</p> <p>As already noted, we believe that, to the extent possible, key definitions should be set out at Level 1 in order to ensure consistency across the framework. In particular, terms such as “impact” and “pre-set impact theory” would benefit from further clarification. Providing illustrative examples for each criterion could also help enhance clarity and support a more consistent application.</p> <p>CZ<br/>(Replies):</p> <p>CZ: Not at the moment.</p> <p>DK<br/>(Replies):</p> <p>-</p> <p>FI<br/>(Replies):</p> <p>Insofar as further clarifications and definition is possible, should also other more ambiguous terms be defined at L1. Such terms include for example credible transition plan, proper justification, other investments, pre-set impact theory.</p> <p>HR<br/>(Replies):</p> |

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|           | <p>Throughout our responses to other questions, we have highlighted certain concepts and elements that, in our view, would benefit from further clarification to ensure consistent interpretation and application.</p> <p>IT<br/>(Replies):</p> <p><b>Q11.</b> In general, terms should be clearly defined at Level 1 as much as possible.<br/>It would also be helpful to provide greater detail on the treatment of general- purpose sovereign bonds across the different classifications, as well as, as mentioned under Q6, on sovereign green bonds that are only partially aligned with the EU Taxonomy or/and that adhere to internationally recognised standards such as ICMA and CBI.</p> <p>Furthermore, we consider that further guidance is necessary regarding the remaining 30% of investments, in order to ensure legal certainty, consistent implementation, and supervisory convergence, and to avoid the risk of divergent interpretations across jurisdictions and inconsistent product outcomes (for example by clearly stating that exclusion criteria should be applied to the overall portfolio).<br/>Indeed, clarification would be useful on the criteria and limits applicable to the 30% portion, including its interaction with the mandatory exclusions and the obligation to identify and disclose principal adverse impacts, as well as on the treatment of asset classes that are typically expected to fall within the 30% (e.g., cash buffers, hedging instruments, and similar holdings).</p> <p>LT<br/>(Replies):</p> <p>-</p> <p>LU</p> |

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|           | <p>(Replies):</p> <p><b>LU</b><br/>                     The concept of a “sustainability-related indicator” should also be defined within the Regulation. Such a clarification would enhance the overall comprehensiveness and legal certainty of the framework, in line with existing defined concepts such as “sustainability risk” and “sustainability factors”.</p> <p><b>LV</b><br/>                     (Replies):<br/>                     After removing the definition of 'sustainable investment', we see that the new proposal includes much more prescriptive requirements around permitted and excluded investments in each product category. However, there is room for interpretation in the evaluation of criteria, which is either too open to interpretation to ensure supervisory convergence or insufficient to prevent greenwashing.</p> <p><b>NL</b><br/>                     (Replies):<br/>                     No further comments.</p> <p><b>PL</b><br/>                     (Replies):<br/>                     PL: Yes, it is not clear how the 70% threshold should be calculated. Should the 70% be met at a specific point in time (e.g., at year-end), or over a period, such as throughout the entire investment period? Should it, for example, be calculated as an average over the period, or on a quarterly basis?</p> <p>If the 70% threshold only needs to be met at year-end, this could potentially lead to greenwashing. We have faced similar concerns under the current binding SFDR requirements.</p> |

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|   | <p>The same uncertainty applies to the ESG promotion category (Article 8) and the ESG sustainable investment category (Article 9). The methodology for calculating the 70% threshold should be clearly defined either within the SFDR itself or in the SFDR Delegated Act.</p> <p>PT<br/>(Replies):</p> <p>N/A</p> <p>RO<br/>(Replies):</p> <p>For the consistency, other term should be also defined in level 1.</p> <p>SE<br/>(Replies):</p> <p>The terms “<i>credibly contribute</i>” and “<i>proper justification</i>” in art.7 (2)(h) requires further clarity. Regarding provisions on disclosures, art.7(3): The reference to “<i>underperforming assets</i>” is confusing. Under what circumstances can assets underperform “in terms of the objective”?</p> <p>As other MS mentioned, the term “<i>other investments</i>” also requires clarification - does this include products outside SFDR scope? This should be addressed at Level 1.</p> <p>SK<br/>(Replies):</p> <p>We would prefer better definition for “engagement”.</p> |
| <p>Q12. Do you agree with the investment approaches listed? If not, please explain why.</p> | <p>AT<br/>(Replies):</p> <p>We generally agree with the investment approaches and metrics for ESG basics. However, the catch-all clause weakens the approach to a certain extent and would benefit from a clearer description or minimum standards.</p>  |

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|           | <p>BE<br/>(Replies):<br/>In general, we agree with the investment approaches listed in article 8(2), but suggest to further clarifying some of the terms used in the paragraph.</p> <p>CZ<br/>(Replies):<br/>CZ: Yes, we agree with the list in principle.</p> <p>DE<br/>(Replies):<br/>We generally agree with the investment approaches but would welcome further guidance on how to safeguard against indicator cherry picking.</p> <p>DK<br/>(Replies):<br/><b>For the ESG Basics category, we are concerned that the list of investment approaches is too broad and open</b>, and that it will potentially risk continuing the challenges we have experienced with products currently disclosing according to article 8 in SFDR 1.0.</p> <p>For example, the proposal leaves it to the FMP to freely define an “<i>average investment universe</i>” and determine when an investment “<i>will favour undertakings that have a proven positive track record</i>”. If the elements of the list continue to be this vaguely defined, and if the different approaches can also be combined in several ways, <b>we are concerned that the interpretation will become too fragmented across member states and that the ESG Basic Category will become a ‘catch-all’ category containing products which only have minimal ESG focus.</b></p> |

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|           | <p>We find it very important to narrow the investment strategies for the ESG Basic Category to make sure a product within this category actually integrates sustainability factors in a meaningful way. When a FMP can just cherry pick which investments to compare their products with (cf. letter b) and thereby qualifying for a category by only “<i>outperforming the average investment universe</i>”. In our view, this could lead to greenwashing risks.</p> <p>As a response to the Commission ask for reactions to the national translations of the category names, we would like to remark that the Danish translation of “ESG Basic” signals a higher level of sustainability than what investor can expect, as “basics” is translated into a word similar to “fundamental” which is not corresponding to the actual content of the criteria.</p> <p>Furthermore, we agree with other Member States that “ESG” is not necessarily a term perceived differently, or less sustainable, than “sustainable”. In our view, to have a distinction between these two terms, ESG and sustainable, might confuse investor even more, as both terms can cover all sustainability factors. For that reason, it is important that it is always presented in combination with the word “basic”. Despite of this, we are not convinced that this is sufficiently capable of hindering misleading of investors. <b>We therefore suggest reconsidering the “ESG”-part of the name of the article 8 category as well for it not to be “mis”associated with sustainable contribution.</b> Especially, if the acceptable investment strategies for article 8 are not being redrafted in a more “ambitious” direction.</p> <p>ES<br/>(Replies):</p> <p>We consider that the overall approach taken under the contribution pillar in Article 8(2) is reasonable. The explicit recognition of investment approaches such as ESG ratings and best-in-class methodologies is particularly welcome,</p> |

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|           | <p>as these are widely used in practice and provide a consistent and operationally sound basis for this category. The category should also remain sufficiently flexible to accommodate future methodological developments and innovation in sustainability assessment.</p> <p>FI<br/>(Replies):</p> <p>The investment approached listed leaves too much room for interpretation. For example, both <i>investment with an ESG rating that outperforms the average rating of the investment universe or the reference benchmark</i> and <i>investments that favour undertakings or activities with a proven positive track record in terms of processes, performance or outcomes related to sustainability factors</i> might lead into greenwashing if there are no further conditions or safeguards.</p> <p>FR<br/>(Replies):</p> <p>We have strong concerns on article 8)2c. Given the lack of additional guidance from the Commission and the open-ended nature of the list that allows to include private assets, we support its removal.</p> <p>More broadly, we consider the current set of criteria for the article 8 to be overly permissive. To strengthen the framework, we propose amending criteria a and b, inspired by existing sustainable finance labels across the EU, to ensure that the FMP performs a 20 % reduction of the investable universe or reference benchmark of its product, or lower threshold. The threshold could also be set at a lower level and subject to review.</p> <p>Regarding criterion (b), we also suggest requiring overperformance on two indicators. Stakeholder feedback indicates that improving performance on a single indicator, particularly when based on social themes, is easy to achieve.</p> |

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|           | <p>Those adjustment align with the objectives of the category and ensure a higher level of rigor.</p> <p>In addition to these adjustments, we are actively engaging with our industry and remain open to discussions with other Member States to explore further ways to enhance the robustness of this category for reasons of product credibility vis-à-vis investors, especially retail.</p> <p>GR<br/>(Replies):</p> <p>EL: The approaches have to reflect existing market practices and support the integration of sustainability factors into investment decisions, while contributing to consistency across financial products. It is important the approaches to be linked with measurable sustainability performance and credible transition pathways.</p> <p>HR<br/>(Replies):</p> <p>We generally agree with the investment approaches listed. However, we note that the approaches appear quite divergent in terms of their level of ambition—for example, the more stringent criteria under points (a) and (b) compared to the broader and less clearly defined approaches under points (c) and (e). This may create an incentive for product manufacturers to rely on the least demanding options, such as point (e) (“other” investments) or, to some extent, point (c), particularly where key concepts are not sufficiently specified.</p> <p>IE<br/>(Replies):</p> <p>We support the general investment approaches, but perhaps it could be even more ambitious to deliver the overall outcomes needed.</p> |

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|           | <p>IT<br/>(Replies):</p> <p><b>Q12.</b> We generally agree with the investment approaches identified; however, further clarifications are required on specific, significant, aspects, (please refer to Q6 paragraph and to the following questions). Furthermore, exclusions should be considered for the remaining 30% and 85% of the portfolio.</p> <p>LT<br/>(Replies):</p> <p>We think the listed investment approaches for the ESG Basics category are appropriate and sufficiently cover the main ways financial products integrate ESG considerations in practice. This appears broadly aligned with the views expressed by many Member States, which generally accepted the list as a workable basis while raising further questions on definitions, thresholds and investor communication.<br/>At this stage, we do not propose adding additional approaches at Level 1.</p> <p>LU<br/>(Replies):</p> <p><u>LU</u><br/><u>LU</u> generally agrees to the proposed approach.</p> <p>LV<br/>(Replies):</p> <p>Investment approaches should be clear and aligned with existing regulatory frameworks, as vague approaches undermine the credibility of the entire system. Investment approaches should be applicable to all market segments, to avoid excluding them from sustainability categories.</p> |

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|           | <p>NL<br/>(Replies):<br/>The Netherlands is open to the proposed investment approaches under the ESG-basics category, as long as they remain workable and the required level of ambition is maintained.</p> <p>PL<br/>(Replies):<br/>PL_12: In principle, we agree. However, we would like to highlight the importance of clarifying concepts such as <i>the investment universe</i>, <i>the reference benchmark</i>, and <i>the proven track record</i>.</p> <p>PT<br/>(Replies):<br/>Firstly, as requested by the Commission, regarding the Portuguese translation of the name of the ESG Basics category, we consider that the current translation does not adequately convey the idea of basic or minimum efforts. The Portuguese designation currently used (“Categoria de elementos fundamentais ASG”) translates directly as “Category of fundamental ESG elements” which, in our view, implies a more advanced or essential level rather than a baseline one.<br/>Accordingly, we believe it would be preferable to adopt a translation that more closely reflects the original meaning of the category, such as “Categoria de básicos ASG” or “Categoria de elementos básicos ASG.”<br/><br/>With that said, Portugal generally agrees with the investment approaches listed in Article 8(2), from points (a) – (d).</p> <p>RO<br/>(Replies):<br/>We agree with the investment approaches listed.</p> |

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|           | <p>SE<br/>(Replies):</p> <p>Not really, too much focus is put on “<i>best-in class</i>” strategies in the ESG Basics category, as the text stands.</p> <p>Products that are best in class don’t necessarily make any contribution to sustainability, they are just outperforming other products. If this approach is to be kept, it should at least be combined with more ambitious exclusion strategies.</p> <p>The approach proposed by the Commission mainly suits listed equity. In Sweden, traditional life insurance products typically hold significant allocations in unlisted and real assets (see above). As noted under Q2, these products face categorisation barriers due to their diversified asset composition. We believe that at least art.8 should be adapted to open for these asset classes to be categorised. We are currently discussing with our insurance industry how to include investment approaches for the ESG Basic category that also would allow for these kinds of assets.</p> <p>In Article 7.2c, the provision of a “<i>proven positive track record</i>” in terms of “processes” seems too vague/weak and could allow for greenwashing.</p> <p>Also, we suggest that it is clarified that the “<i>other investments</i>” in this case could include an ambitious exclusion strategy (beyond the exclusions already required), such strategy is used by many Swedish FMPs.</p> <p>Regarding the specific issue of the name of the categories, one approach could be the following:</p> <p>Transform “<i>ESG Basics</i>” to “<i>Sustainable Light</i>” while “<i>Sustainable</i>” and</p> |

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|  | <p>“Transition” would be kept as is.<br/>                     This would better show the different levels of ambition between the products categorized under art.8 and art.9 and better single out the “Transition” category from the two other categories.</p> <p>SK<br/>                     (Replies):</p> <p>In general, we agree with the investment approaches listed. Concerning the ESG basics category another name of the category could be considered or “ESG” could be added to the other categories naming.</p>  |
| <p>Q13. Do you believe the approaches are sufficiently defined or do you support adding more conditions/details at level 1 and if so, for which concepts / topics?</p> | <p>AT<br/>                     (Replies):</p> <p>We are of the opinion that further clarifications are necessary in order to avoid divergences in interpretation. Should rating outperformance according to lit. a be permitted at the portfolio or average level, particularly given that it would be practically impossible in index replication strategies if each individual holding were required to outperform the average? The term “investment universe” could also give rise to ambiguity. Also, the concept of “proven positive track record” and “appropriate sustainability indicator” in lit b and lit c need further clarifications. In our opinion FMPs should disclose that a positive track record has been demonstrated by using commonly accepted indicators, to avoid greenwashing. The same applies to appropriate sustainability indicators.</p> <p>BE<br/>                     (Replies):</p> <p>We welcome any clarification of the terms used in the criteria, including “appropriate sustainability indicator,” “proven positive track record,” and “proper justification,” as this would contribute to greater consistency and transparency.</p> |

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|           | <p>With regard to the first criterion, we suggest reconsidering the reference to the average rating of the investment universe and instead introducing a requirement that the benchmark used for comparison have a mandatory ESG character.</p> <p>In addition, we believe that a dedicated paragraph addressing investments in issuances by public sector bodies would be beneficial, in line with the approach adopted for the Article 7 and Article 9 categories.</p> <p>CZ<br/>(Replies):<br/>CZ: Yes, we consider them as sufficiently defined.</p> <p>DE<br/>(Replies):<br/>We have some concerns when it comes to cherry picking of indicators for certain investments. Most companies will be able to outperform the average investment universe in some regard.</p> <p>With regard to ESG ratings it could be worthwhile to explore whether a tighter link to the ESG ratings regulation should be included (i.e. only ESG-ratings provided by undertakings regulated under ESG RR) and whether this would unduly narrow the product universe.</p> <p>DK<br/>(Replies):<br/>Please see comment to Q12 above.</p> <p>ES<br/>(Replies):<br/>On the specific approaches listed, we would note that <b>the criteria under Article 8(2)(a) and (b)</b> — relating to ESG outperformance against an</p> |

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|           | <p>investment universe or reference benchmark — <b>should be clarified as applicable at portfolio level and not exclusively at the level of individual investments</b>. Portfolio-level assessment is the established approach in comparable sustainability frameworks, and its explicit recognition would ensure regulatory consistency without reducing the ambition of the category.</p> <p>Regarding the concept of a "<b>proven positive track record</b>", we agree that additional contextual guidance would be beneficial. At a high level, this should be understood as evidence, over a sufficiently representative period, of consistent outperformance or measurable improvement against clearly defined sustainability indicators, benchmarks or peer groups. This could include</p> <ul style="list-style-type: none"> <li>- <b>improvement in ESG scores</b>,</li> <li>- <b>alignment</b> with recognised sustainability <b>benchmarks</b>,</li> <li>- measurable <b>progress against predefined KPIs</b>, or</li> <li>- <b>external validation</b> by third parties.</li> </ul> <p>This guidance could be reflected both in the operative text and in Recital 17.</p> <p><b>A key open question in this category concerns the definition of the exclusions pillar.</b> We consider this element central to safeguarding the integrity of the category and to preventing the contribution threshold from being met in a manner that is inconsistent with its underlying objective. We note that this aspect has not yet been addressed in the Working Party discussions and consider it a priority for future sessions.</p> <p>FI<br/> <b>(Replies):</b></p> <p>Additional conditions and details might be beneficial in order to avoid greenwashing.</p> <p>FR<br/> <b>(Replies):</b></p> |

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|           | <p>On Q13, we believe clarification is needed on “investment universe or the reference benchmark” (art. 8)2a and 8)2b). The current framework is unclear and risks misinterpretation.</p> <p>GR<br/>(Replies):</p> <p>EL: The approaches must provide a useful framework for the ESG basics category. A clear and consistent understanding of certain technical concepts will support effective implementation across financial products. It is important the approaches to be linked with measurable sustainability performance and credible transition pathways.</p> <p>HR<br/>(Replies):</p> <p>We consider that further clarification at Level 1 would be beneficial for certain concepts.<br/>We would welcome a clearer definition of what constitutes a “proven positive track record”. In addition, we see an issue with the use of the term “investment universe” as a basis for performance assessment, except in cases where a specific benchmark or rating level is explicitly defined and disclosed in the product’s investment strategy.<br/>As it stands, the notion of an “investment universe” may be interpreted too broadly and cannot be sufficiently precise without more concrete criteria. Therefore, additional clarification—either at Level 1 or Level 2—would be necessary to ensure consistent interpretation and application. We would appreciate further clarification on the rationale for requiring outperformance of the benchmark.</p> <p>HU<br/>(Replies):</p> |

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|           | <p>As a supplementary strategy, exclusion policy can also be included here, in addition to the basic requirements. However, it is definitely recommended to elaborate on the approaches, define them more precisely, and establish more specific expectations at Level 2.</p> <p>IE<br/>(Replies):</p> <p>While we note that an extra degree of robustness is introduced by the exclusion criteria, the contribution criteria still appear to be light, and similar to Italy on the further definition needed with regard to out perform the average. We believe that more details can be added in relation what a proven positive track record means.</p> <p>In relation to the drafting, we would suggest reviewing the inclusion of “processes” and if this should be deleted from new Article 8(2)(c). Processes are often not public so could be difficult to evidence. In addition, similar to the response on engagement activities, the focus should be on delivering outcomes or performance, and not on process.</p> <p>IT<br/>(Replies):</p> <p><b>Q13.</b> As general remark we point out that the definitions of Articles 7, 8 and 9 products include references to some criteria that are too open and vague, potentially leaving room for approaches that are not sufficiently robust and, ultimately, for circumvention.</p> <p>Having specific regard to art. 8 products, in our opinion:<br/>                     - as regard the ESG rating strategy, there should be a minimum ESG rating threshold for each investment to be qualified as eligible;</p> |

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|           | <p>- the expression “<i>outperform the average performance of the investment universe</i>” is overly vague, hence, it is necessary to provide specific criteria to define the investment universe;</p> <p>- the reference to “<i>appropriate sustainability indicators</i>” should be redrafted as “<i>appropriate sustainability indicators, consistent with the fund's strategy and objectives</i>”;</p> <p>- the reference to the “<i>proven positive track record</i>” should be better defined in order to avoid possible inconsistency practices.</p> <p>LT<br/> <b>(Replies):</b><br/>                     We think the ESG Basics category should remain relatively light at Level 1 in order to preserve the simplification objective.<br/>                     At the same time, we note that several Member States raised concerns about the risk of broad interpretation and inconsistent application if key boundaries are not sufficiently clear. For this reason, we would strongly support targeted clarification at Level 1 for a clearer boundary between products where ESG characteristics are genuinely central to the investment strategy (ESG Basics) and products where ESG-related elements are only peripheral (Article 6a / non-centrality). This distinction is important to reduce market confusion and supervisory divergence. More detailed conditions and technical requirements for the ESG Basics approaches could be developed at Level 2.<br/>                     This is particularly important for the Lithuanian market, where we expect ESG Basics to capture a large share of now Article 8 products offered (including pension funds and mainstream UCITS / collective investment funds), so the criteria need to be clear and predictable for both market participants and supervisors.<br/>                     We would also like to flag a practical point regarding the label “ESG Basics”. In Lithuanian, the current translation appears to introduce an additional</p> |

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|           | <p>interpretative element (rather than reflecting the original label more directly), which may affect how the category is understood by the market and investors. A more direct translation (equivalent to “ESG basic”) may be possible, but it is not yet clear how such wording would be understood in practice by market participants and retail investors. In our view, this should be addressed through coordination with translators and practical testing with the market, in order to ensure that the final national-language wording is clear, neutral and consistent with the intended meaning of the category.</p> <p>LU<br/>(Replies):</p> <p><u>LU</u><br/>LU expresses a reserve for further scrutiny.</p> <p>LV<br/>(Replies):</p> <p>We have identified issues relating to the vagueness of key concepts, the lack of precision in investment approaches and the risk of inconsistent implementation.</p> <p>NL<br/>(Replies):</p> <p>For the ESG basics category, workability remains crucial, particularly for pension funds. Minimum criteria, clear definitions, and clear boundaries are essential to safeguard consistency and prevent greenwashing. Therefore, Article 8, in combination with Article 9a, should remain unchanged in its current form. Additions are welcome only insofar as they do not alter the fundamental idea or intent of the articles.</p> <p>PL<br/>(Replies):</p> <p>PL_13: In our view, leaving the definition at Level 2 may create regulatory uncertainty and the risk of divergences between supervisory authorities.</p> |

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|   | <p>PT<br/>(Replies):<br/>We would like to seek further clarification on Article 8(2)(c), which refers to a “proven positive track record.” As noted by some Member States during the most recent Council Working Party, past performance does not constitute a guarantee of future results. In this context, we consider it important to define clear metrics and KPIs to enable a consistent and objective assessment of such a track record.</p> <p>RO<br/>(Replies):<br/>We are still analyzing, we do not have a final position, but in principal we can agree with the list. As regard the Romanian translation, we will check and we will revert to you in writing.</p> <p>SE<br/>(Replies):<br/>More details should be put at level 1.</p> <p>SK<br/>(Replies):<br/>Art. 8 (2) allows relatively broad interpretation therefore better specification would help to prevent greenwashing.</p> |
| <p>Q14. Do you agree with the investment approaches listed? If not, please explain why.</p> | <p>AT<br/>(Replies):<br/>Yes, we agree with the investment approaches and metrics for the sustainable category. However, the distinction between “Sustainable” and “Transition” must be clear enough to ensure that identical strategies are not formally classified differently (PAB issue).</p>   |

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|           | <p>BE<br/>(Replies):<br/>Overall, we agree with the proposed investment approaches; nevertheless, we believe that they would benefit from further clarification.</p> <p>CZ<br/>(Replies):<br/>CZ: Yes, we agree with the list.</p> <p>DE<br/>(Replies):<br/>We generally agree with the listed approaches.</p> <p>DK<br/>(Replies):<br/>Preliminarily, we believe that the list of investment approaches for the sustainable category is clear and sufficient. We find this category largely based on experience with the current article 9 and 2(17) under SFDR 1.0.</p> <p>ES<br/>(Replies):<br/>We broadly agree with the investment approaches listed in Article 9(2). The combination of approaches reflects the diversity of sustainable investment strategies and provides a coherent framework anchored in well-established EU instruments. However, we have some specific comments that will be explained in Q15.</p> <p>FI</p> |

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|           | <p>(Replies):</p> <p>In a general level, the listed investment approaches seem to be appropriate.</p> <p>FR</p> <p>(Replies):</p> <p>On Q14, we suggest rewording on criteria 9)2.a. to clarify “managed in reference to” and 9)2.g. See our comment Q6.</p> <p>GR</p> <p>(Replies):</p> <p>EL: The investment approaches listed provide an appropriate basis for the sustainable category. These approaches reflect established sustainability standards and support the credibility and consistency of sustainable investment strategies. We note that the proposed approaches have to facilitate the industry to implement and enhance the transition.</p> <p>HR</p> <p>(Replies):</p> <p>Yes, we can agree. We caution the approach under (2) (g) needs thorough elaboration and criteria setting.</p> <p>IE</p> <p>(Replies):</p> <p>Yes, we agree with the approaches listed for this category.</p> <p>IT</p> <p>(Replies):</p> <p><b>Q14.</b> We generally agree with the investment approaches identified; however, further clarification is required on specific, significant, aspects (please refer to Q6 and the following questions).</p> |

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|           | <p>Furthermore, exclusions should be considered for the remaining 30% and 85% of the portfolio.</p> <p>LT<br/>(Replies):</p> <p>We think the investment approaches listed for the Sustainable category are appropriate. This category should remain the strictest one and should carry forward the strongest features of the current Article 9 regime, providing a high level of comparability and investor confidence. We do not propose adding additional approaches at this stage; the key priority is to ensure that the listed approaches are applied consistently and are clearly understood by the market.</p> <p>LU<br/>(Replies):</p> <p><u>LU</u><br/><u>LU</u> generally agrees to the proposed approach.</p> <p>LV<br/>(Replies):</p> <p>In our opinion listed investment approaches are insufficiently standardised and lack mandatory indicators. For example, products can claim the same Article 9 categorisation while applying fundamentally different approaches that are not adequately aligned with the broader sustainable finance framework.</p> <p>NL<br/>(Replies):</p> <p>The Netherlands is open to the proposed investment approaches under the sustainable category, as long as they remain workable and the required level of ambition is maintained.</p> <p>PL<br/>(Replies):</p> |

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|   | <p>PL_14: In principle, yes, but we would like to emphasise that our insurance institutions have pointed out that it will be difficult for insurance portfolios to reach the 70% threshold if government bonds are excluded.</p> <p>PT<br/>(Replies):<br/>Portugal generally agrees with the investment approaches listed in Article 9(2), from points (a) – (f).</p> <p>RO<br/>(Replies):<br/>We agree with the investment approaches listed.</p> <p>SE<br/>(Replies):<br/>The list is a good basis for discussion.</p> <p>SK<br/>(Replies):<br/>In general, we agree with the investment approaches listed.</p> |
| <p>Q15. Do you believe the approaches are clearly and sufficiently defined or do you support adding more conditions/details at level 1? Please elaborate.</p> | <p>AT<br/>(Replies):<br/>For “comparable assets” in Art. 9 (2) lit e, further clarifications and examples would be useful. These examples could be included in the respective recital. It is important that comparable assets are clearly defined, especially because they will classify as sustainable products.<br/>Similarly, proof of a “high level of performance in terms of sustainability standards” could be further clarified.</p> <p>BE<br/>(Replies):</p>   |

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|           | <p>In particular, additional guidance on terms such as “clear and measurable objective,” “managed in reference to an EU climate benchmark,” and “comparable assets with proper justification” would enhance consistency and understanding. With respect to the latter, we are of the view that this category should be reconsidered, as its broad and imprecise nature may lead to divergent and potentially non comparable approaches among financial market participants.</p> <p>CZ<br/> <b>(Replies):</b><br/>                     CZ: Yes, we consider them sufficiently defined.</p> <p>DK<br/> <b>(Replies):</b><br/>                     We are still interested in understanding the Commission’s reasoning behind the investment approach in letter (e) of Article 9(2) which refers to investments in assets comparable to those listed in letter (a) to (c).</p> <p>Given its wording and the existence of the open list in letter (g) of Article 9(2), we are not certain why letter (e) is necessary to include in the list as it also relies on a proper justification by the FMP. As a suggestion towards simplification, we would suggest reconsidering the inclusion of this letter (e) in order to hinder confusion with letter (g).</p> <p>ES<br/> <b>(Replies):</b><br/> <b>Two points would benefit from clarification or reinforcement.</b></p> <ul style="list-style-type: none"> <li>• First, regarding the <b>concept of "comparable assets"</b> under Article 9(2)(e), we consider this a valuable mechanism for ensuring the</li> </ul> |

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|           | <p>international operability of the sustainable category, particularly for products investing outside the EU. However, the concept requires more precise definition at Level 1 to avoid divergent interpretations and greenwashing risks. In particular, we would support an explicit reference to bonds aligned with internationally recognised standards with a sufficient level of ambition and integrity as a reference point for what constitutes "comparable" for the purposes of this provision. This would broaden the operational scope of the category in a manner consistent with its integrity requirements.</p> <ul style="list-style-type: none"> <li>• Second, we note that <b>the treatment of general-purpose sovereign bonds remains unresolved</b> in the context of the sustainable category. We refer to our comments under Q2 in this regard, and reiterate our view that a meaningful integration of sovereign bonds within the contribution pillar of Article 9 — subject to robust sustainability assessment frameworks and adequate anti-greenwashing safeguards — would strengthen the effectiveness of this category, in particular for strategies with material sovereign bond exposure.</li> </ul> <p><b>Finally, regarding impact investment, we consider it important that this concept be addressed in forthcoming Working Party discussions.</b> Spain has submitted a more detailed proposal for a definition of impact investment that provides greater operational precision than the current text, which we would invite delegations to consider as a contribution to that discussion.</p> <p>FR<br/> <b>(Replies):</b></p> <p>On Q15, we support additional details regarding “comparable assets” (9)2e.</p> <p>GR<br/> <b>(Replies):</b></p> |

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|           | <p>EL: The approaches provide a useful framework for the sustainability category. A clear and consistent understanding of certain technical concepts will support effective implementation across financial products.</p> <p>HR<br/>(Replies):<br/>We would welcome clarification on what does the term "comparable assets" stands for? This term should be rewritten and made more concrete. Also, could you please specify what does it mean "co-investments".</p> <p>HU<br/>(Replies):<br/>It is definitely recommended to elaborate on the approaches, define them more precisely, and set more specific expectations at Level 2.</p> <p>IE<br/>(Replies):<br/>Yes, this category is sufficiently well defined</p> <p>IT<br/>(Replies):<br/><b>Q15.</b> In line with the general remark pointed out in Q13, we note that the reference to 'comparable assets' in art. 9 is too generic. An equivalent framework should be defined or the provision should be removed.</p> <p>LT<br/>(Replies):<br/>We think the Sustainable category should remain the most stringent and should be anchored in clear, enforceable Level 1 conditions. While we support keeping technical templates and detailed calculations at Level 2, we also see a</p> |

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|           | <p>need to clarify a limited set of concepts at Level 1 to reduce interpretative divergence and strengthen legal certainty.</p> <p>In particular, we would support clarifying the term “proper justification”. This concept is likely to be interpreted differently across market participants and supervisory authorities. Clarifying it – at least through minimum principles – would reduce inconsistent market practices and supervisory fragmentation. Some Member States also mentioned “comparable assets” – clarifying such concepts at Level 1 would reduce inconsistent market practices and supervisory fragmentation, while technical detail could still be left to Level 2. We also note that the 15% Taxonomy safe harbour threshold may become harder to reach in practice as the pool of issuers providing reliable Taxonomy data is expected to shrink with mandatory reporting increasingly limited to the largest companies. This could reduce data coverage in diversified portfolios and make the safe harbour less usable for many financial products.</p> <p>LU<br/>(Replies):</p> <p><u>LU</u><br/>LU expresses a reserve for further scrutiny.</p> <p>LV<br/>(Replies):</p> <p>For clearer definitions, we suggest mandatory minimum indicators, defined exclusion rules, clarified thresholds, transition requirements, social criteria and explicit rules for multi-option products and sovereign debt.</p> <p>A classification system cannot function if financial market participants self-select indicators and justify their own methodologies, as this risks making the categorisation system unworkable, incomparable and unenforceable.</p> <p>NL<br/>(Replies):</p> |

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|  | <p>In the sustainable category, we are generally positive. However, we would like to address the need for greater clarity and explanation in the operative text, to prevent divergent interpretations and mitigate greenwashing risks.</p> <p>PL<br/>(Replies):</p> <p>PL_15: In our view, imprecise terms (such as <i>comparable assets</i>, <i>proper justification</i> and <i>portfolio reference</i>) should be clarified at Level 1 in order to reduce the risk of inconsistent interpretation.</p> <p>PT<br/>(Replies):</p> <p>For Portugal, it would be important to clarify what is meant by “comparable assets”, which are mentioned in article 9(2)(e).</p> <p>SE<br/>(Replies):</p> <p>More details should be put at level 1.<br/>In general (Articles 7–9), we believe that the term ‘<i>other investment</i>’ needs to be clarified to minimize the risk for greenwashing, this should preferably be done at level 1. The term ‘<i>proper justification</i>’ also needs clarification.</p> <p>SK<br/>(Replies):</p> <p>We do not oppose the Art. 9 (2).</p> |
| <p>Q16. Do you agree with the Commission’s objective not to introduce a new definition of sustainability (i.e. avoiding reintroducing a sustainable investment-like definition/concept)?</p> | <p>AT<br/>(Replies):</p> <p>Yes, we agree.</p> <p>BE<br/>(Replies):</p>  |

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|           | <p>We are supportive of the approach of not introducing a new definition of sustainability or of what constitutes a sustainable investment.</p> <p>CZ<br/>(Replies):<br/>CZ: Yes, we agree here.</p> <p>DE<br/>(Replies):<br/>Yes.</p> <p>DK<br/>(Replies):<br/>Yes. In our view, introducing a new definition would risk complicating the interpretation and application of the framework.</p> <p>ES<br/>(Replies):<br/>We agree with the Commission's objective not to introduce a new definition of sustainability. The concept of "sustainability matters" as established under the CSRD already provides a sufficiently broad and coherent reference framework. Reintroducing a parallel definition within SFDR would risk creating <b>interpretative divergence</b> across the sustainable finance regulatory framework. The focus should be on ensuring <b>consistency with existing concepts</b> rather than adding new definitional layers.</p> <p>FI<br/>(Replies):<br/>Yes, we should avoid introducing new definition of sustainability / sustainable invest. The sustainable finance framework should aim for clarity and therefore multiple and possibly contradicting/inconsistent definition should be avoided.</p> |

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|           | <p>FR<br/>(Replies):<br/>We support the removal of this definition.</p> <p>GR<br/>(Replies):<br/>EL: The objective of avoiding the introduction of a new definition of sustainability provides an appropriate basis for ensuring consistency and coherence within the existing framework.</p> <p>HR<br/>(Replies):<br/>We are of the view that introducing a horizontal definition of sustainability would risk recreating the interpretative complexity and supervisory divergence experienced under the current “sustainable investment” concept. The experience with Article 2(17) demonstrates that abstract definitions are difficult to operationalise and tend to generate inconsistent application across Member States. A more appropriate approach is to maintain the category-based structure and avoid establishing a new overarching definition, while reinforcing clear minimum requirements directly in Level 1.</p> <p>IE<br/>(Replies):<br/>We agree that it is not necessary to introduce a new definition of sustainability. Further detail is necessary in respect of references to “proper justification” and what this may include.</p> <p>IT<br/>(Replies):<br/>Q16. Yes, we agree.</p> |

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|           | <p>Indeed, we understand the rationale for deleting from the SFDR the definition of sustainable investment and we agree with the alternative approach underlying the EC proposal, which aims to establish specific and objective criteria applicable to each sustainability-related financial product. Nevertheless, from the perspective of distribution, we would highlight that it may be useful considering the inclusion, somewhere in the broader EU sustainability framework, of a concept of sustainable investments (a revised and clearer concept compared to the current one). This would improve clarity on the perimeter that should be considered when offering sustainable products avoiding gaps which might be filled in by other purportedly ESG products not covered by SFDR scope (e.g., so called “ethical” products).</p> <p>LT<br/>(Replies):</p> <p>Yes, we consider this objective is the right direction. SFDR 1.0 already introduced the concept of “sustainable investment”, and the market interpreted it differently across participants and jurisdictions, which created practical challenges for consistent application and supervision. Therefore, we do not support introducing a new overarching definition of sustainability (whether linked to the taxonomy or other frameworks). We prefer to keep the concept flexible and rely on clear product categories with defined criteria and exclusions. In our experience, Lithuanian financial market participants reacted positively to this direction: the more clearly each category is specified, the easier it is for both market participants and supervisors to apply the regime consistently.</p> <p>LV<br/>(Replies):</p> <p>We do not have a strong stance on the proposal not to reintroduce 'sustainable investment', but we believe that the current wording is insufficient to provide clarity, ensure legal certainty and comparability, or enable effective supervision.</p> |

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|           | <p>We would like to stress that all ESG objectives must be clearly defined to avoid creating imbalances and legal uncertainty.</p> <p>NL<br/>(Replies):<br/>The Netherlands agrees with the Commission’s proposal not to introduce a new definition of sustainability.</p> <p>PL<br/>(Replies):<br/>PL_16: PL supports not introducing a new definition.</p> <p>PT<br/>(Replies):<br/>Portugal sees the decision to not introduce a new definition of sustainability as positive, given its lack of clarity and divergent application by the market. At the same time, we would like to underline the need to review and adjust the existing legislation that currently references Article 2(17) of the SFDR, and which has not been updated as part of the current SFDR review proposal. Relevant examples include the EU Taxonomy Regulation and the Commission’s recent proposal to amend the IORP II Directive. Ensuring alignment across these texts would enhance coherence and legal certainty in the application of sustainability-related requirements across financial products and institutions.</p> <p>RO<br/>(Replies):<br/>Yes, we support the idea of not introducing new definition of sustainability in order to avoid duplication or re-creating a parallel definition of sustainability.</p> <p>SE<br/>(Replies):</p> |

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|   | <p>Yes, the introduction of such a (new) definition should be avoided.</p> <p>SK<br/>(Replies):</p> <p>We agree with the Commission’s objective not to introduce a new definition of sustainability.</p>  |
| <p>Q17. Do you agree with the drafting of the ‘open element’?</p> | <p>AT<br/>(Replies):</p> <p>The open element should be specified in greater detail at Level 1, to avoid green washing and a misuse of the flexibility for the open list. At least key criteria (minimum standards) should be stipulated at Level 1. The catch-all element, especially for the sustainable category (Art. 9 (2) lit g) needs to be clearer or could be limited to a certain amount of investments in the overall fund. A review clause for approaches and metrics used should be included to take market practices into account after a suitable period.</p> <p>BE<br/>(Replies):</p> <p>We would encourage some caution with respect to the introduction of an “open element”, as this could potentially create room for differing interpretations and, in some cases, allow less ambitious strategies to be presented as equivalent.</p> <p>BG<br/>(Replies):</p> <p>BG: We agree as in our view flexibility is important in order to cater for innovation.</p> <p>CZ<br/>(Replies):</p> |

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|           | <p>CZ: We can see the need for such an approach so we do not oppose the drafting.</p> <p>DE<br/>(Replies):<br/>Yes.</p> <p>DK<br/>(Replies):<br/>First of all, we support the concept of an open list, as it allows FMPs to invest in other types of activities not currently anticipated. We acknowledge that it is difficult to foresee all possible contributing activities. However, using other approaches should definitely be accompanied by a detailed description of the investment strategy.</p> <p>However, we find it important to have some further clarifications regarding the open list, which refers directly to the disclosure requirements in Article 9(3):</p> <ul style="list-style-type: none"> <li>• It is our understanding that it is up to the FMP to provide a description of what constitutes a “proper justification”. However, we are still uncertain whether this description is intended to be included in the pre-contractual disclosure (limited to two pages), or whether reference can be made to supplementary documents outside the two-pager.</li> <li>• If the FMP choose the “phase-in” period for a product to reach the threshold (cf. letter (b)(iii)), we believe it is necessary to require a more detailed explanation, to avoid a “cop out” or insufficient action including proper justification for using the phase-in.</li> <li>• According to the Commission’s presentation at the last Council Working Party, the Commission intends to develop <i>two</i> sets of voluntary indicators (cf. the empowerment in article 19b, letter a, point</li> </ul> |

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|           | <p>(i), for respectively <b>(1)</b> calculating and disclosing the 70% contribution threshold, cf. letter (a) in paragraph 1 of art. 7 and 9, and <b>(2)</b> the PAI identification and disclosure requirement, cf. letter (d) in paragraph 1 of art. 7 and 9. With this in mind, we do not find the text clear on how the FMP is expected to comply with the disclosure requirement of art. 7(3) and 9(3). Here, reference is only made to the indicators used for measuring contribution in letter (a) and not the PAI.</p> <p>We find it necessary to clarify these questions to ensure agreement on disclosure requirements for the open list strategy.</p> <p>Furthermore, as suggested also by another Member State at the last Council Working Party, we would propose further discussions as to whether the list of sustainability indicators should be made mandatory instead of voluntary, for easy and comparable disclosures between FMPs. Today, for sustainable “art. 9”-products under SFDR 1.0, FMPs already needs to take a list of mandatory indicators into account. However, any such considerations must be balanced against the burdens a mandatory list of indicators would entail. Another solution, taking this into account, could be to “oblige” FMPs to use indicators significant to their investment strategy.</p> <p>ES<br/>(Replies):</p> <p>While we understand and support the intention to allow for flexibility through the recognition of "other approaches" and the possibility of "proper justification", we are concerned that the current drafting leaves too much discretion without sufficiently clear orientation at Level 1. If these concepts are not properly framed, there is a real risk of dilution of the integrity of the categorisation framework.</p> |

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|           | <p>We would suggest that <b>Level 1 anchors at minimum the following elements:</b></p> <ul style="list-style-type: none"> <li>- First, <b>the content of "proper justification" should be defined in the operative text</b> to include the elements described by the Commission (the framework used and its underlying methodology; the binding elements of the strategy; and the measurement and reporting against appropriate ESG indicators), to ensure legal certainty and harmonised supervisory application.</li> <li>- Second, <b>the "other approaches" should be subject to an explicit equivalence requirement:</b> the justification provided must demonstrate that the approach delivers a level of contribution to the sustainability objective that is equivalent in ambition, methodological robustness, transparency and verifiability to the explicit approaches listed in the Regulation.</li> </ul> <p>FI<br/>(Replies):</p> <p>Open element keeps SFDR more future-proof and enables different investment strategies. However, there is a risk that the open element might lead to greenwashing, if there are no safeguards or further definition.</p> <p>FR<br/>(Replies):</p> <p>We reiterate our cautious approach regarding the “open element”, given the associated risks of greenwashing and supervisory challenges. This open feature weakens the effectiveness of the other criteria, as it allows them to be circumvented. That is why we initially expressed conditional support for this approach provided its supervision is harmonized at EU level.</p> <p>To fix the flaws of an open list, we suggest a constructive way to balance innovation, robustness and practicability for supervisors. Providing in Level 2 measures additional guidance that accommodates a broad range of assets and</p> |

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|           | <p>regulatory strategies appears challenging. Therefore, establishing a robust framework for both the scope of the open strategy and disclosure requirements remains critical at Level 1.</p> <p>Therefore, we suggest the following adjustments:</p> <ul style="list-style-type: none"> <li>- First, for the Sustainable and Transition categories, allowing the open approach for certain type of assets only, such as infrastructure, real estate and private equity, as applying other criteria to these asset classes may prove challenging.</li> <li>- Second, keeping the open element of the ESG Basics category to all kind of assets and recognize this way as a sandbox for innovative approaches. A large number of funds could use this approach, within the ESG Basics category.</li> <li>- Later on, we might propose alternative strategies which are deemed satisfactory in the listed criteria of the Sustainable and Transition categories.</li> </ul> <p>If this balanced approach finds support among Member states, we think the current drafting should be adjusted to clarify the scope of eligible assets under this approach.</p> <p>GR<br/>(Replies):</p> <p>EL: The open element provides useful flexibility within the framework and supports the consideration of a range of sustainability approaches. Clear and consistent application will support effective implementation across financial products.</p> <p>HR<br/>(Replies):</p> <p>We are not fully supportive of the current drafting of the “open element”. While we understand the intention to preserve flexibility, we believe that clear minimum criteria for justification, measurable objectives, and binding elements of the investment strategy should be specified in the Level 1 text. Reliance on</p> |

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|           | <p>Level 2 measures should be limited to technical detail, with appropriate sequencing to ensure legal certainty prior to application. This approach would help balance flexibility with greater harmonization and investor protection. Furthermore, we note that the ambition of the listed investment approaches appears highly divergent. This may create incentives for product manufacturers to rely on the least demanding options. In particular, there is a risk that products could predominantly rely on point (h) (“other” investments), which would make supervisory assessment significantly more complex, resource-intensive, and potentially lead to supervisory divergence, as well as increased greenwashing risks.</p> <p>IE<br/>(Replies):</p> <p>The term "central element" is somewhat qualitative and subjective, potentially leading to inconsistent application by asset managers and confusion for retail investors. The drafting could more clearly distinguish between "neutral information" and "sustainability claims".</p> <p>IT<br/>(Replies):</p> <p><b>Q17.</b> We acknowledge the value of the flexibility introduced by the open element (“<i>other investments... provided proper justification</i>”). However, we consider important to provide a higher degree of detail already at Level 1, especially with respect to the treatment of general- purpose sovereign bonds, which constitute a sensitive aspect in the application of the various classifications. In our view stringent criteria for the identification of eligible assets should be established. Such criteria should, in particular, clarify the concepts of a ‘credible contribution to the transition’, ‘proper justification’, and a ‘contribution to an environmental or social objective’ as referred to in</p> |

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|           | <p>the open list. Alternatively, the possibility of limiting the permitted investment strategies to a closed list should be considered.”</p> <p>LT<br/>(Replies):<br/>We understand the rationale for an open element, as it allows innovation and avoids overly rigid lists. We could agree with maintaining an open element, but it should be supported by minimum safeguards to prevent it from becoming a catch-all route and to reduce divergent interpretation. The current drafting may be too broad and could create supervisory and comparability challenges. In particular, the open element should require clear and reasoned justification linked to the relevant category objective, at least one (2 even better) measurable element for monitoring implementation and basic governance and evidence expectations to support supervisory verification.</p> <p>LV<br/>(Replies):<br/>We do <i>not</i> agree with the drafting of the “open element.”</p> <p>NL<br/>(Replies):<br/>We are, in principle, open to the use of an open list, provided it is carefully formulated. At the same time, we recognise that sufficient framing or clarification at Level 1 ensures practical workability and predictability.</p> <p>PT<br/>(Replies):<br/>As mentioned earlier, in Portugal’s view, the open element, which we can find in Articles 7(2)(h), 8(2)(e) and 9(2)(g), is excessively broad, and does not bring clarity to Financial Market Participants on whether a certain investment falls within the scope of any of the categories.</p> |

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|   | <p>RO<br/>(Replies):<br/>As some MS expressed in the meeting, more clarity is needed. We have no strong opinion, but we prefer the definition of “open element” to be in level 1</p> <p>SE<br/>(Replies):<br/>Not really, it is too open and subjective at the moment.<br/>In general, we favour open lists, as closed lists are unflexible and risk not being exhaustive. However, we see a risk that the term ‘other investments’ is too broad and believe it needs to be narrowed down, preferably at level 1.</p> <p>SK<br/>(Replies):<br/>In general, we agree with the open element concept.</p>  |
| <p>Q18. Do you agree with an empowerment to the Commission to further define the required disclosures regarding the ‘open element’?</p> | <p>AT<br/>(Replies):<br/>We agree with the empowerment to the COM to further define the required disclosures regarding the elements. However, the date for adoption of the upcoming Delegated Acts should be specified. In the currently proposed Article 19c (2), power is conferred on the Commission “for an indeterminate period”. (Article 19c (2)). We wonder why the conferred power is not limited in time, as usually foreseen for the Commission’s delegated acts?</p> <p>BE<br/>(Replies):<br/>In the continuity of our previous answer, we would welcome further clarification – preferably in the level 1 but at least in the level 2 - from the</p> |

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|           | <p>European Commission on the disclosure requirements applicable to this “open” element.</p> <p>CZ<br/>(Replies):</p> <p>CZ: We would prefer a potential clarification on level 1, if MS deem it necessary, in order to minimise the number of delegated acts and level 2 legislation. If further clarification is needed still, we prefer non-binding options.</p> <p>DE<br/>(Replies):</p> <p>To answer this question, it would be important to understand what the differences with regard to the disclosures under the open element would be.</p> <p>It is our understanding that any investment strategy needs to be explained in a manner that is understandable for the retail client. Relevant disclosures (e.g. adequate KPIs) will be dependent on the investment objective, also for approaches outside the “open element”. Disclosures can therefore only be developed on a principle basis.</p> <p>We would like to reiterate that one reason for the SFDR review was that disclosures are too complicated and did not provide useful information for investors, especially retail investors. We should not repeat this mistake.</p> <p>DK<br/>(Replies):</p> <p>Overall, we agree with empowering the Commission to further define the required disclosures regarding the ‘open element’, as we see merit in the</p> |

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|           | <p>flexibility to update the tables for disclosures. However, provided the points mentioned above are taken into account and that the ESAs are consulted on an ongoing basis.</p> <p>ES<br/>(Replies):</p> <p>We agree with the empowerment to further define the required disclosures regarding the open element at Level 2, provided that the essential parameters are sufficiently anchored at Level 1 as outlined above. Level 2 should operate within a clearly delimited framework, not substitute for it. We would also reiterate the importance of ensuring that the relevant delegated acts are finalised and published before Level 1 becomes applicable, so that market participants have the legal certainty and sufficient time needed to adapt their strategies and processes accordingly.</p> <p>FI<br/>(Replies):</p> <p>Yes, further definition of the disclosures of open element and subsequent empowerment is appropriate. As with most empowerments, it should be clearly defined.</p> <p>FR<br/>(Replies):</p> <p>The proposed empowerment represents a minimum requirement. However, as just mentioned, trying to encompass emerging strategies might prove too tedious and raises significant complexity, even at level 2 (see our comment on Q17).</p> <p>GR<br/>(Replies):</p> |

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|           | <p>EL: Providing the Commission with the possibility to further define the required disclosures supports consistent implementation and enhances transparency across financial products.</p> <p>HR<br/>(Replies):<br/>We could support an empowerment for the Commission to further define the required disclosures regarding the “open element”. However, as indicated in our previous responses, we consider that the framework for the open element should be further developed in the Level 1 text. In particular, the key parameters and minimum criteria governing its use should be set out at Level 1, while Level 2 measures could focus on specifying the technical details of the related disclosures. Clear minimum criteria for justification, measurable objectives, and binding strategy elements should be specified in Level 1 text. Reliance on Level 2 measures should be limited to technical detail, with appropriate sequencing to ensure legal certainty before application. This approach would preserve flexibility while enhancing harmonisation and investor protection.</p> <p>HU<br/>(Replies):<br/>If the Commission continues with the open list approach, it is definitely recommended that the rules for publishing "other strategies" be precisely defined and specified. Otherwise, the points outlined in the presidency note are acceptable.</p> <p>IE<br/>(Replies):<br/>We would consider that additional clarity at Level 1 (or through a delegated act) would lessen the need for interpretive Q&amp;As.<br/>Adding clarity at Level 1 would also strengthen supervisory convergence by reducing scope for divergent interpretations across NCAs.</p> |

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|           | <p>IT<br/>(Replies):<br/>Q18. We would prefer that the concepts of ‘credibly contribute’, ‘proper justification’, and other similarly vague expressions be defined at Level 1.</p> <p>LT<br/>(Replies):<br/>We support empowering the Commission to further specify disclosures regarding the open element. Clear disclosure requirements are essential to make an open element workable in practice and to ensure comparability for investors.<br/>In our view, the most balanced approach could be introducing minimum safeguards in Level 1, and further disclosure detail in Level 2 through Commission empowerment.<br/>We also stress that timely delivery of Level 2 specifications before application is essential to avoid uncertainty and fragmented implementation across Member States.</p> <p>LV<br/>(Replies):<br/>We do not agree with an empowerment to the Commission to further define the required disclosures regarding the ‘open element’.</p> <p>NL<br/>(Replies):<br/>The Netherlands is open for the empowerment for the Commission.</p> <p>PL<br/>(Replies):<br/>PL_18: In our opinion, from a technical perspective, elements that determine product classification should be set out at Level 1.</p> |

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|   | <p>PT<br/>(Replies):<br/>Portugal notes that, while it would have preferred that the required disclosures regarding the “open element” be further defined directly in the L1 text, potentially through a recital, it does not object to granting the Commission the empowerment to specify these disclosures.<br/>At the same time, Portugal considers it essential that any L2 measures developed under this empowerment come into effect at the same time as the L1 provisions, to ensure legal certainty and avoid gaps in implementation for Financial Market Participants.</p> <p>SE<br/>(Replies):<br/>We would rather try to define as much as possible at level 1, in the spirit of better regulations and simplification.</p> <p>SK<br/>(Replies):<br/>In general, we agree with an empowerment to the Commission, as it allows to react on ongoing development.</p> |
| <p>Q19. Do you support the introduction and purpose of Article 12a?</p> | <p>AT<br/>(Replies):<br/>We welcome the fact that the topic of data and estimates is explicitly addressed in the text. Considering the changes introduced by Omnibus I, clear harmonised rules governing the use of estimates, as well as the related documentation are essential.</p> <p>We also have a question regarding the 15% Taxonomy safe harbour: As the Commission explained that the 15% Taxonomy Safe Harbour has been</p>  |

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|           | <p>suggested by the Sustainable Finance Platform, we would like to know if estimates are the bases of this threshold. We consider this to be essential information for assessing the threshold.</p> <p>BE<br/>(Replies):</p> <p>We support the introduction of Article 12a. However, we would welcome further clarification on the type of data expected under point (b)(i), in order to ensure a consistent and practical application.</p> <p>CZ<br/>(Replies):</p> <p>CZ: We do not oppose this proposal.</p> <p>DE<br/>(Replies):</p> <p>We support the introduction of this article. In light of the global investment approaches of products under the SFDR, the use of estimates is an important step to improve the practicability of the SFDR and its ability to mobilise capital for the green transition. European sustainable reporting regulation will not be sufficient to provide the relevant data, especially in the global investment universe of products.</p> <p>DK<br/>(Replies):</p> <p>Yes.</p> <p>ES<br/>(Replies):</p> |

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|           | <p>We support the introduction and purpose of Article 12a, to provide a clear framework for the use of estimates and external data sources that promotes legal certainty and operational consistency.</p> <p>FI<br/>(Replies):<br/>Yes</p> <p>FR<br/>(Replies):</p> <p>We support the introduction of an article allowing FMPs to use estimates, given the current data gaps, the gradual implementation of sustainability disclosure by companies and the effects of the CSRD review. However, the draft imposes a disproportionate burden on FMPs, which undermines our objective of simplification. Responsibility for ESG data quality should lie directly with ESG data providers, rather than being addressed indirectly through contractual arrangements between providers and FMPs.</p> <p>Regarding Article 12a(a), the current provision places the burden directly on FMPs rather than on data providers. Given the structure and dynamics of the ESG data market, relying solely on FMPs to drive action may prove ineffective and costly.</p> <p>Our preferred approach would be to extend certain requirements of the ESG ratings regulation to ESG data providers, with appropriate adjustments tailored to their specific context.</p> <p>To streamline the process and in anticipation of the upcoming review of the ESG ratings regulation, we propose developing drafting suggestions ahead of the next working party. These suggestions could aim to:</p> <ul style="list-style-type: none"> <li>- Reduce the immediate complexity for FMPs, and</li> <li>- Plan the inclusion of ESG data providers within the scope of the ESG ratings regulation.</li> </ul> |

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|           | <p>This approach would ensure a more balanced and effective regulatory framework.</p> <p>In addition, the provision laid down in Article 12a(b)(i) seems contradictory with the objective of simplification, as it would require FMPs to keep ready and available all the information regarding their sustainability-related financial products to be shared with clients. Such a provision makes the simplification efforts on disclosure requirements moot. Therefore, Article 12a(b)(i) should be deleted.</p> <p>The aim of Article 12a(b)(ii)-(iii) should also be reassessed.</p> <p>On Q22, we believe ESG data providers should not be included within the scope of SFDR. Should they remain mentioned under article 12a, it is necessary to provide a definition of data providers. In our understanding, they are not covered by any part of the EU regulation at this stage.</p> <p>GR<br/>(Replies):</p> <p>EL: The introduction of Article 12a provides an appropriate framework for the use of estimates and external data sources, supporting transparency and consistency in sustainability -related disclosures.</p> <p>HR<br/>(Replies):</p> <p>Yes.</p> <p>HU<br/>(Replies):</p> <p>The introduction of Article 12a into the SFDR is acceptable.</p> <p>IE<br/>(Replies):</p> |

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|           | <p>Yes, we support the introduction of article 12a.</p> <p>IT<br/>(Replies):</p> <p><b>Q19.</b> We generally support the introduction of Article 12a.</p> <p>LT<br/>(Replies):</p> <p>We generally support the introduction of Article 12a. However, in practice, financial market participants often face incomplete issuer-level sustainability data, especially for diversified portfolios and for exposures obtained via funds, indices and other intermediated structures. A clear legal basis for using data sources and estimates is therefore essential to make the framework workable. At the same time, we think Article 12a should strike a careful balance between improving transparency and avoiding requirements that create disproportionate operational burden or force disclosure of proprietary or contractually restricted information.</p> <p>LU<br/>(Replies):</p> <p><b>LU</b><br/>LU generally supports the introduction of article 12a and greater clarity on the use of data and estimates, with the aim of improving usability and transparency for end investors, in particular the requirement that the use of estimates which are not received by external data providers shall be based on formalised and documented methodologies.</p> <p>LV<br/>(Replies):</p> <p>We are flexible and overall support.</p> <p>NL</p> |

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|           | <p>(Replies):</p> <p>We support the introduction of Article 12a. We believe that the necessity to use estimates is increasing. Therefore, it is important that the use of estimates is allowed and transparency is ensured. Using estimates enables financial market participants to meet minimum criteria where data is not available.</p> <p>PL</p> <p>(Replies):</p> <p>PL_19: In principle, we support – it seems reasonable, but we note that the requirement to formalize agreements with data providers would create significant administrative burdens.</p> <p>PT</p> <p>(Replies):</p> <p>In principle, Portugal agrees with the introduction and purpose of Article 12a.</p> <p>RO</p> <p>(Replies):</p> <p>We support the introduction and purpose of Article 12a, in order to improve certainty and clarity compared to the existing framework regarding the use of estimates and external data providers.</p> <p>SE</p> <p>(Replies):</p> <p>Yes, we see art12a as necessary given that access to data will be negatively affected as a result of Omnibus I, and FMPs will have an increased use of estimates instead.</p> <p>SK</p> <p>(Replies):</p> <p>In general, we support the introduction and purpose of Art. 12a.</p> |

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| <p>Q20. Do you see the need to be more/less prescriptive or to add any qualifiers on any elements ('formalised and documented arrangements', 'upon request', 'formalised and documented methodologies')?</p> | <p>AT<br/>(Replies):<br/>The requirement that estimates have to be based on "formalised and documented methods" appears to be a sufficient and appropriate approach, also from a simplification perspective.</p> <p>BE<br/>(Replies):<br/>Regarding the availability of methodologies, we consider that information relating to data, estimates, and data sources would be most appropriately disclosed on a dedicated website, as this would enhance accessibility and transparency for investors and limit the burden for FMPs.</p> <p>CZ<br/>(Replies):<br/>CZ: We support the proposal as it stands. Possible safeguards, for instance in relation to confidentiality, third-party contractual obligations, or the protection of proprietary know-how could be discussed.</p> <p>DK<br/>(Replies):<br/>Preliminarily, we believe that article 12a is striking the right balance between promoting the need for clarity on the use of data providers and estimates without imposing unnecessary burdens on FMPs.</p> <p>ES<br/>(Replies):<br/>We consider the requirements for "formalised and documented arrangements" to be broadly appropriate, as they establish a minimum standard of rigour without being overly prescriptive. However, we would suggest <b>clarifying</b></p> |

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|           | <p><b>what is understood as a sufficient level of formalisation</b>, so as to ensure that the requirement is applied in a manner proportionate to the nature and scale of the entity concerned. <b>The "upon request" disclosure mechanism appears proportionate and consistent</b> with the product-focused nature of SFDR, provided that disclosure obligations do not extend to information that financial market participants cannot lawfully or contractually obtain or communicate.</p> <p>GR<br/> <b>(Replies):</b></p> <p>EL: The proposed approach provides a useful framework for the use of estimates and external data sources. A clear and consistent application of the relevant arrangements and methodologies will support transparency and effective implementation.</p> <p>HR<br/> <b>(Replies):</b></p> <p>We consider that it would be desirable to include at least some additional qualifiers in order to clarify the minimum framework and expectations regarding elements such as “formalised and documented arrangements”, “upon request”, and “formalised and documented methodologies”.</p> <p>Providing clearer minimum parameters would help ensure more consistent interpretation and application across market participants.</p> <p>At the same time, we could support a more flexible approach regarding the requirement to “provide clients upon request”, provided that the provision is further developed to include an obligation to disclose a minimum set of relevant information on the entity’s website, together with a clear requirement that the data estimates and methodologies used are properly documented. This could help strike a balance between transparency for investors and proportionality in implementation.</p> <p>IE</p> |

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|           | <p>(Replies):</p> <p>The focus should be on the robustness of the estimates themselves. Data sourced from a formalised and documented arrangement with a data provider does not inherently guarantee robustness.</p> <p>IT</p> <p>(Replies):</p> <p><b>Q20.</b> We consider that the use of data and estimates should be briefly disclosed in the regulatory documentation (i.e., pre contractual and periodic disclosures).</p> <p>LT</p> <p>(Replies):</p> <p>We support the direction of these requirements, but we think qualifiers are needed to ensure proportionality and legal clarity.</p> <ol style="list-style-type: none"> <li>1. “Formalised and documented arrangements”: we think this should allow a proportionate approach. It should be clear that standard contractual documentation and internal data governance policies can be sufficient, without implying overly complex documentation obligations.</li> <li>2. “Formalised and documented methodologies”: we agree that methodologies for internally produced estimates should be documented. However, the requirement should clarify that documentation can be high-level and risk-based, and should not require disclosure of trade secrets or proprietary models.</li> <li>3. “Upon request”: we think this is the most sensitive element. It should be clear what information can realistically be requested and provided, taking into account confidentiality, licensing restrictions and data protection considerations.</li> </ol> <p>LV</p> <p>(Replies):</p> |

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|           | <p>We support on any elements which helps to bring more clarification because that current wording is too vague, too open to interpretation, and risks diverging supervisory practices and greenwashing.</p> <p>NL<br/>(Replies):</p> <p>It is important that estimates are based on the proper frameworks and methodologies, so that the quality is guaranteed and investors can rely on them. We are not aware of signals that the criteria in Article 12a are unworkable for financial market participants. We support the current wording and have no suggestions for more/less elements.</p> <p>PL<br/>(Replies):</p> <p>PL_20: It may be useful to further clarify the scope of application of the methodology, including methodological guidance for both financial institutions' own estimates and data obtained from external providers. Where external data is used, it would be helpful to ensure that it is prepared in line with the relevant guidelines</p> <p>PT<br/>(Replies):</p> <p>However, we are concerned that the need for “formalised and documented arrangements” puts an undue burden upon the Financial Market Participants, which ultimately undermines the purpose of this provision.</p> <p>RO<br/>(Replies):</p> <p>We consider that more prescriptive rules would only be excessive and add burden, so we consider the proposal is appropriate as it is.</p> <p>SE</p> |

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|  | <p>(Replies):</p> <p>As much clarity as possible is needed at level 1.</p> <p>SK</p> <p>(Replies):</p> <p>We agree with the principle that the use of estimates or data from external providers should be based on formalised and documented arrangements.</p>   |
| <p>Q21. Do you believe that a proportionality clause should be included in the Article, regarding requests by clients?</p> | <p>AT</p> <p>(Replies):</p> <p>We believe it would be useful to include a proportionality clause in order to prevent excessive and unduly burdensome requests.</p> <p>BE</p> <p>(Replies):</p> <p>With our proposed availability of data arrangements on the product website, we are confident that the requests from clients will be limited.</p> <p>CZ</p> <p>(Replies):</p> <p>CZ: We can support such proposal.</p> <p>DE</p> <p>(Replies):</p> <p>We would support the introduction of a proportionality clause or a less open wording for article 12 as it seems for now that there is no limit in what can be requested by clients, especially under b (i).</p> <p>DK</p> <p>(Replies):</p> |

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|           | <p>Before taking a position on this issue, we find it important with clarification about the actual consequence if a FMP does not provide the information requested by a client. From our reading, a FMP “shall” provide the information in order to “comply with” Articles 7 to 11.</p> <p>ES<br/>(Replies):</p> <p>Yes, we consider that a proportionality clause should be included regarding client requests. The principle of proportionality requires that obligations arising from investor queries be calibrated to the nature, scale and complexity of the financial market participant, and to the information that can reasonably be obtained and verified. At the same time, we should explore the possibility to include in this framework appropriate safeguards to ensure that FMPs are in a position to access and disclose the necessary information in a reliable and legally secure manner.</p> <p>FR<br/>(Replies):</p> <p>See our comment Q19.</p> <p>GR<br/>(Replies):</p> <p>EL: The inclusion of proportionality considerations may support the appropriate and balanced application of the requirements, taking into account the nature and scale of the activities concerned.</p> <p>HR<br/>(Replies):</p> <p>Yes, we consider that a proportionality clause could be appropriate in relation to requests by clients. Such a clause could help ensure that the requirements are</p> |

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|           | <p>applied in a manner that is proportionate to the size, nature and complexity of the financial market participant and the financial products offered.</p> <p>IE<br/>(Replies):</p> <p>We support the inclusion of a proportionality clause to ensure that disclosure requirements are feasible and do not impose a prohibitive administrative burden on smaller firms. However, there is a need to ensure that proportionality does not compromise the comparability of sustainability data for the end-investor.</p> <p>IT<br/>(Replies):</p> <p><b>Q21.</b> Please see question Q20.</p> <p>LT<br/>(Replies):</p> <p>We consider that proportionality clause is necessary. At the moment, without clearer boundaries, “upon request” could lead to open-ended or repeated demands for highly granular information, which could create additional administrative burden and raise issues related to data protection, confidentiality and third-party licensing.<br/>We therefore support including a proportionality clause that allows financial market participants to provide reasonable and meaningful information, while limiting requests that are excessive, not relevant, disproportionate, or cannot be met due to legal or contractual restrictions (including licensing terms and confidentiality obligations).</p> <p>LU<br/>(Replies):</p> <p><b>LU</b></p> |

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|           | <p>Subject to a general reserve of further scrutiny in relation to future developments of the text, LU has no objection in principle on the introduction of such a clause.</p> <p>LV<br/>(Replies):<br/>Can support a proportionality clause.</p> <p>NL<br/>(Replies):<br/>We consider it appropriate to restrict information obligations to requests by investors. This maintains a limited administrative burden and keeps reporting relevant.</p> <p>PL<br/>(Replies):<br/>PL_21: We preliminarily support the introduction of a proportionality clause. In our view, consideration could be given to applying this principle to customer data requests related to financial products. It may also be beneficial to explore greater standardisation of the scope of data shared at the EU level, taking into account the breadth of information provided to customers, as well as the operational effort and costs associated with financial institutions' disclosure obligations</p> <p>PT<br/>(Replies):<br/>Portugal notes that, as currently drafted, the broad scope of information requests under Article 12a could risk placing an excessive burden on Financial Market Participants, while at the same time overwhelming investors with highly detailed data.</p> |

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|  | <p>Accordingly, Portugal supports the introduction of a proportionality clause in Article 12a. Such a clause would help ensure that disclosure obligations remain manageable for Financial Market Participants, while maintaining clarity and usefulness for investors, including retail clients, and preserving the overall objectives of transparency and comparability under the SFDR framework.</p> <p>RO<br/>(Replies):<br/>We do not oppose to include a proportionality clause, we are flexible on this.</p> <p>SE<br/>(Replies):<br/>We don't have an opinion on this at this stage.</p> <p>SK<br/>(Replies):<br/>There should not be an excessive burden created for FMPs therefore a proportionality clause is important if "upon request" element is kept in Art. 12a.</p> |
| <p>Q22. Having in mind the overarching simplification objective, do you believe that Data Providers should be included in the scope of the SFDR?</p> | <p>AT<br/>(Replies):<br/>Although the situation regarding the availability of data has changed significantly since the ESG Rating Regulation was negotiated, we believe that the SFDR is not the right place to regulate data providers.</p> <p>BE<br/>(Replies):<br/>We are of the view that data providers should not be included within the scope of the SFDR. Instead, the appropriateness of applying specific requirements to data providers should be assessed in the context of a review of the ESG ratings regulation.</p>   |

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|           | <p>BG<br/>(Replies):<br/>BG: Data providers of ESG data should not be included in the scope of SFDR.</p> <p>CZ<br/>(Replies):<br/>CZ: We strongly oppose extending the scope of the regulation as we believe such approach directly violates the key objective of simplification and reducing administrative burden.</p> <p>DE<br/>(Replies):<br/>We do not support the inclusion of data providers within the scope of the SFDR, as this would add complexity. SFDR 2.0 should focus exclusively on FMPs involved in the design of financial products under the SFDR.</p> <p>DK<br/>(Replies):<br/>No. This would go against the simplification objective and largely broaden the scope of the SFDR. We find the current proposal, indirectly regulating Data Providers through requirements on FMPs, to be sufficient.</p> <p>ES<br/>(Replies):<br/>We recognise the concern that external data providers remain largely unregulated following the deliberate exclusion from the ESG Ratings Regulation, on the assumption that CSRD would address the underlying data gap. Following the changes introduced through the Omnibus package, this</p> |

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|           | <p>assumption no longer fully holds, and the market will continue to rely extensively on unregulated external providers.</p> <p>That said, <b>we consider that it would not be appropriate at this stage to extend the scope of SFDR to data providers</b>, given the simplification objective underpinning this review and the absence of a prior impact assessment for such an extension. Any structural reconsideration of their regulatory status should be addressed in the context of the <b>2029 review clause of the ESG Ratings Regulation</b>, which provides the appropriate procedural framework for a more considered assessment of costs and benefits.</p> <p>FR<br/>(Replies):<br/>See our comment Q19.</p> <p>GR<br/>(Replies):<br/>EL: The current scope of the SFDR provides an appropriate framework at this stage. The role of data providers may be further considered in the context of future reviews.</p> <p>HR<br/>(Replies):<br/>No, we don't believe that Data Providers should be included in the scope of the SFDR directly. However, we do believe that Data Providers should be addressed in ESG rating regulation as suggested during Council negotiations.</p> <p>HU<br/>(Replies):<br/>We consider that data providers should not be included in the SFDR, as this could place an excessive burden on them.</p> <p>IE</p> |

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|           | <p><b>(Replies):</b></p> <p>Whilst we recognise the merit in proposals to bring Data Providers within the regulatory perimeter—which would enhance ESG data robustness—we acknowledge that the current simplification agenda may preclude this approach. This remains a matter for future consideration</p> <p>IT</p> <p><b>(Replies):</b></p> <p><b>Q22.</b> We support the possibility to use estimates upon compliance by data providers with the transparency requirements set out in the ESG ratings regulation. Furthermore, Recital 24 should include reference to the ESG ratings regulation.</p> <p>LT</p> <p><b>(Replies):</b></p> <p>We do not think data providers should be included in the scope of SFDR under this review.</p> <p>Bringing data providers into scope would significantly expand the regulatory perimeter and would likely run counter to the simplification objective. Instead, SFDR should focus on setting clear expectations for financial market participants’ governance and transparency regarding the data and estimates they use.</p> <p>Any broader policy approach to data providers should be addressed through separate horizontal initiatives (including relevant sectoral/data regulation developments) and based on an appropriate impact assessment.</p> <p>LU</p> <p><b>(Replies):</b></p> <p><b>LU</b></p> <p>LU shares the position expressed by several other delegations in the context of the WP meeting held on 23 January 2026, according to which any extension of</p> |

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|           | <p>the rules applicable to ESG Rating Providers shall be discussed separately in the context of any possible future re-opening of the EU ESG Rating Regulation (Regulation 2024/3005) rather than in the context of SFDR 2.0.</p> <p>LV<br/>(Replies):<br/>We suggest including data providers, because excluding them undermines the consistency and credibility goals of SFDR 2.0. Including them would improve data quality, strengthen comparability.</p> <p>NL<br/>(Replies):<br/>We do not think it is desirable to bring external data providers under the scope of SFDR, since the principle of proportionality must remain central. It is important that the review of the SFDR contributes to simplifying the framework and lowering administrative burden. Expanding the scope to Data Providers is not aligned with these goals.</p> <p>It is important however to monitor whether financial market participants are sufficiently enabled to provide investors with reliable estimates, given the fact that they are somewhat dependent on external data providers for data. Could the Commission clarify how they see this in practice?</p> <p>PT<br/>(Replies):<br/>We are still assessing this matter further.</p> <p>RO<br/>(Replies):<br/>Given the objective of simplification, we do not support the direct inclusion of data providers in the scope of the SFDR. The SFDR regulates financial market participants, not data infrastructure, which is already subject to or will be subject</p> |

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|  | <p>to other EU frameworks, and extending the scope would increase complexity and go beyond the objective of the current review.<br/>                     However, we consider it appropriate to introduce a transparency obligation regarding the use of external providers.</p> <p>SE<br/>                     (Replies):<br/>                     We believe that the responsibility for the quality of ESG data should primarily lie with the ESG data providers, rather than being handled indirectly through contractual arrangements between providers and financial actors. However, this should not result in ESG data providers being regulated through the SFDR.</p> <p>SK<br/>                     (Replies):<br/>                     Data providers should not be included in the scope of SFDR.</p> |
| <p>Q23. Do you have any other suggestions to amend the text?</p> | <p>BE<br/>                     (Replies):<br/>                     No specific suggestion. We share the concern that the possibility for clients to request information can contradict the objective of simplification and burden reduction. We believe it should be addressed practically, for instance by offering the possibility to financial market participants to publish their arrangement on the product webpage.</p> <p>CZ<br/>                     (Replies):<br/>                     CZ: Not at the moment.</p> <p>DK<br/>                     (Replies):</p>  |

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|           | <p>-</p> <p>FR<br/>(Replies):<br/>See our comment Q19. We will provide drafting suggestions at a later stage.</p> <p>HR<br/>(Replies):<br/>Please see our earlier comments.</p> <p>HU<br/>(Replies):<br/>We would like to draw attention to the fact that the aggregation and interpretation of ESG data may place a disproportionate burden on independent intermediaries and advisors who are not data controllers or ESG methodology providers. To mitigate this, we recommend establishing a clear "safe harbor" principle, according to which intermediaries can rely in good faith on the ESG information provided by the product manager and therefore bear no responsibility.</p> <p>LT<br/>(Replies):</p> <p>-</p> <p>LU<br/>(Replies):</p> <p><u>LU</u><br/>While not immediately available, LU reserves the opportunity to provide drafting suggestions in the future, depending on the developments regarding the negotiations.</p> |

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|  | <p>LV<br/>(Replies):<br/>We recognise that improvements are needed to address concerns relating to issues such as excessive vagueness and flexibility, the high risk of supervisory divergence and the lack of clarity surrounding sovereign debt and transition definitions.</p> <p>NL<br/>(Replies):<br/>No further comments</p> <p>PT<br/>(Replies):<br/>N/A</p> <p>SE<br/>(Replies):<br/>Not at the moment.</p> |
| <p>Q24. Do you support the streamlining of the entity and financial-product level disclosures?</p> | <p>AT<br/>(Replies):<br/>We generally support a streamlining of disclosure requirements.</p> <p>BE<br/>(Replies):<br/>We are supportive of the proposed streamlining of disclosures at entity level and the removal of the PAI and remuneration policy disclosures.</p> <p>BG<br/>(Replies):<br/>BG: We support the deletion of disclosures at entity level</p>   |

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|           | <p>CZ<br/>(Replies):<br/>CZ: Yes, we strongly support the reduction in entity level disclosures.</p> <p>DE<br/>(Replies):<br/>We generally support the proposed streamlining of entity-level and financial product-level disclosures.<br/><br/>With regard to financial product-level disclosures, the disclosure requirements under the EU Taxonomy (Articles 5 to 7) should be deleted, rather than retained as moot provisions in the Regulation, as this creates unnecessary confusion and is not consistent with the streamlining objective.</p> <p>DK<br/>(Replies):<br/>Yes. But, as previously remarked, as an additional step towards simplification <b>we suggest removing all obligations to disclose information on sustainability risks at entity level.</b> This means deleting article 3 entirely. <b>We believe that article 3 disclosures are less significant today as the integration of sustainability risks into general risk management have largely become a standard requirement in sector regulation since the introduction of SFDR.</b> We find it important to create a simple and user-friendly scheme to have SFDR 2.0 focus solely on product disclosures.</p> <p>ES<br/>(Replies):<br/>We support the effort to streamline entity-level and product-level disclosures, and to avoid duplication with other frameworks such as CSRD. The proposed</p> |

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|           | <p>approach — retaining disclosures on sustainability risk integration under Article 3 while deleting the more burdensome requirements under Articles 4 and 5 — strikes an appropriate balance between simplification and transparency.</p> <p>With respect to principal adverse impacts, we consider that <b>maintaining the possibility to disclose PAIs</b> on a voluntary basis would strike an appropriate balance. While simplifying the current mandatory approach is justified, a voluntary reporting option would preserve the informational value of PAI disclosures for investors who consider them material, without requiring continued compliance with an obligation that the legislator has determined to be disproportionate.</p> <p>FI<br/> <b>(Replies):</b></p> <p>Yes, the streamlining of the entity and financial-product level disclosures is a welcome change.</p> <p>FR<br/> <b>(Replies):</b></p> <p>Building on the lessons learned from the current SFDR, we advocate for the removal of disclosure requirements that have proven to be costly, bureaucratic and of limited practical value. In this regard, we fully support the removal of PAI disclosure at the entity level and on remuneration policies.</p> <p>On the integration of ESG risks, we believe further guidance is needed, preferably at level 1. This guidance should specify the content of ESG risks and ensure harmonisation across the market and avoid divergent interpretations. It is possible to build on the definition provided in the simplified ESRS.</p> <p>GR<br/> <b>(Replies):</b></p> |

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|           | <p>EL: The streamlining of entity and product- level disclosures supports simplification and enhances the clarity and usability of sustainability- related information for investors.</p> <p>HR<br/>(Replies):<br/>We support the streamlining of the entity and financial-product level disclosures.</p> <p>HU<br/>(Replies):<br/>Although focusing on essential information is supported, it is necessary to use standardized questions/points for products, given the nature of category systems.</p> <p>IE<br/>(Replies):<br/>We support streamlining and simplifying the disclosure requirements.</p> <p>IT<br/>(Replies):<br/><b>Q24.</b> Yes, we support streamlining both entity and product level disclosures, as this will improve clarity and usability for retail investors. In particular, we agree with the repeal of the entity level disclosure. However, to preserve comparability, it is crucial that simplified disclosures are implemented through standardised templates (See comment to Q26).</p> <p>LT<br/>(Replies):<br/>We support the objective of streamlining both entity-level and product-level disclosures. The current framework has required significant compliance effort, yet it has not always resulted in clear and comparable information, especially</p> |

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|           | <p>for retail investors. Shorter and more focused disclosures can improve usability and reduce administrative burden, provided that the remaining requirements still ensure meaningful transparency on sustainability risks and the basis for category claims.</p> <p>At the same time, we think it is important to preserve continuity with what the market has already built. In particular, although PAI indicators have been administratively demanding, they have provided a useful and widely understood baseline: some smaller market participants have used them on a voluntary basis, and they have also served as a practical foundation for thinking about how to evidence progress towards sustainability objectives and how to demonstrate “do no significant harm” considerations at product level. If entity-level PAI disclosures are removed, we would see merit in considering how key PAI concepts or a limited set of indicators could still be used within the category framework (e.g., as an optional or supporting route), to maintain comparability and avoid losing a functioning market reference point.</p> <p>We also think it is important that the revised SFDR works coherently with other reporting regimes (notably CSRD/ESRS for the largest entities), so that SFDR avoids duplication and focuses on decision-useful disclosures for investors.</p> <p>LU<br/>(Replies):</p> <p><u>LU</u><br/>LU supports the streamlining of both entity and product-disclosures as embodied in the Commission’s proposal.</p> <p>LV<br/>(Replies):</p> <p>Overall, we support the objective of streamlining entity and product-level disclosures, which should also include significant clarifications and simplifications, particularly at Level 1. The current drafting does not yet fully</p> |

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|           | <p>achieve this goal and may even introduce new complexities unless it is further clarified.</p> <p>NL<br/>                     (Replies):</p> <p>We support removing entity-level disclosures and streamlining entity and financial product-level disclosures. We support simplifying disclosures to improve usability and to reduce burden for both providers and investors. However, we are not necessarily in favor of mandatory taxonomy disclosures, especially as the taxonomy is currently being made more workable. We do believe that capex disclosures remain meaningful.</p> <p>If templates are mandatorily tested with consumers, it is ensured that information is understandable. How will the Commission make sure that these templates take their users (consumers) into consideration? Does it consider to further make use of consumer testing?</p> <p>PL<br/>                     (Replies):</p> <p>PL_24: In principle we support.</p> <p>PT<br/>                     (Replies):</p> <p>Portugal supports streamlining of the entity and financial-product level disclosures</p> <p>Portugal would go even further. For Portugal, requiring product-level disclosure of principal adverse impact (PAI) indicators for Transition and Sustainable products may add complexity without clear added value. The coexistence of multiple sets of indicators together with flexibility in their selection, risks inconsistent implementation and may complicate supervisory review.</p> <p>The revised SFDR already introduces a sustainability strategy supported by robust KPIs and harmonized exclusion criteria. In most cases, these elements</p> |

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|  | <p>should be sufficient to ensure the credibility and integrity of the product categorization.</p> <p>Simplifying the PAI requirement in this context could reduce regulatory complexity, improve comparability between products, and facilitate supervision, while still preserving the SFDR’s overarching objectives of transparency and the prevention of greenwashing.</p> <p>RO<br/>(Replies):<br/>Yes, simplifying information at entity and product level is useful for complying with IDD requirements and reducing the reporting burden</p> <p>SE<br/>(Replies):<br/>Yes.<br/>Regarding the PAI, we want to point out that one way to achieve comparability is to tighten the PAI indicators. As the proposal currently stands, PAIs will not be comparable across products. We favour a smaller number of mandatory indicators (with clear guidance on how they shall be calculated) and perhaps a few voluntary ones. However, if the mandatory indicators are not relevant for a product, it must be possible to respond 'N/A'.</p> <p>SK<br/>(Replies):<br/>We support the streamlining of the entity and financial-product level disclosures.</p> |
| <p>Q25. Do you agree with the voluntary ESG disclosures for non-categorised financial products under Article 6a? Do you believe that the principle of non-centrality should be further defined at level 1?</p> | <p>AT<br/>(Replies):</p>  |

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|           | <p>We agree with enabling voluntary ESG disclosures for non-categorised products. We agree that the principle of non-centrality needs further clarification at level I.</p> <p>BE<br/>(Replies):</p> <p>With regard to non-categorized products, we believe that the ESG elements permitted under Article 6a should be clearly and carefully framed. In particular, it would seem important that such products are not able to present themselves in any way as ESG, transition, impact, or sustainability-related products. As stated previously, we are concerned that the introduction of Article 6a may create additional complexity and hamper investor comprehension of the different categories. Given that the ESG basics category already constitutes a broad, overarching strategy, we would recommend against introducing an additional “partial” category, as this may risk confusing investors.</p> <p>Moreover, the proposed approach could inadvertently give rise to greenwashing concerns, as it appears to permit products to make ESG-related claims provided that such claims do not exceed 10% of the document’s overall content.</p> <p>To further reduce the risk of confusion for retail investors between Article 6a products and products categorised under Article 8, we could support the mandatory inclusion of a clear disclaimer at the beginning of the section describing the ESG elements permitted under Article 6a.</p> <p>BG</p> |

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|           | <p>(Replies):</p> <p>BG: We agree with the proposal in general. However, in our view the principle of non-centrality would lead to different interpretation and will not ensure legal certainty. In our view a clear disclaimer that the product is non-categorised would be better suited.</p> <p>CZ</p> <p>(Replies):</p> <p>CZ: We are not against voluntary disclosures in connection to non-categorised products. We see no need for further clarification.</p> <p>DE</p> <p>(Replies):</p> <p>We support the approach whereby products that do not qualify for one of the product categories may still publish information on their sustainability characteristics in a restricted manner. Information provided to potential investors must be easy to understand and unambiguous, taking into account the knowledge and expectations of retail investors. We therefore also support prohibiting the use of sustainability claims in the names of products under Article 6a.</p> <p>DK</p> <p>(Replies):</p> <p>We agree that non-categorised products should be able to give voluntary ESG disclosures to a limited degree. However, we find the 10% threshold to be arbitrary, and we see potential practical difficulties (both to understand and supervise), since it is not clear what constitutes information on consideration of sustainability factors. For example, it is unclear whether general information on exclusions or engagement constitutes such consideration of sustainability factors. We understand that the reasoning behind introducing</p> |

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|           | <p>such a threshold is also a consideration of the FMPs and to offer these some certainty as to whether they are compliant with the criteria or not – but from our perspective, this would also depend on what constitutes “<i>consideration of sustainability factors</i>”. We therefore suggest leaving it to supervisors to assess on a case-by-case basis if it “<i>is an important element of the investment strategy</i>” from a general perspective of misleading information.</p> <p>Also, we are still uncertain about the link between voluntary disclosures and marketing restrictions as it remains unclear to us what the difference is between “<i>consideration of sustainability factors</i>” in article 6a and “<i>sustainability related claims</i>” in article 13.</p> <p>ES<br/>(Replies):</p> <p>We agree with the overall approach of allowing voluntary ESG disclosures for non-categorised products under Article 6a. Permitting ancillary ESG-related information outside the categorisation system can be appropriate, provided that it does not blur the distinction between categorised and non-categorised products.</p> <p>However, <b>we consider that the principle of non-centrality would benefit from further specification at Level 1.</b> In its current form, it risks being interpreted divergently across Member States.</p> <p><b>The Regulation could clarify that ESG-related information in non-categorised products should not:</b></p> <ul style="list-style-type: none"> <li>- be <b>part of the product name or branding</b>;</li> <li>- be <b>presented as a primary investment objective or strategy</b>;</li> <li>- constitute a <b>determining feature in marketing communications</b>; or</li> <li>- represent a <b>substantial proportion of the product's overall investment policy</b>.</li> </ul> <p>FI</p> |

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|           | <p>(Replies):</p> <p>Yes, the voluntary yet restricted ESG disclosures for non-categorised financial products under Article 6a are appropriate. Currently the principle of non-centrality is however hard to define and could leave practical issues for the supervisors (for example, how is the 10 % limit calculated etc.)</p> <p>FR</p> <p>(Replies):</p> <p>We agree with the overall approach but do not yet have a definition position</p> <p>GR</p> <p>(Replies):</p> <p>EL: Voluntary ESG disclosures for non-categorised financial products should ensure that information provided to investors is clear, fair and not misleading. Appropriate safeguards and clear application of the relevant provisions are important to support transparency and investor protection.</p> <p>HR</p> <p>(Replies):</p> <p>We note that financial products under Article 6a are not categorised products and therefore should not be perceived by investors as comparable to the sustainability categories introduced elsewhere in the framework. While we understand the intention behind allowing voluntary references to the consideration of sustainability factors for such products, we consider that the criteria set out in Article 6a appear relatively extensive and complex. This could potentially create confusion for investors, blurs the line between categorised and non-categorised products and open space for manipulation, misleading information or greenwashing. In that context, we have certain reservations regarding the introduction of this concept. As regards the principle of non-centrality, we would support further clarification at Level 1. In practice, the application and supervision of this concept is likely</p> |

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|           | <p>to require additional regulatory and supervisory effort. We also continue to have concerns as to how certain elements would be effectively monitored in practice, such as the requirement that references to the consideration of sustainability factors must not describe the financial product’s characteristics both in terms of breadth and positioning in the document, must remain neutral, and must be limited to less than 10% of the volume occupied by the presentation of the financial product’s investment strategy.</p> <p>Finally, if such a possibility is ultimately introduced, we consider that particular caution should be exercised regarding the inclusion of such references in pre-contractual documentation, even if these elements are not marketed as central features of the product, in order to avoid creating misleading sustainability impressions for investors.</p> <p>IE<br/> <b>(Replies):</b></p> <p>As the principle of non-centrality is new to the framework, it would benefit from further clarity to ensure financial market participants are clear on expectations in this regard.</p> <p>IT<br/> <b>(Replies):</b></p> <p><b>Q25.</b> On the proposed new Article 6a, our understanding is that the proposal aims at avoiding a binary world where products are either categorized or completely silent on sustainability. At the same time, we see a real risk that, without clear guardrails in the Level 1 text, Article 6a could create a large and heterogeneous “grey zone”, leading to divergent market practices, inconsistent supervision, and—most importantly—investor confusion.</p> <p>From a supervisory and distribution perspective, clarity for retail clients and operational certainty for distributors are essential, especially given the interaction with the MIFID II rules on assessing clients’ sustainability</p> |

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|           | <p>preferences. Distributors need a clean, predictable mapping between product features and client preferences; otherwise, we risk undermining the credibility of the whole architecture and opening the door to greenwashing.</p> <p>Against this backdrop, we see two viable ways forward and remain open at this stage to the option that best delivers clarity and convergence. If Article 6a is retained, it should be tightened at Level 1 by: defining “non-centrality” in operational terms; introducing clear definitions of “sustainability factors” and “sustainable claim”; setting explicit rules on what can be disclosed and what terminology is permitted; and ensuring an unmistakable distinction from products in the categories under Articles 7, 8 and 9. Alternatively, if Article 6a is removed, the simplified framework should still provide a workable treatment for products with only ancillary sustainability elements, without creating loopholes.</p> <p>LT<br/>(Replies):</p> <p>In principle we agree with allowing voluntary ESG disclosures for non-categorised products under Article 6a, because it can support transparency and avoid an “all-or-nothing” dynamic where only categorised products can communicate ESG-related information.</p> <p>At the same time, this option creates a clear risk of inconsistent interpretation and marketing practices if the boundaries are not sufficiently clear. We therefore align with the many Member States that called for further clarification of the non-centrality principle, including the practical application of the 10% threshold.</p> <p>Therefore, we think non-centrality should be further defined (at Level 1 and/or Level 2), including clearer expectations on:</p> <ol style="list-style-type: none"> <li>1. what “non-central” means in practice,</li> <li>2. how the 10% threshold is assessed,</li> </ol> |

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|           | <p>3. and how Article 6a disclosures should be presented so they cannot be understood as implying categorisation.</p> <p>We would also support considering a simple disclaimer to reinforce the distinction between Article 6a disclosures and categorised products. We note positively that practical experience with a 10% threshold approach was referenced in the discussion by one Member State as operationally achievable, but harmonised rules would still be necessary to ensure consistent application.</p> <p>LU<br/> <b>(Replies):</b></p> <p><u>LU</u><br/>           LU sees merit in the broader flexibility that would be provided financial market participants to refer to a special category dedicated to non-categorised products. LU also understands the rationale of the introduction of a ‘non-centrality’ principle related to such products. However, as already stressed, the 10% limit related to the volume of the relevant products’ offering documentation does not appear to be particularly useful and would likely lead to additional bureaucratic burden from the angle of the rule’s enforcement by regulators.</p> <p>LV<br/> <b>(Replies):</b></p> <p>We support a simplified, transparent regime. At the same time, we recognise that non-categorised products must not be treated as quasi-ESG, as this would make it more difficult to assess sustainability preferences. Centrality principle should be further defined at Level 1?</p> <p>NL<br/> <b>(Replies):</b></p> <p>We are open to voluntary disclosures for non-label products, provided they are well-defined and do not create risks for greenwashing. The distinction between</p> |

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|           | <p>non-categorised and categorised products must remain clear for retail investors. The principle of non-centrality can be further defined in level 2.</p> <p>PL<br/>(Replies):</p> <p>PL_25: Preliminarily, we agree. However, the principle of non-centrality would benefit from further clarification.</p> <p>PT<br/>(Replies):</p> <p>We welcome the Commission’s recognition of the view that products with no sustainability-related claims should not be subject to minimum disclosure requirements beyond an indication if or how they embed/integrate sustainability risks.</p> <p>However, Portugal believes that the principle of non-centrality should be further defined at L1 and would like to understand the rationale behind the 10% threshold and how it would be defined.</p> <p>RO<br/>(Replies):</p> <p>Yes, voluntary disclosure of ESG information for unrated products is acceptable; the principle of non-centrality should be clarified at level 1 to align with IDD requirements on distribution.</p> <p>SE<br/>(Replies):</p> <p>Yes and yes. Level 1 should be as detailed and clear as possible.</p> <p>SK<br/>(Replies):</p> <p>In general, we agree with the voluntary ESG disclosures for non-categorised financial products under Article 6a.</p> |

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| <p>Q26. Do you agree to limit the legal documentation (i) to a maximum of 2 pages for the disclosures under paragraphs 3 of Articles 7, 8 and 9, and (ii) to a maximum of 1 page for the disclosures under paragraphs 4 of Articles 7 and 9?</p> | <p>AT<br/>(Replies):<br/>Yes, considering the explanation of the COM in the CWG.</p> <p>BE<br/>(Replies):<br/>We are supportive of the introduction of maximum lengths for the various disclosure documents. We see these measures as positive steps toward greater clarity and usability for investors.</p> <p>CZ<br/>(Replies):<br/>CZ: We do not oppose such limitation.</p> <p>DE<br/>(Replies):<br/>We support the proposed limitation of legal documentation and disclosures at product level. It is important to ensure that retail investors can understand what the product they are purchasing actually does. To achieve this, disclosures must be simple and concise. With regard to the necessary work on the presentation of information at Level 2, we would support conducting consumer testing.</p> <p>DK<br/>(Replies):<br/>Yes.</p> <p>ES<br/>(Replies):<br/>Yes</p> |

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|           | <p>FI<br/>                     (Replies):<br/>                     Yes</p> <p>FR<br/>                     (Replies):<br/>                     We agree with the suggested limits for disclosure. However, for the specific case of alternative approach, this limit may pose challenges for FMP. We might consider a more flexible approach for those financial products.</p> <p>GR<br/>                     (Replies):<br/>                     EL: Limiting the length of legal documentation supports simplification and enhances the clarity and accessibility of sustainability- related information for investors.</p> <p>HR<br/>                     (Replies):<br/>                     We agree with the content page limits for these Articles. However, we caution that the length of the document is not a primary goal – the goal is the simplicity of disclosed information so retail investors who are primary beneficiaries of these documents will have no issues in making an informed decision.</p> <p>IE<br/>                     (Replies):<br/>                     We support the move toward streamlined disclosures, as prioritising the most relevant data points is an essential step in improving investor accessibility and cross-product comparability. While we welcome the transition toward more user-friendly, concise formats, it is imperative that this pursuit of brevity is balanced against the need for substantive materiality, ensuring that simplified documentation does not inadvertently obscure the nuances of complex sustainability strategies.</p> |

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|           | <p>IT<br/>(Replies):</p> <p><b>Q26.</b> We generally agree with the reduction of disclosure requirements and, in order to guarantee clarity and completeness, this information needs to be provided using standardised templates. The use of templates could also address the issue of document’s length. In any case the ex-ante definition of length’s limit could contribute to have more manageable information.</p> <p>LT<br/>(Replies):</p> <p>Yes, we support the objective of limiting the length of legal documentation. Shorter, more understandable disclosures can materially improve usability for retail investors and reduce overly long, compliance-driven disclosures. This was also broadly supported by many Member States, although some flagged practical implementation challenges.</p> <p>In practice, pre-contractual sustainability disclosures can already run to many pages and are often usable mainly by fund managers and supervisory authorities. We therefore support the page limits in principle.</p> <p>However, page limits should be accompanied by a clear rule on where additional methodological and explanatory information should sit (e.g. a dedicated webpage, or another harmonised layered-disclosure solution, or “upon request”), because key elements such as assumptions, data sources, estimation approaches and indicator definitions will not realistically fit into 1–2 pages for many products.</p> <p>Without a consistent approach to layered disclosure, Member States and market participants may develop divergent practices (e.g. embedding more detail in prospectuses vs separate documents), undermining comparability and creating uncertainty for supervisors. We therefore support the page limits, provided that access to supplementary information is clearly structured in a harmonised way.</p> |

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|           | <p>LU<br/>(Replies):</p> <p><u>LU</u><br/>LU is supportive. Special attention should be given to the Level 2 text (article 19b b)) when specifying the details of the layout and overall presentation of these two pages. In the end, the information shall not be overly condensed and confusing to investors.</p> <p>LV<br/>(Replies):</p> <p>While we agree with the idea of short disclosures, we are concerned that page limits alone will not deliver clarity. Page limits must follow content simplification, not replace it.</p> <p>NL<br/>(Replies):</p> <p>We support limiting the prospectus to two pages for reasons of clarity and to reduce workload. However, it may not come at the expense of the comprehensibility of relevant information. Where necessary, the use of layered information should remain possible in order to inform consumers clearly and comprehensively.</p> <p>PL<br/>(Replies):</p> <p>PL_26: The scope of ESG disclosures is important. However, it is essential to maintain a limited number of pages for financial product information in order to communicate clearly and effectively. We therefore preliminarily support legal page limits as a measure to simplify the process.</p> <p>PT</p> |

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|   | <p>(Replies):</p> <p>Portugal recognises the overarching objective of simplification and can support limiting the length of the legal documentation as proposed.<br/>At the same time, we consider it essential that such limits do not compromise the clarity or effectiveness of the disclosures. Any format restrictions should therefore allow Financial Market Participants to provide information in a way that remains meaningful and understandable for investors.</p> <p>RO<br/>(Replies):</p> <p>Yes, limiting the documentation to a maximum of 2 pages for standard information and 1 page for additional information is reasonable and supports IDD compliance.</p> <p>SE<br/>(Replies):</p> <p>Yes, a limitation is warranted. Two pages is a good objective, but it requires that we limit what information the document should contain.</p> <p>SK<br/>(Replies):</p> <p>We do not oppose the limitation of the legal documentation.</p> |
| <p>Q27. Do you agree with the amendment to the PRIIP KID? If not, please explain why.</p> | <p>AT<br/>(Replies):</p> <p>We can, in principle, support the COM's proposal to introduce a sustainability section in the PRIIPs KID as well as the indication of the product category.</p> <p>BE<br/>(Replies):</p>  |

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|           | <p>We consider that the PRIIPs KID should include a clear reference to the product’s categorisation under SFDR. In this context, we believe that non categorised products — including those falling under Article 6a — should not be permitted to promote ESG related claims in the KID.</p> <p>BG<br/>(Replies):</p> <p>BG: We are skeptical to the proposed requirement to describe shortly the objectives of the product. In our view, it would be better to refer to SFDR disclosures documents taken into account the length of the PRIIPS KID.</p> <p>CZ<br/>(Replies):</p> <p>CZ: We welcome the inclusion of the information stating which category they fall under. We suggest that the description of the category is not necessary as we believe this information should be kept to a minimum. Given that the proposal aims to introduce labels, that were <i>de facto</i> used up until now, explaining the labels in key information document seems excessive and unnecessary.</p> <p>In view of the discussion, we would also agree to limiting the information and introducing a direct link to SFDR.</p> <p>DE<br/>(Replies):</p> <p>We support an approach that allows products not covered by the SFDR to make a statement regarding sustainability. The proposed amendment to the PRIIP KID (Article 8(3)) seems too restrictive in light of this objective, as it refers only to “sustainability-related financial products” under SFDR. The wording should therefore be amended, also taking into account the ongoing negotiations on the Retail Investment Strategy (RIS).</p> |

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|           | <p>DK<br/>(Replies):<br/>Yes.</p> <p>ES<br/>(Replies):<br/>Yes</p> <p>FI<br/>(Replies):<br/>Yes</p> <p>FR<br/>(Replies):<br/>We support in principle the inclusion of a section dedicated to sustainability. But we also note a significant discrepancy between the respective product scope of SFDR and PRIIPS regulation. A question remains as to whether PRIIPs that fall outside the scope of SFDR should have the possibility to make ESG claims in their KID. We reserve our view provided consistency is enhanced between the two regulations, including for structured products. Also, within the “How sustainable is this product?” section, we suggest the removal of any further disclosure requirements (i.e. a description of the sustainability-related objectives and indicators, already presented in the SFDR disclosure). Instead we suggest requiring the addition of a hyperlink leading to the product’s corresponding SFDR disclosure.</p> <p>GR<br/>(Replies):<br/>EL: The proposed amendment to the PRIIPs KID supports transparency and helps investors better understanding the sustainability characteristics of financial products.</p> |

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|           | <p>HR<br/>(Replies):<br/>Yes.</p> <p>HU<br/>(Replies):<br/>We agree that the category to which a financial product belongs should be included as new information in the KID.</p> <p>IE<br/>(Replies):<br/>Yes, the amendment could help enhance investor accessibility and cross-product comparability and make sustainability claims more prominent and accessible for retail investors.</p> <p>IT<br/>(Replies):<br/><b>Q27.</b> Yes. We support the proposed amendments in order to improve clarity and comparability of sustainable aspects through the KID. Moreover, we propose extending the revised SFDR provisions to all the PRIIPs featuring ESG elements or characteristics and not only to those falling within the more limited SFDR scope of application. Indeed, only for investment funds and IBIPs both regulatory frameworks (PRIIPs and SFDR) apply, whereas for other financial instruments (e.g. structured products and bonds) qualifying as PRIIPs the new sustainability disclosure obligations under SFDR would not apply. We believe that the inclusion of the information about the sustainability “characteristics” even in the KID of PRIIPs not falling within the scope of current SFDR would improve comparability of all PRIIPs with reference to sustainability, as it would let the investor understand if the product he/she is</p> |

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|           | <p>considering to invest in is a “sustainable-related financial product” or not (according to the new definition provided for by the SFDR review). The mere inclusion in the KID of a new section about sustainability for a restricted number of PRIIPs only would not be sufficient for this purpose.</p> <p>Please also note that, according to our experience, many structured products (spec. investment certificates) generally have sustainability “characteristics” or are labelled as “green” (i.e., green certificates) due to the compliance to international standards (such as ICMA standards) and are offered to the Italian retail investors on the basis of prospectuses containing information on the sustainability “characteristics” of the product. Therefore, it is important that also the content of the KID of such products is in line with the information about sustainability contained in the prospectus.</p> <p>LT<br/>(Replies):</p> <p>We could agree with amending the PRIIP KID to ensure that sustainability-related information (including the product category) is reflected consistently and in a harmonised way across key investor-facing and marketing documents, so that investors receive clear and comparable messages.</p> <p>LU<br/>(Replies):</p> <p><u>LU</u><br/>LU is further assessing whether this information should be i) disclosed under the section “What is this product?”, notably as part of the nature and main features of the PRIIP (Article 8 (3) (c) (ii) (1) and (2)) or ii) be disclosed in a separate section that would be created for that purpose only, as proposed in the amendment.</p> |

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|           | <p>Regarding the second option, <u>LU</u> would like to mention that the question “Is this product sustainable?” (newly introduced section) could be misleading, because the meaning of a sustainable product has not been clarified (as raised by Q16 above).</p> <p>LV<br/>(Replies):<br/>We support the objective of amending the PRIIP KID to include sustainability information. At the same time, our concerns primarily focus on the scope, coherence and operational clarity of the amendments, as well as their alignment with the categories set out in MiFID/IDD and SFDR.</p> <p>NL<br/>(Replies):<br/>We agree with the adjustment of the PRIIP KID to enhance transparency further. The KID is intended to enable retail investors to make well informed decisions, and the SFDR product category constitutes relevant and useful information in that context.</p> <p>PL<br/>(Replies):<br/>PL_27: We don’t entirely agree – we consider the amendment to be unnecessary and not aligned with the objective of simplifying the SFDR. In its current form, the legislative proposal also does not specify which indicators are being referred to or whether they will be defined at the EU level to ensure consistent application across products. Therefore, more precise clarification in this regard would be welcome.</p> <p>PT<br/>(Replies):<br/>The proposal suggesting including the category in the Key Information Document (KID) of the PRIIP seems sufficient. Indicating the category to</p> |

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|   | <p>which they belong is, in fact, an improvement and may be enough for comparability purposes. Going further with the information, e.g., including sustainability factors, could make it too complex.</p> <p>RO<br/>(Replies):</p> <p>Yes, the amendment to the PRIIP KID is appropriate, provided that ESG information does not become central and does not affect the fairness of product distribution under the IDD.</p> <p>SE<br/>(Replies):</p> <p>Yes.<br/>We would be interested to explore the possibility to add a simple information in the KID/KIID that a financial product which is in the SFDR-scope is <u>not</u> categorized according to SFDR.</p> <p>SK<br/>(Replies):</p> <p>We do not oppose the amendment to the PRIIP KID.</p> |
| <p>Q28. Do you support extending the date of application to 24 months or more after entry into force?</p> | <p>AT<br/>(Replies):</p> <p>From the perspective of a smooth transition to the new framework, it is primarily important that sufficient time is allowed for the proper development of level II measures and its implementation by all stakeholders.</p> <p>Therefore, it appears to be preferable to take more time in order to establish a well-functioning framework that remains stable over time. Given these circumstances, there is some merit to consider an implementation deadline of 24 months rather than 18 months.</p>  |

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|           | <p>BE<br/>(Replies):<br/>About the timing of the entry into force of the revised provisions, we would be supportive of achieving full alignment between the Level 1 and Level 2 measures. From this perspective, if a longer implementation period is necessary to ensure such coordination, we could support extending the date of application to 24 months.</p> <p>BG<br/>(Replies):<br/>BG: It is important that level 2 and level 1 be applied at the same date.</p> <p>CZ<br/>(Replies):<br/>CZ: We do not object.</p> <p>DE<br/>(Replies):<br/>We generally support to allow an adequate timeframe to make sure that there is enough time to make the required changes to other legislative pieces (e.g. MiFID) and that these changes can be incorporated by market participants.<br/><br/>We should however be cautious to not create a “limbo” between the new and the old regime, where FMPs do not structure new products because of legal uncertainty.</p> <p>DK<br/>(Replies):<br/><b>For DK it is of utmost importance that (1) the level 2 texts for SFDR 2.0 and MiFID/IDD are ready simultaneously for at simple and harmonised application and (2) that the new SFDR 2.0 templates are published in due</b></p> |

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|           | <p><b>time before the application of the L1 text to ensure adequate time for the companies to adjust to the new framework</b>, however still considering that usage of the proposed categories is voluntary.</p> <p>We agree with the suggestion to have a dynamic application as suggested by other Member States, however we could understand from the Council Secretariat that this is not legally possible. In our view, although the original date of application of 18 months seems sufficient, we might see a need to extend the application date if the Commission expects it to take more than 12 months to develop the necessary level 2 measures. Otherwise, the FMP's time to adapt to the new system will not be taken into reasonable consideration.</p> <p>ES<br/>(Replies):</p> <p><b>We do not support a blanket extension of the date of application to 24 months.</b> An excessively long transition period between SFDR 1.0 and SFDR 2.0 would perpetuate operational burdens and regulatory fragmentation. The objective should be a swift but orderly transition, with Level 1 and Level 2 entering into application simultaneously.</p> <p>We acknowledge the legal constraints identified regarding the impossibility of formally conditioning the application of Level 1 on the prior adoption of Level 2 measures. <b><u>We would therefore suggest a more targeted approach:</u></b> rather than delaying the application of the regulation as a whole, certain specific Level 1 obligations whose material implementation requires the prior availability of specific technical content should be <b>explicitly linked to that content becoming available to market participants, with a minimum floor of 18 months and an absolute ceiling of 24 months in any event.</b></p> |

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|           | <p>Concretely, we would suggest the following <b>links to specific Level 2 deliverables</b> under Article 19b:</p> <ul style="list-style-type: none"> <li>- the disclosure obligations under Articles 7(3), 8(3) and 9(3) shall apply once standardised presentation <b>formats and disclosure templates for categorised financial products</b> are available to financial market participants, and in any event no sooner than [18 months after entry into force] and no later than [24 months after entry into force];</li> <li>- the 70% threshold obligations under Articles 7(1), 8(1) and 9(1) should only become fully enforceable once <b>harmonised methodologies for calculating that threshold</b> across different asset classes are available to financial market participants, and in any event no sooner than [18 months after entry into force] and no later than [24 months after entry into force];</li> <li>- <b>supervisory enforcement</b> of the naming and marketing rules under Article 13 should be calibrated accordingly until those methodologies are available.</li> </ul> <p>In all cases, these obligations would apply no sooner than 18 months and no later than 24 months after entry into force. <b>This approach ensures that financial market participants have access to all the necessary technical content — templates, methodologies and other implementing tools — with sufficient time</b> to adapt their products, processes and systems to the new framework before the relevant obligations become enforceable. <b>To support this timeline, Article 19b should include a binding deadline</b> requiring the Commission to adopt all delegated acts no later than <b>6 months after entry into force, so that market participants have in practice a minimum of 12 months to prepare</b> once all the pieces of the framework are in place.</p> <p>Finally, we consider it essential that the necessary <b>amendments to MiFID Level 2 rules</b> on sustainability preferences enter into application simultaneously with SFDR 2.0. While we recognise the legal difficulty of</p> |

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|           | <p>formally conditioning SFDR's application on a separate legislative instrument, we would strongly encourage the <b>inclusion of a recital</b> committing the Commission to adopt the relevant MiFID Level 2 amendments with sufficient advance notice before the SFDR 2.0 application date.</p> <p>Drafting suggestions for this:</p> <p><b>Article 19b — Empowerments (final paragraph)</b><br/>[...]<br/><u>The Commission shall adopt all delegated acts referred to in this Article no later than [6 months after entry into force of this Regulation].</u></p> <p><b>Article 4 — Entry into force and date of application</b><br/>This Regulation shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.<br/>It shall apply from [18 months after entry into force].<br/><u>By way of derogation from the second paragraph:</u></p> <ul style="list-style-type: none"> <li>a) <u>the obligations under Articles 7(3), 8(3) and 9(3) of Regulation (EU) 2019/2088 as amended by Article 1 of this Regulation shall apply once standardised presentation formats and disclosure templates for categorised financial products are available to financial market participants, and in any event no sooner than [18 months after entry into force] and no later than [24 months after entry into force];</u></li> <li>b) <u>the obligations under Articles 7(1), 8(1) and 9(1) of Regulation (EU) 2019/2088 as amended by Article 1 of this Regulation relating to the minimum investment alignment threshold shall be fully enforceable once harmonised methodologies for calculating that threshold across different asset classes are available to financial market participants, and in any event no sooner than [18 months after entry into force] and no later than [24 months after entry into force];</u></li> </ul> |

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|           | <p>c) <u>supervisory measures relating to the naming and marketing rules under Article 13 of Regulation (EU) 2019/2088 as amended by Article 1 of this Regulation shall take into account the availability of the methodologies referred to in point (b) when assessing compliance during the transitional period.</u></p> <p><b>New recital</b></p> <p><i>In order to ensure that financial market participants can adapt their products, processes and systems to the new framework in a timely and legally certain manner, certain obligations under this Regulation whose material implementation requires the prior availability of standardised technical content — in particular the presentation formats and disclosure templates for categorised products and the methodologies for calculating the minimum investment alignment threshold — should not become applicable until that content is available to market participants, subject to a minimum period of [18 months] and a maximum period of [24 months] from entry into force. To that end, the Commission should adopt all delegated acts provided for under Article 19b of Regulation (EU) 2019/2088 as amended by this Regulation no later than [6 months] after the entry into force of this Regulation, so as to allow market participants a minimum of [12 months] to prepare for the application of the relevant obligations once all elements of the framework are in place.</i></p> <p><i>Furthermore, the revised sustainability-related product categories introduced by this Regulation are closely interlinked with the sustainability preferences framework applicable to investment firms and insurance distributors under Directive 2014/65/EU and Directive 2016/97/EU and their respective implementing measures. The effective and coherent operation of those frameworks requires that the relevant Level 2 measures governing sustainability preferences under those Directives be amended to reflect the product categories introduced by this Regulation and enter into application no later than the date of application of this Regulation. The Commission is</i></p> |

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|           | <p><i>therefore invited to adopt the necessary amendments to the relevant delegated acts under those Directives with sufficient advance notice before the date of application of this Regulation, so as to ensure regulatory coherence and avoid creating contradictory obligations for financial market participants operating under both frameworks simultaneously.</i></p> <p>FI<br/> <b>(Replies):</b><br/>                     Sufficient transition period must be ensured. The amendments will lead to burdensome transition measures for FMP and for example changes in investment strategies, fund names and fund rules take time.</p> <p>Furthermore, the simultaneous application of L2/L3 changes needs to be ensured so that FMP's don't need to engage in multiple different interpretations in the intermediate state. This is crucial in order to ensure legal certainty.</p> <p>FR<br/> <b>(Replies):</b><br/>                     We agree with the extension of the date of application to 24 months.</p> <p>GR<br/> <b>(Replies):</b><br/>                     EL: We see merit in ensuring an adequate implementation period to allow sufficient preparation and effective application of the revised framework.</p> <p>HR<br/> <b>(Replies):</b><br/>                     Yes, we support extending the date of application to up to 24 months after the entry into force</p> <p>HU</p> |

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|           | <p>(Replies):</p> <p>We support the expansion of the date of application.</p> <p>IE</p> <p>(Replies):</p> <p>We are open to extending the date of application to 24 months. We believe this gives sufficient time to update products and systems, and so we do not support any grandfathering provisions.</p> <p>IT</p> <p>(Replies):</p> <p><b>Q28.</b> We support a 24- month extension of the application date. A longer period ensures adequate preparation and development of Level 2 measures.</p> <p>LT</p> <p>(Replies):</p> <p>We are open to a 24 month application period. We could also support a shorter period, provided that the revised framework is prepared and implemented in a timely and workable manner.</p> <p>We stress the need to ensure that the framework is operational by the time of application. In particular, it will be important that relevant Level 2 measures were prepared and adopted in time, so that market participants have sufficient clarity and time to implement the new regime. As Level 1 and Level 2 texts will in any case be finalised at different moments, the priority should be a realistic and coordinated implementation approach rather than a rigid preference for a specific timeline.</p> <p>LU</p> <p>(Replies):</p> <p><b>LU</b></p> |

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|           | <p>From a general standpoint, it is crucial that sufficient time is left to market participants to operationalise the new rules. Above all, this would require an efficient and well-timed sequencing of the publication and entry into force of all Level 1 et Level 2 texts (including, for instance and without limitation, the appropriate updates of the MiFID framework), in line with the conclusions of the Council (ECOFIN) of 12 December 2025.</p> <p>Moreover, whereas LU fully shares the ambition to enhance the regulatory framework to better prevent green-washing practices, LU remains concerned that the proposal does not provide a sufficiently smooth transition between the current and future regimes in the interest of market participants which have, in good faith, structured their latest products based on the existing framework. Ensuring continuity is essential for credibility and good regulation. Issuers of existing SFDR- compliant products — especially those being marketed under Article 8 — need workable mechanisms to adapt their strategies without facing structural, regulatory, or contractual obstacles, particularly in cases where adaptation to the new regime would imply financial market participants to face:</p> <ul style="list-style-type: none"> <li>- material administrative burden (e.g. material amendments to existing fund documentation, which would require lengthy corporate approvals and regulatory filings),</li> <li>- communication challenges with investors;</li> <li>- unreasonable costs; and</li> <li>- and unreasonably burdensome shifts in their underlying portfolio strategies</li> </ul> <p>as would be the case for certain illiquid strategies (PE, VC and, foremost, real assets) or passively managed products.</p> |

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|           | <p>In such perspective, LU stands ready to favour every shared solution that would help minimising (or, at least, significantly reducing) the negative side-effects that would stem from the implementation of the new regime described above.</p> <p>The postponement of the entry into force of SFDR 2.0, could indeed represent a solution to effectively manage those issues. LU acknowledges that a relatively wide consent by other MS delegations was expressed in respect to this additional postponement during the Working Party meeting held on 23 February 2026.</p> <p>However, in line with the concerns expressed by the Commission in the context of that same meeting in respect to the need for not delaying too much the entry into force of SFDR 2.0 in order to provide market participants with an acceptable degree of foreseeable clarity in a reasonable timeframe, LU wonders whether more targeted solutions would be more appropriate. In such respect, please refer to our comment under Q32.</p> <p>LV<br/>(Replies):<br/>Yes, extension of entry in force period would ensure better regulation understanding before submitting first report.</p> <p>NL<br/>(Replies):<br/>The Netherlands believes it is important that there is a clear implementation path that allows stakeholders sufficient time to prepare. In the previous SFDR rollout, Level 1 requirements took effect before Level 2 was finalized, which led to much confusion in the market. We believe it is necessary to have clarity about Level 2 before Level 1 actually enters into force. We are open for extending the date of application to 24 months if this is necessary to achieve this.</p> |

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|           | <p>PL<br/>(Replies):<br/>PL_28: Yes, the implementation period should be sufficiently long to allow financial institutions to adapt to the new requirements.</p> <p>PT<br/>(Replies):<br/>As mentioned earlier, Portugal considers it essential that any L2 measures come into effect at the same time as the L1 provisions, to ensure legal certainty and avoid gaps in implementation for Financial Market Participants.<br/>However, a correct balance must be struck between the time needed for L2 measure to be properly prepared and the date of application of a regime that simplifies the current framework. 24 months may be an excessive amount to do so and may bring to much uncertainty. As such, we prefer that the revised framework applies 18 months after the entry into force.</p> <p>RO<br/>(Replies):<br/>Yes, we support extending the date of application to 24 months or more after entry into force.</p> <p>SE<br/>(Replies):<br/>Yes, , 24 months seems realistic. We would like to reiterate the importance of synchronising Level 1 and Level 2, and ensuring that the necessary amendments to the relevant legal acts (including MiFID and IDD) start to apply simultaneously. We also propose introducing a new recital to highlight the central importance of this issue and the commitment of the co-legislators and the Commission to do the utmost to solve it.</p> |

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|  | <p>SK<br/>(Replies):<br/>It is very important to have lvl. 2 legislations on time (this is the only reason for considering the extending the date of application), otherwise the date of application should not be longer than in original proposal.</p>  |
| <p>Q29. Alternatively/additionally, would you support allowing all financial products to benefit from the 12-month transition proposed for some under Article 19a?</p> | <p>AT<br/>(Replies):<br/>We believe a transition period is useful, while FMPs should have the option to apply the new rules earlier, especially because there is a high level of dissatisfaction in the market with the current system.</p> <p>BE<br/>(Replies):<br/>We could potentially support the deferral of the date of application for certain categories of products. In this respect, we would suggest limiting the benefit of any additional postponement to financial products that were not previously within the scope of SFDR, or to products that are considered to invest predominantly in illiquid assets. For the latter, during the transitional period, we would suggest allowing continued reference to the existing legal framework, subject to a clear and well-defined sunset clause defined in Level 1 text. In our view, such a clause should not extend beyond three years following the adoption of the amending regulation.</p> <p>BG<br/>(Replies):<br/>BG: We could support that.</p> <p>CZ<br/>(Replies):<br/>CZ: We do not object.</p> |

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|           | <p>DK<br/>(Replies):<br/>We don't support to allow for a transitional period for some products for several reasons, but mainly because this would create a confusing interim time between SFDR 1.0 and SFDR 2.0.</p> <p>Furthermore, we don't fully understand how article 19a would work in practice as it is drafted now. From our reading, FMPs would still be subject to the rules on voluntary disclosures or marketing communication and naming in article 6a and article 13, as article 19a only refers to the articles 7-11 for the pension products. Does that mean that these products would still be subject to the restrictions on disclosures, marketing and naming? In that case, we don't see how products would even benefit from the current drafting of article 19a.</p> <p>ES<br/>(Replies):<br/>See above</p> <p>FR<br/>(Replies):<br/>We strongly support an extension of the transitional provisions to alternative investment fund ("FIA - article 2(12), point (b))</p> <p>GR<br/>(Replies):<br/>EL: We see merit in allowing an appropriate transition period to support the smooth implementation of the revised framework and to provide sufficient time for financial market participants to adapt.</p> <p>HR</p> |

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|           | <p>(Replies):</p> <p>Yes.</p> <p>IE</p> <p>(Replies):</p> <p>We could support if this increases cross-sector comparability for investors. However, this should not affect the date of the new framework and that robust sustainability standards are maintained.</p> <p>IT</p> <p>(Replies):</p> <p><b>Q29.</b> Yes, we support allowing all financial products to benefit from the 12- month transition so ensuring the level playing field across financial sectors.</p> <p>LT</p> <p>(Replies):</p> <p>We are open to a transition period for all financial products if this is considered necessary to ensure orderly implementation in practice. At the same time, such a transition should remain proportionate and should not unnecessarily prolong the coexistence of old and new disclosure regimes. Our main concern is to avoid avoidable market confusion and operational complexity. If a broader 12-month transition is introduced, it should be designed clearly and in a way that supports a smooth move to the simplified regime, rather than delaying it in practice. In this context, timely availability of Level 2 measures and templates remains more important than the formal length of the transition itself.</p> <p>LU</p> <p>(Replies):</p> <p><b>LU</b></p> |

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|           | <p>LU is open to such an extension. Please refer to LU comment under Q28.</p> <p>LV<br/>(Replies):</p> <p>Yes. If the first renewed application date is extended, then period in Article 19a should be extended for the same period.</p> <p>NL<br/>(Replies):</p> <p>It is important that obligations following from the SFDR are workable for financial market participants and that they have adequate time for implementation. We can support a 12-month transition period for all products if this gives them the necessary time for implementation.</p> <p>PL<br/>(Replies):</p> <p>PL_29: Yes, as a supplement to the general period of 24 months.</p> <p>PT<br/>(Replies):</p> <p>Portugal can support a 12-month transition period to ensure that all financial products can adapt to the new framework.</p> <p>RO<br/>(Replies):</p> <p>Yes, preliminary we agree with the transition period for all the financial products.</p> <p>SE<br/>(Replies):</p> |

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|  | <p>We believe that 6 months should be sufficient.<br/>                     We note that Article 19a refers to an Article 2(12)h which we can't find.</p> <p>SK<br/>                     (Replies):</p> <p>The transition period should not be too long as parallel regimes might create confusion for investors. Better solution is the option to use phase-in period arrangement for the products that are intended to be classified under the new regime.</p>  |
| <p>Q30. Do you support anticipating the removal of the obligations which are to be deleted from the date of application to the entry into force?</p> | <p>AT<br/>                     (Replies):</p> <p>We are open to discuss the removal of obligations as soon after entry into force, if this does not result in unintended legal consequences. However, regarding level 2 of MIFID and IDD the new product categories should be included after the transition period. This intention could already be clarified in the recital regarding the transition period of SFDR.</p> <p>BE<br/>                     (Replies):</p> <p>We support the proposal to remove the disclosure requirements that currently apply to financial advisors immediately upon entry into force of the amending regulation and not at the date of application, in case level 1 regulation makes it clear that the financial advisors will be removed from the scope of SFDR.</p> <p>BG<br/>                     (Replies):</p> <p>BG: In line with the simplification objectives removal of obligations should be applied from the entry into force.</p> <p>CZ</p> |

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|           | <p>(Replies):</p> <p>CZ: Yes, we can support this.</p> <p>DE</p> <p>(Replies):</p> <p>We support the application of relief measures upon entry into force.</p> <p>DK</p> <p>(Replies):</p> <p>Yes. <b>As a further simplification suggestion, we would also propose to make the same apply for entity level disclosures for FMPs</b> – as we are not convinced why these entities should be obliged to provide disclosures after entry into force until date of application.</p> <p>ES</p> <p>(Replies):</p> <p>Given the breadth of the proposed reform and the time that will inevitably elapse between the formal adoption of SFDR 2.0 and its full application, we consider it appropriate to introduce <b>immediate transitional relief measures upon entry into force of the amending regulation</b>.</p> <p>In particular, the immediate suspension of disclosure obligations that are to be deleted or substantially simplified under this reform would be both proportionate and consistent with the overall simplification objective. Continuing to require compliance with obligations that have already been identified as redundant or disproportionate during the transition period would impose unnecessary burdens on financial market participants without delivering commensurate benefits to investors.</p> <p>As a general principle, any reductions in regulatory burden should be ideally applicable with immediate effect upon the SFDR 2.0 entering into force.</p> |

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|           | <p><b>This should cover entity-level disclosures under Articles 4 and 5.</b> It should also cover other obligations that will become obsolete under the new regime and whose upcoming compliance deadlines fall within the transition period — in particular, the <b>annual principal adverse impact statements currently due by 30 June 2026 under the existing framework.</b></p> <p>FI<br/> <b>(Replies):</b><br/>                     Yes, especially the removal of entity-level disclosure obligations might be beneficial to remove from the date of application.</p> <p>FR<br/> <b>(Replies):</b><br/>                     We support, in principle, the removal of obligations that are to be deleted. However, our industry has raised concerns regarding potential legal difficulties with respect to existing contractual arrangements between investors and FMPs pursuant to the current provisions of SFDR (e.g. the minimum commitment regarding the proportion of investments in Taxonomy-aligned activities or PAIs disclosures). Any changes to legal provisions must therefore be carefully designed to avoid unintended legal consequences.</p> <p>GR<br/> <b>(Replies):</b><br/>                     EL: We see merit in ensuring a clear and timely transition to the revised framework, while supporting legal certainty and effective implementation.</p> <p>HR<br/> <b>(Replies):</b><br/>                     Yes.</p> <p>IE<br/> <b>(Replies):</b></p> |

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|           | <p>We support – in principle – bringing forward the removal of obligations scheduled to be deleted.</p> <p>IT<br/>(Replies):</p> <p><b>Q30.</b> Yes. Anticipating to the entry into force the removal of obligations that will be deleted from the date of application can be helpful in the perspective of burden reduction.</p> <p>LT<br/>(Replies):</p> <p>We think that obligations which are being removed under the revised regime should cease already from the entry into force of the amending Regulation, rather than only from the application date. This would avoid unnecessary compliance work during the transition period and would deliver simplification benefits to the market earlier.</p> <p>LU<br/>(Replies):</p> <p><b>LU</b><br/>LU supports an approach focused on providing clarity to market participants and NCAs on the proposed simplification measures as soon as possible and to the extent operationally feasible, so that guidance is prompt, practical, and reduces implementation uncertainty.</p> <p>LV<br/>(Replies):</p> <p>Yes</p> <p>NL<br/>(Replies):</p> |

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|   | <p>We want to prevent that financial market participants need to make additional compliance costs for rules that are foreseen to be removed. We can support the anticipated removal of these obligations.</p> <p>PL<br/>(Replies):<br/>PL_30: Yes, we support this.</p> <p>PT<br/>(Replies):<br/>No.</p> <p>RO<br/>(Replies):<br/>Yes, we support the removal.</p> <p>SE<br/>(Replies):<br/>Yes.</p> <p>SK<br/>(Replies):<br/>We support the removal of the obligations which are to be deleted as soon as possible.</p> |
| <p>Q31. Do you support a further 18-month delay for the obligations under the ESAP Regulation to apply or would you extend this delay even further?</p> | <p>AT<br/>(Replies):<br/>To avoid administrative burdens for ESMA and the national competent authorities in relation to an RTS that would have to be amended again in the near, we can support the proposed delay.</p>   |

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|           | <p>BE<br/>(Replies):<br/>We have an open position on this specific point.</p> <p>BG<br/>(Replies):<br/>BG: We support the delay.</p> <p>CZ<br/>(Replies):<br/>CZ: We do not object.</p> <p>DE<br/>(Replies):<br/>Scrutiny reservation. We have not finalised our position on this point.</p> <p>DK<br/>(Replies):<br/>-</p> <p>FR<br/>(Replies):<br/>We call for extending the delay until the end of the transition period, which would lead to a 30-month delay (under the current proposal).</p> <p>GR<br/>(Replies):<br/>EL: An appropriate implementation timeline is important to ensure effective preparation and consistent application of the ESAP- related obligations.</p> <p>HR</p> |

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|           | <p>(Replies):</p> <p>Yes.</p> <p>IE</p> <p>(Replies):</p> <p>We support the proposed revisions to the ESAP timelines but suggest the wording is amended to be “at least 18 months” to open the possibility to push the timing further to align with the ESAP Phase 3 (scheduled to go-live in Jan 2030).</p> <p>IT</p> <p>(Replies):</p> <p><b>Q31.</b> Yes, we support the delay in light of the complexity of ESAP project and the needed time for its smoother implementation. In such perspective even a further delay can be appropriate.</p> <p>In addition, it may be helpful to consider aligning the timeline with the availability of underlying source information (e.g., information disclosed by issuers and other entities), which will also need to be made available on ESAP. This could support a smoother end-to-end implementation and facilitate data availability across the reporting chain.</p> <p>LT</p> <p>(Replies):</p> <p>We support delaying the application of the ESAP related obligations by a further 18 months, provided that this helps ensure a realistic and coordinated implementation of the revised framework.</p> <p>The key point is that the timing should be aligned with overall implementation readiness, including the availability of Level 2 measures and the practical ability of market participants and supervisors to apply the requirements consistently.</p> |

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|           | <p>In our view, the objective should be to avoid fragmented implementation and to ensure that ESAP-related obligations begin to apply only when the underlying SFDR disclosure framework is sufficiently stable and operational.</p> <p>LU<br/>(Replies):</p> <p><u>LU</u><br/>On this point, please refer more generally on LU comment under Q28, Q29 and Q32.</p> <p>LV<br/>(Replies):</p> <p>The date should be the same as the extended date of application. 24 or more months after entry in force.</p> <p>NL<br/>(Replies):</p> <p>The Netherlands is open to postponing ESAP obligations to facilitate a smooth implementation process.</p> <p>RO<br/>(Replies):</p> <p>Yes, we support the delay.</p> <p>SE<br/>(Replies):</p> <p>If we understand correctly, the proposal is to add 18 months on top of the 18 months (potentially 24 months according to Q28) between the entry into force and the date of application. This implies that the ESAP requirements will start applying 36 months after entry into force (and potentially 42 months later, as per Q28). While we understand the need for ESMA to have time to prepare the ITS, we wonder whether as much as 3 years are necessary, from the entry into</p> |

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|  | <p>force?<br/>                     In case 3 years would prove necessary, we should redraw the 6 months added to the date of application as per Q28 to the ESAP-deadline, giving only 12 months delay.</p> <p>SK<br/>                     (Replies):<br/>                     We support further 18-month delay for the obligations under the ESAP Regulation to apply.</p>  |
| <p>Q32. Do you consider that a grandfathering provision should be introduced for financial products under the existing regime? If so, for which financial products and for how long?</p> | <p>AT<br/>                     (Replies):<br/>                     We are somehow sceptical of this proposal but remain open to convincing arguments in its favour.</p> <p>BE<br/>                     (Replies):<br/>                     We do not consider that grandfathering provision is necessary, since there was no categorization of sustainable products under the current regulation. In relation to the transition between the two regimes more broadly, we would also encourage the examen of the annual reporting requirements applicable to financial products that are no longer marketed but remain within the scope of SFDR 1.0 for annual reporting. Indeed, since the annual reporting is maintained in SFDR 2.0 and these products are currently reporting under SFDR 1.0, they will remain under the obligation to produce annual reporting. It seems key for legal certainty to understand if they will be authorized to continue to report under the old scheme or will have to adopt the new criteria (including then the potential amended list of indicators). Clarification in this area could help ensure proportionality and legal certainty.</p> <p>BG</p> |

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|           | <p>(Replies):</p> <p>BG: We would like to receive a clarification before expressing a position. For us it is not clear what is meant by grandfathering provision taken into account the proposed transition provision.</p> <p>CZ</p> <p>(Replies):</p> <p>CZ: We can see the benefits of such period. We can support, if other MS see it as an important aspect of the revision.</p> <p>DE</p> <p>(Replies):</p> <p>As the SFDR is currently a disclosure regime (not a categorization system), we remain uncertain as to what such a rule would mean in practice.</p> <p>DK</p> <p>(Replies):</p> <p><b>No. We don't support a grandfathering provision for products under the existing regime.</b></p> <p>The proposed categories in SFDR 2.0 are clearly different from the current article 8 and 9 which are simple disclosure requirements and not categories. Introducing a grandfathering provision for current products would risk damaging investor protection and comparability as investors would have to be able to discern not only between categorised products but also between products under the current regime and the new regime.</p> <p>In Denmark, around 70% of products targeted towards retail investors are currently categorised as Article 8 SFDR 1.0 products. This number reflects that the current Article 8 is very "loose" and easy to comply with.</p> |

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|           | <p>We should not bring past mistakes into the new regime in SFDR 2.0 by allowing products which are not green to continue being classified as such.</p> <p>Therefore, we should ensure that a product does in fact contribute positively to sustainability factors before being categorised according to the SFDR 2.0.</p> <p>We believe the proposal already provides sufficient alternatives than a grandfathering provision, if some products, currently disclosing according to Article 8 of SFDR 1.0 need time to adjust to the new categories. For all three categories it is stated in article 7(3), 8(3) and 9(3), that the FMP can describe any applicable phase-in period for the product to reach the threshold for the category, following the period necessary to implement the investment strategy, in line with information set out in pre-contractual disclosures.</p> <p>We believe this leaves the FMP with the necessary flexibility to adjust the investment strategies of their current “SFDR 1.0”-products to comply with the criteria of the categories.</p> <p>ES<br/>(Replies):</p> <p>A grandfathering provision could be considered for existing products that are already classified under Articles 8 or 9 of the current regime. It should be time-limited and proportionate, ensuring that legacy products are not forced into abrupt reclassification while allowing sufficient time for orderly adaptation to the new categorisation framework. A transitional period aligned with the general implementation timeline of SFDR 2.0 could be appropriate.</p> <p>FR<br/>(Replies):</p> |

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|           | <p>We do not support any “grandfathering clause” aside the exemption under article 17. Should adjustment be considered for financial products under the existing regime, it should be done using a lengthier transition period.</p> <p>GR<br/>(Replies):</p> <p>EL: Appropriate transitional arrangements may support the smooth implementation of the revised framework and allow sufficient time for financial products to adapt.</p> <p>HR<br/>(Replies):</p> <p>No.</p> <p>IE<br/>(Replies):</p> <p>No, this is because we have concerns with the practicalities involved with any grandfathering rules, particularly as a result of having two concurrent regimes with products subject to different requirements.</p> <ul style="list-style-type: none"> <li>- This would be unclear for investors – who would get different information depending on the product and when it was issued</li> <li>- It would be very difficult for supervisors – who would need to supervise based on two different sets of requirements depending on when the product was issued.</li> </ul> <p>IT<br/>(Replies):</p> <p><b>Q32.</b> In general terms, we support a grandfathering mechanism for existing products, though a well- designed transition period, with clear and sequential steps, as it would facilitate the shift from SFDR 1.0 to SFDR 2.0.</p> <p>However, such a mechanism should be limited in time to safeguard investor protection.</p> |

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|           | <p>Nevertheless, as a second best option, we believe that closed-ended insurance products - as defined under art. 2, par. 1, point (3) - created and distributed before the date of application should be exempted.</p> <p>Due to the mutuality principle that characterises insurance products, we believe that a grandfathering provision should be introduced for products under the existing regime (Article 8 and 9) that were created before the application date but are still being distributed. Of course, a time limit should be set.</p> <p><u>LT</u><br/><b>(Replies):</b></p> <p>We note that Member States expressed mixed views on grandfathering and that the practical scope and effects of such a provision are not yet fully clear. At this stage, we would be cautious about broad grandfathering, as it could prolong the coexistence of two regimes and reduce comparability for investors. Any grandfathering, if introduced, should therefore be clearly defined and designed in a way that limits market confusion.</p> <p>As a more limited option, it could be considered whether grandfathering may be appropriate for genuinely legacy products that are no longer distributed to new investors and are not actively marketed, as re-documentation in such cases may create administrative burden with limited practical benefit.</p> <p><u>LU</u><br/><b>(Replies):</b></p> <p><u>LU</u><br/>In line with the concerns expressed under Q28 and Q29, LU would positively consider the implementation of targeted grandfathering solutions limited for particularly affected categories of already existing and for a limited time (e.g. for the remaining time of their natural fundraising period as resulting from the</p> |

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|           | <p>product's governing documentation prior to the entry into force of SFDR 2.0 with the exclusion of future 'successor' products, which would need to comply with the new rules).</p> <p>Such a solution would practically imply a belated entry into force only for those categories of products which would face the hardest adaptation hurdles to the new prescriptions of the ESG basics category contemplated under art. 8 SFDR, thus impeding a full postponement of the entry into force of SFDR 2.0 for all market participants. In LU's view this could indeed constitute a balanced solution between the need to ensure smooth transition between the two regimes and provide foreseeable legal clarity to the sustainable finance market in the medium-short term in relation to stronger SFDR 2.0 framework.</p> <p>Considering the inclusion of an exemption for products meant for distribution to professional investors only, as indicated by certain delegations at the WP meeting held on 20 January 2026, could perhaps represent an alternative solution to indirectly tackle the issue. Though open for discussion on the point, LU would like to express a scrutiny reserve for this latter option.</p> <p>LV<br/> <b>(Replies):</b></p> <p>In order to ensure interoperability with other EU sustainable finance rules, particular, SFDR, Taxonomy and EU green bond standard we see that we need to take in account, that the EU Green Bond Standard includes a formal grandfathering mechanism that the EU GBS grandfathering model is designed to balance legal certainty for issuers and investors, environmental integrity via alignment with evolving Taxonomy technical screening criteria, flexibility for long- term transition investments, stability in bond pricing and reporting obligations.</p> <p>We support the introduction of a grandfathering provision of at least 12 months. This would prevent products from being forced into disruptive reclassification.</p> |

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|           | <p>NL<br/>(Replies):<br/>The Netherlands is open to discuss grandfathering, however it does not see how that would work right now.</p> <p>PL<br/>(Replies):<br/>PL_32: The introduction of the principle of protecting acquired rights for financial products in the field of sustainable development may be considered reasonable, particularly in light of the prolonged process of amending the SFDR. However, further details on the scope, conditions, and practical application of this principle would be necessary to allow for a comprehensive assessment.</p> <p>PT<br/>(Replies):<br/>We would welcome clarification on what a grandfathering provision would mean on this matter, since there are potential issues concerning the application of this clause. In other words, to which products before the entry into force of SFDR 2.0 would this "type of acquired rights" apply? It is important to clarify. Nevertheless, we would like to point out that the proposal provides for the repeal of Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 ("Level 2 Regulation of SFDR 1.0"). This Regulation provides, in particular, templates for the disclosure of pre-contractual information, which have a significant impact on the activity of operators. Consequently, after the eventual entry into force of the COM Proposal, it will be necessary to approve a new regime with templates.<br/>If the SFDR 2.0 enters into force before the approval of the new templates, operators may be subject to disclosure obligations without the templates for this purpose.</p> |

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|   | <p>RO<br/>(Replies):<br/>As regards grandfathering, we echo other MS stated that the provisions are not clear, but we are open to discuss the inclusion of such clause.</p> <p>SE<br/>(Replies):<br/>We don't see that any grandfathering is needed since there is no automaticity between SFDR 1.0 and SFDR 2.0.</p> <p>SK<br/>(Replies):<br/>We consider the option to use phase-in period arrangement for the products that are intended to be classified under the new regime as a better solution.</p>  |
| <p>Q33. Additional question, not covered by the note: Do you have any comments or suggestions regarding the Articles that have not yet been covered by discussions (Article 12: Review of disclosures; Article 14(3): prohibition to impose additional requirements; Article 15: transparency by IORPS)</p> | <p>AT<br/>(Replies):<br/>Regarding Article 14(3), the prohibition to impose additional regulatory requirements is welcomed to achieve harmonization across MS if additional requirements of voluntary sustainability-related labelling schemes for financial products are still allowed (Article 17(2)), such as the well-established Austrian Eco-label for financial products. In this context, should the reference in Article 14(3) rather be set to Article 17(2) instead of Article 17(3)?</p> <p>BE<br/>(Replies):<br/>With regard to Article 11, we reiterate our question about annual reporting for financial products which will not anymore be marketed at the date of entry into application but will still be subject to periodic reporting requirements. It</p> |

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|           | <p>will greatly help the clarify it FMPs will be authorized to use the new requirements for their annual reporting.</p> <p>CZ<br/>(Replies):<br/>CZ: Not at the moment.</p> <p>DK<br/>(Replies):<br/><i>As article 19 was included in the Commission' presentation from last Council Working Party, we would allow us to comment on this provision as well, despite it not included explicitly in Q33:</i></p> <p>By reference to the Council conclusions on simplifying the Union's financial services regulation of the 12th of December 2025 (document number 16463/25), point 9(f) (please see quote below), we believe that the review clause in Article 19 of SFDR should be extended to five years. It is important that enough experience has been gained before the Commission starts to evaluate the framework. Revising the rules too often also constitutes a burden on FMPs.</p> <p>Point 9(f) of the abovementioned Council conclusions (please see reference to review clauses in bold): "A regulatory slowdown, with the overall objective of providing regulatory certainty and stability as a basis for competitiveness and economic growth, should be achieved through fewer and more targeted review clauses in legislation, for example targeted at reviewing specific parts of the regulation or to consider the repeal of certain provisions if they become outdated, or are no longer appropriate. <b>The periods after which the provisions are to be reviewed due to review clauses should ensure that enough experience has been gained and allow for available evidence of for</b></p> |

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|           | <p>example a minimum of five years after the date of application of a given provision.”</p> <p>FR<br/>(Replies):</p> <p>Regarding Article 14(3), we support the removal of the reference to Article 3 that is the only article on entity-level disclosures. The current proposal would prevent Member States from applying national requirements aimed at broadening the scope of information published on sustainability risk management and financial supervision, with limited or no impact on the distribution of categorizrd products within the EU.</p> <p>HR<br/>(Replies):</p> <p>No.</p> <p>IE<br/>(Replies):</p> <p>On Article 12. These should be limited to material updates. The review should align with/be based on the most recent disclosure requirements available.</p> <p>On Article 14(3) harmonisation is imperative to avoid market fragmentation.</p> <p>LU<br/>(Replies):</p> <p><u>LU</u><br/>LU expresses a reserve for further scrutiny.</p> <p>LV</p> |

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|           | <p>(Replies):</p> <p>We see concerns about how to ensure harmonisation of EU sustainable financing rules in the light of changing taxonomy technical screening criteria and EU Green Bond standard rules, the comparability of SFDR categories and EU Green Bond standard may need to be assessed to avoid differences in criteria, exclusion lists and indicators.</p> <p>NL<br/>(Replies):</p> <p>The Netherlands does not have clear position on article 15 yet.</p> <p>PT<br/>(Replies):</p> <p>With regard to Article 14(3), to respect the principles of harmonization, comparability and simplification, we believe that the prohibition on imposing additional requirements should be maintained.</p> <p>Concerning Article 15, specifically IORPs, it succinctly replicates the SFDR 1.0 regime with some changes. In practice, in our understanding, no extra obligations are introduced, but rather an alignment between SFDR 2.0 and the IORP II Directive (Directive (EU) 2016/2341 of the European Parliament and of the Council of 14 December 2016).</p> <p>On Article 19, and in regard to the review, it is important that Level 1 is particularly clear, simple and does not give rise to differing interpretations, as only in this way can the objectives of simplification and predictability of the regime be properly pursued.</p> <p>SE<br/>(Replies):</p> <p>Not at this stage.</p> |