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WORKING DOCUMENT

From: To:	General Secretariat of the Council Working Party on Financial Services and the Banking Union (Sustainable Finance) Financial Services Attachés
N° Cion doc.:	ST 15751 2025 INIT
Subject:	SFDR Review - questionnaire after CWP of 17/4 - replies from 21 MS

SFDR - Questionnaire after CWP of 17 April 2026 Deadline: ***24 April 2026***
From: AT, BE, BG, CZ, DE, DK, ES, FI, FR, IE, IT, LT, LU, LV, MT, NL, PL, PT, RO, SE, SK **Updated: 28/04/2026 09:25**

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To make it feasible to consolidate all contributions, the structure of the table must not be changed, so **no rows can be added or deleted.**

New provisions may only be added in any of the **'existing cells'.**

Name of document: please add the **two initials** of your delegation's country followed by a space (to the MS Word document name), followed by any optional text, for example, for Austria: **AT comments on … .docx**

Thank you for your cooperation!

Questions	Replies
Q1. Do you support the inclusion of structured products, and if yes do you support the legal wording of the options 1 or 2 under section 2.1? Alternatively, do you have any other drafting suggestion on how to define them?	AT (Replies): No, we do not support including structured products at this stage due to the complexity of the issue and the lack of an impact assessment. Such extension of the scope of the SFDR would require careful consideration of the regulation’s overall framework and prolong the negotiations on the SFDR Review. BE (Replies): In general, we would welcome the inclusion of structured products within the scope of SFDR. As mentioned during the previous meetings, we consider that structured products can be regarded as substitutes for products that currently fall within the scope of the SFDR.

PUBLIC

Questions	Replies
	We support Option 1, as it appears more straightforward than Option 2 and more consistent with the existing referencing framework under the SFDR. We suggest however to carefully calibrate the products falling within the scope of the regulation. For instance, we are not supportive of having included under this category structured deposits or other products already covered by SFDR requirements. BG (Replies): BG: We would prefer not to amend Commission's proposal. In our view in case that structured products would be included in the scope there is a need for additional discussion as there should be consistency with PRIPs regulation and legal certainty. Regarding the inclusion of PRIP in the definition of financial product, it should be clarified that PRIP which does not fall in other categories is further included in the definition as for example IBIP is a PRIP and is already included in the definition of financial product in SFDR. CZ (Replies): CZ: We support the Commission´s proposal as it stands now and therefore prefer the option 3. We believe the structured products to be too complex to be effectively included. DE (Replies): In our view, too many open questions remain with regard to Options 1 and 2, e.g. how the criteria should apply or what amendments to the categories are required to cater for structured products. An inclusion will thus likely increase the complexity of the framework.

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Questions	Replies
	Structured products should thus not be included at this point in time. DK (Replies): ***"Disclaimer":*** *DK held a general election on 24 March 2026. No new government has been formed yet, why there may be limitations to the Danish mandate. Our positions in the following should therefore be considered subject to possible changes in policy or priorities by the incoming government. DK thus reserves the right to reconsider and, if necessary, adjust its position following the formation of a new government.* DK would like to request further elaboration on what exactly is meant by structured products, including pros and cons for allowing it in the definition of financial products in SFDR. As mentioned by other MS at the meeting, PRIPs seem to be broader than just structured products, as this could also include e.g. derivates. Also, it is our perception that some components of structured products can already fall within scope, for example UCITS. It is important with a clear definition and agreement on the intention, before deciding to include a new product in scope. We would also appreciate examples of the type of financial products that fall within the drafted suggestions to define structured products and further argumentation of why these products would currently be limited in using SFDR 2.0. DK is therefore looking forward to seeing some new drafting suggestions for the definition of structured products as well as some examples at the upcoming CWP. ES

PUBLIC

Questions	Replies
	(Replies): We acknowledge the general rationale put forward by the Presidency — namely the level playing field argument and the potential to facilitate future alignment with MiFID/IDD distribution rules. We consider that **Option 1 seems technically more robust** than Option 2. First, because it builds on the existing concept of "PRIIP manufacturer" under Article 4(4)(a) of Regulation (EU) No 1286/2014, which is a well-established functional definition that covers all entities manufacturing PRIPs regardless of their legal form. This avoids the risk of coverage gaps that could arise under Option 2, which limits the scope to investment firms and credit institutions and could inadvertently exclude other types of manufacturers — such as insurance undertakings — that may also structure retail investment products falling within the PRIP definition. Second, anchoring the definition in the PRIIPs framework ensures greater systemic coherence across the EU retail investment product landscape. However, **we note that the boundary between structured products captured under this definition and plain derivatives** excluded under Article 2(1)(29) of Regulation (EU) No 600/2014 **may not always be straightforward in practice** — particularly for instruments embedding derivative components, such as structured notes or certain certificates. Since the classification of such instruments may differ across Member States depending on national supervisory practices and MiFID II transposition, **this boundary risk could generate divergent interpretations at national level and ultimately undermine the consistency and integrity of the framework** across the Single Market. This is why we think that Option 1 may require further refinement. FI (Replies): This is not a major concern for us so if MSs want this to be included, we would could be persuaded to support it. FR

PUBLIC

Questions	Replies
	(Replies): We strongly support the inclusion of structured products within the regulatory framework. Ensuring comparability among products distributed in a similar manner is key to ensure transparency and consistency for investors. We welcome the options presented in the Presidency paper, which represent a step in the right direction. However, we consider both Option 1 and Option 2 to be overly broad and general. Please find below a suggestion in order to define structured products in a positive manner (changes in bold): *Article 2* **Definitions** For the purposes of this Regulation, the following definitions apply: (1) ‘financial market participant’ means: […] **(j) a manufacturer of a structured packaged retail investment product (PRIP);** […] **(11) ‘manufacturer of a structured PRIP means a manufacturer as defined in Article 4(4)(a) of Regulation (EU) No 2014/1286 that manufactures a structured PRIP;** (12) ‘financial product’ means: […] **(h) a structured PRIP** […] **(15a) ‘structured packaged retail investment products’ or ‘structured**

PUBLIC

Questions	Replies
	PRIPs' means PRIPs, as defined in point (1) of Article 4 of Regulation (EU) 1286/2014 that meet all of the following conditions: **(a) they are not financial instruments referred to in points (3) to (10) of Section C of Annex I of Directive (EU) 2014/65;** **(b) they provide investors with payoffs linked, by a pre-set formula, to a factor or combination of factors, such as the performance or the realisation of price changes of financial assets, indices or reference portfolios;** **(c) they publish a prospectus in accordance with Regulation 2017/1129.** […] This is an important matter for our industry and is key to ensure consistency across financial products. Should the majority of Member States not support the inclusion of structured products at this stage, we advocate for its inclusion in the review clause. This would allow for sufficient time to conduct a thorough analysis and ensure a comprehensive and balanced treatment of the matter. IE (Replies): No strong preference. However, these products may leverage sustainability narratives without being subject to the same stringent requirements as traditional funds, creating a potential avenue for greenwashing. If they were to be included, we would consider option 1 provides a more robust basis for compliance. IT (Replies): **Q1** We reiterate our strong support for extending SFDR scope to structured products, in order to expand comparability of financial products to a broader perimeter compared to the existing one. Indeed, a further targeted extension of

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Questions	Replies
	the SFDR scope, by including other products of the MiFID framework that present similar characteristics, would enhance comparability in the distribution phase to the benefit of investors (especially retail) and ensure a better alignment between the two frameworks, provided this is achieved preserving proportionality. In particular, we support the wording of the option 1 under section 2.1., with the following slight amendment: "*'packaged retail investment product' means: ... other than ... a derivative ~~as defined by article 2(1) (29) of Regulation 600/2014~~* ***referred to in points (4) to (10) of Section C of Annex I of Directive (EU) 2014/65****, ...*". Our proposed redrafting aims to explicitly exclude derivative contracts only. Therefore, we suggest not to refer to Article 2(1) (29) MiFIR, which indeed includes in the definition of derivatives also the abovementioned transferable securities (as per point (44)(c) of Article 4(1) MiFID II). Moreover, our preference for option 1 also builds on the consideration that the revised SFDR provisions should apply to all PRIP manufacturers and not only to investment firms and credit institutions. Our position is in line with RIS clarification on the application of the revised PRIIPs Regulation also to non-financial manufacturers (new recital 7a). Lastly, we agree that for these products pre-contractual and periodic disclosures under Article 6 and 11 should be added to the prospectus. LT (Replies):

PUBLIC

Questions	Replies
	In our opinion bringing structured products into the SFDR categorisation framework wouldn't deliver material additional benefits for retail investors in our market. Nevertheless, we are open to consider the approach favoured by MS, provided it is implemented in a proportionate way. LU (Replies): LU: We are is still analysing the proposed options for the inclusion of structured products in the SFDR scope. We have some preliminary remarks regarding option 1 and 2 and in particular the proposed definition of "PRIP" At this stage, we would welcome further clarification, in particular on: - which products are intended to be targeted with this amendment precisely ? - based on the proposed definition (i) under Option 1 and 2, it appears that a mapping exercise regarding the products that would already be covered under SFDR is crucial to maintain regulatory consistency with aligned definitions across the EU regulatory framework; - the practical implications of inclusion of these products and their complexity (we note the absence of impact assessment), bearing in mind the overarching objective of simplification. We are of the view that, there is need for additional in-depth discussions to make a proper assessment. LU: Luxembourg remains committed to achieving real simplification. Including these products would require extending the framework to their manufacturers and introducing further amendments to Articles 6, 7, 8, 9 and 11. This would introduce unnecessary drafting complexity. This being said, we remain in favour of Option 3. LV (Replies):

PUBLIC

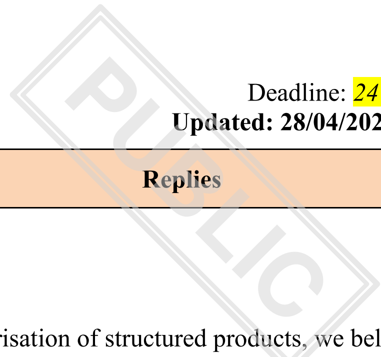
Questions	Replies
	Our preferred option is Option 1 as it provides conceptual clarity in ensuring continuity through Regulation (EU) No 1286/2014, a financial instrument-oriented approach and consistency in the harmonisation of SFDR information, which reduces fragmentation. At the same time, it is necessary to clarify the definition of PRIIPs for instruments that are inherently meaningless to offer with sustainability features and structured remarks with minimal ESG significance. MT (Replies): Malta supports option 3. Malta believes that having in mind the overall simplification objective, structured products should remain out of scope. NL (Replies): We prefer to maintain the current approach, whereby structured products are kept outside the scope of the SFDR under option 3, as this avoids additional burden and complexity. At present, we do not see any material risks if structured products remain outside the SFDR. The primary objective of the SFDR is to enhance transparency towards investors, especially retail investors. As structured products generally do not have a pronounced sustainability characteristic and typically do not pursue an independent sustainability objective, we do not consider it necessary to bring these products within the scope of the SFDR. However, should a convincing case be made to include structured products within the SFDR, we would not have any principled objections. In light of the above, we currently advocate option 3, based on the principle of simplification and burden reduction. We emphasize that, even if structured products remain outside the SFDR, any sustainability claims must always be accurate, clear, and not misleading, in accordance with existing regulations.

PUBLIC

Questions	Replies
	PL (Replies): PL: From a practical perspective, it may be worth prioritizing simplicity at this stage. Introducing structured products could add a layer of complexity and raise additional questions within an already demanding framework. With that in mind, it might be more prudent to keep them outside the scope for now, allowing the core elements of the regime to become fully operational before considering any extensions. PT (Replies): Portugal recognizes the potential complexities of including structured products in the SFDR scope. If this is pursued, we would prefer option 2. RO (Replies): We support the inclusion of structured products in the scope of the SFDR in order to ensure a level playing field and avoid regulatory arbitrage. We consider Option 2 preferable, as it provides greater legal clarity by explicitly including investment firms and credit institutions acting as manufacturers of PRIIPs, while ensuring consistency with existing sectoral legislation. SE (Replies): SE can support broadening the scope to also include structured products. We see merit in including more financial products with sustainability characteristics in the SFDR scope because it levels the playing field for these products and could help facilitate future alignment between the SFDR and MIFID/IDD distribution rules, as well as changes to the PRIIPs KID. This, in turn, would increase investor protection.

PUBLIC

Questions	Replies
	However, we would like to emphasize as mentioned during the CWP, that should the scope be broadened, it is important that the definition of structured products ("structured PRIIP") is clarified. To this end, we would welcome the mapping exercise mentioned by LU and the Commission during the CWP. Additionally, whether sustainability claims by a structured product could refer to the exposure leg or the use-of-proceeds leg (or both) would also require careful consideration, to avoid both greenwashing and overly complex rules. Should structured products be included, it is key that provisions on disclosures and potential categorisation of these products under the SFDR enables (retail) investors to understand how the product can create real-world environmental or social performance. SE would also like to note that the proposed definitions of "structured products" only refer to PRIPs. SE would be interested in knowing the rationale behind this choice, and why structured products would be limited to PRIPs and not cover PRIIPs. Preliminarily, our view is that structured products manufactured by others than investment firms and credit institution should also be included in scope, which would suggest a preference for option 1. However, neither option 1 nor 2 currently properly address our concerns about the definition mentioned above. Should structured products be left outside scope, it is imperative that disclosures of any ESG characteristics or claims (or sustainability preferences of potential investors) are covered by other relevant regulation. SK (Replies): We do not support any extension of the scope, therefore we do not support inclusion of structured products.
Q2. Do you have any views on how the criteria should apply to structured products (i.e. ESG assessment of the use of proceeds part and other investment parts)?	AT (Replies):



Questions	Replies
	- BE (Replies): Regarding the categorisation of structured products, we believe that the most relevant information concerns the use of proceeds. The return merely reflects exposure to an ESG pool of assets and, in our view, should be of secondary importance. We therefore suggest requiring structured products, at a minimum, to ensure that the use of proceeds meets the exclusion criteria and is aligned with a selective investment strategy. BG (Replies): BG: In our view this would depend on the product and should not be prescribed by the regulation. CZ (Replies): CZ: Not relevant in view of the previous answer. DE (Replies): n/a DK (Replies): - ES (Replies):

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Questions	Replies
	We think that **SFDR criteria should apply to structured products on a holistic basis**, i.e. taking into account the product as a whole rather than assessing only part of its components. **A component-based approach — whereby only the derivative component is assessed while the funding component is treated as neutral or instrumental — would risk undermining the integrity of the categorisation framework**. The funding component represents the actual capital deployed by the manufacturer and is fully within their control and discretion. Exempting it from ESG assessment would allow a product to be labelled as sustainability-related while a significant part of its structure — the bond through which the manufacturer raises and deploys capital — is subject to no sustainability criteria whatsoever. We note that **this concern is consistent with our broader position regarding the treatment of sovereign bonds in fund portfolios** — namely, that no investment should be treated as neutral or exempt from ESG assessment merely on the basis of its legal form or functional role within a product structure. Regarding the eligibility of assets within the funding component, we consider that **the applicable eligibility criteria should be those established under each category — Articles 7, 8 and 9 respectively — applied consistently regardless of whether the asset is held directly in a fund portfolio or forms part of a structured product**. Restricting the funding component exclusively to use of proceeds instruments would create an unjustified inconsistency: an asset that is eligible under Article 8 when held in a fund portfolio should equally be eligible as a funding component of a structured product categorised under Article 8. Failing to ensure this consistency risks creating incentives for circumvention and undermines the integrity of the framework. FI (Replies): We consider that, where structured products are included in scope, sustainability criteria should apply in a consistent manner with other financial

PUBLIC

Questions	Replies
	products. ESG assessments should not be limited to specific components such as the use of proceeds, but should capture the overall economic exposure embedded in the product. FR (Replies): At a minimum, use-of-proceeds products should be categorized under this approach. This would provide a coherent and consistent way to include structured products alongside other financial products, by anchoring their classification in the characteristics of the underlying assets or projects financed. IT (Replies): **Q2** We believe that the criteria applied to structured products should be the same of the other financial products currently in scope of the SFDR. We do recognize the need for an adjustment of the relevant requirements to take into account the specificities of structured products, in particular the reference to use of proceeds and exposure to reference values or to the performance of one or more assets. In this respect, for example, these amendments could be made directly in Articles 7 (1), 8 (1) and 9 (1). LT (Replies): If structured products are brought within the scope, we think the criteria should apply in a look-through and proportionate manner. Where the product includes a use-of-proceeds component, the sustainability assessment should be based on the intended allocation of proceeds and the relevant category criteria, with clear disclosure of the framework used and any exclusions applied. For any other investment components (e.g. hedging, collateral, liquidity or other exposures), the product should disclose how these parts are treated against the

PUBLIC

Questions	Replies
	relevant category requirements and ensure they do not contradict the product's stated sustainability objective/strategy. LV (Replies): See answer to Q 1. MT (Replies): Malta has no o specific views on this. NL (Replies): See the answer for Q1 RO (Replies): ESG criteria for structured products should be applied in a proportionate and transparent manner, distinguishing between: • the use-of-proceeds component, where a look-through approach may be appropriate; and • other investment components, where methodologies should reflect the specific product structure. Further clarification at Level 2 would be beneficial. SE (Replies): SE would suggest further discussions on the criteria. There is a need to strike a balance between avoiding the risk of greenwashing and adding complexity. See our answer to Q1.
Q3. According to your response to the previous question (in case you do not support the inclusion of PRIIPs instruments), do you support the expansion of	AT (Replies):

PUBLIC

Questions	Replies
the PRIIPs KID sustainability section to non SFDR products? (option 1 vs option 2 of section 2.2)	While it is in principle supported that ESG information is included in the sustainability section of the PRIIPs KID also in case of products outside of the SFDR's scope, such an inclusion would require to make this information subject to at least comparable standards in order to ensure a level playing field between SFDR and Non-SFDR products and avoid any misdirection of investors caused by the latter due to the non-adherence of ESG claims to SFDR standards. BE (Replies): As we are advocating for an extension of the scope of the SFDR, the difference of treatment between PRIIPs falling within the SFDR scope and others provides an additional argument in support of our position. In our view, such an extension is necessary to ensure a level playing field and to offer greater comparability among financial products offered to retail investors, including for disclosure requirement. If the scope remains unchanged, we support option 1 as we will not have comparable information for products falling outside the scope of SFDR. In this respect, a special attention should be dedicated to insurance products that do not invest directly within assets or financial products but instead invest through an internal funds, which is not captured as a financial product under the proposed modified scope. BG (Replies): BG: We do not support the expansion of the PRIIPs KID sustainability section to non SFDR products. CZ (Replies): CZ: We prefer option 1 as this approach better reflects the reality of non-SFDR structured products (PRIPs in general) not being guided by the

PUBLIC

Questions	Replies
	regulation. Including a dedicated sustainability section can be confusing to the retail investor in this case. DE (Replies): It would depend on the concrete proposal for the sustainability section for SFDR products. It is our understanding, that this section should be rather limited, disclosing e.g. the category and one additional sentence with regard to the concrete objective of the product. If this is the case, it does not seem feasible to include non-SFDR products in the sustainability section, as they are not eligible for a category. Therefore, preliminary, we think Option 1 is preferable. DK (Replies): DK does not have a set position on the inclusion of PRIIPs instruments (see answer to Q1). If PRIIPs instruments are decided *not* to be included, then **DK supports option 1**, such that a dedicated sustainability section would only be included in the KID for categorised products. This would reduce the risk of greenwashing as it would be easier for investors to tell from the KID that a product is categorised if it includes the sustainability section. However, in that case, **DK would like to propose a further amendment to the PRIIPs regulation** requiring the issuer of a PRIIP instrument (outside of the scope of SFDR) - if the issuer provides sustainability information about the product - to include a statement in the KID document that the product is not a sustainability-related product according to SFDR.

PUBLIC

Questions	Replies
	Since PRIP instruments are also offered to retail investors, we find this amendment important to promote level playing field between products respectively within and outside the scope of the SFDR and to hinder greenwashing risks. If such a "disclaimer" is not provided, PRIIPs outside the scope of SFDR, would be allowed to provide sustainability-related disclosures without limitations which we believe is likely to give investors the impression that the product is categorised. ES (Replies): **If the Working Party decides not to bring structured products within the scope of the revised SFDR, we would support Option 1** — that is, not expanding the PRIIPs KID sustainability section to non-SFDR products. Extending a dedicated sustainability section to products that are not subject to the categorisation criteria would create the appearance of a sustainability framework without its substance, potentially misleading investors into believing that such products have been assessed against the same standards as categorised products. This would undermine the integrity of the categorisation system and run counter to the objective of preventing greenwashing. If non-SFDR structured products wish to communicate ESG-related information, they should do so under the same conditions applicable to non-categorised products under Article 6a — that is, in a limited, non-central manner, subject to the 10% threshold, and accompanied by a clear disclaimer that the product is not categorised under the revised SFDR. FI (Replies): - FR (Replies):

PUBLIC

Questions	Replies
	We support option 1. This approach is justified by the need to ensure consistency between sustainability disclosures and the underlying regulatory framework. SFDR products are subject to specific sustainability-related disclosure requirements, which provide a harmonised and verifiable basis for the information included in the PRIIPs KID. In order to avoid discriminatory treatment of products that may have sustainability-related features but are not able to present a sustainability section in the PRIIPs KID, it would be appropriate to disclose, for such products, that they are not categorised under SFDR in the KID and the prospectus. IE (Replies): Prefer to keep current scope. IT (Replies): **Q3** As mentioned above, we strongly support extending the scope of SFDR as explained in Q1 above. However, should the SFDR scope not be broadened, we would support option 1 of section 2.2, i.e. applying sustainability section in the PRIIPs KID only to SFDR-covered products. In our view, option 2 would create more uncertainty and confusion for investors with a heightened risk of greenwashing. LT (Replies): We see advantages of option 2 approach. If certain PRIIPs remain outside the SFDR scope, a harmonised sustainability section in the PRIIPs KID could help close a potential disclosure gap, especially where such products make

PUBLIC

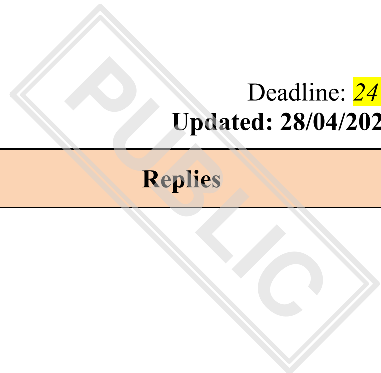
Questions	Replies
	sustainability or ESG related claims. This would support comparability for retail investors and reduce greenwashing risk. LU (Replies): LU: Subject to further scrutiny, we do not see particular added value in expanding the PRIIPs KID sustainability section to non SFDR PRIIPs products in the absence of their inclusion in SFDR. • Any ESG information for non SFDR PRIIP products should remain subject to general fair, clear and not misleading principles (under existing legal frameworks such as MIFID). • It is important to prevent investor confusion. The SFDR 2.0 categorization system must remain clear and unambiguous. Expanding the sustainability section to non-SFDR PRIIPs products (Option 2) would potentially create conceptual overlaps, making product comparison difficult for retail investors. At this stage, we prefer Option 1. We note that extending SFDR to PRIIPs-type products without aligning MiFID/IDD product governance rules and PRIIPs disclosure requirements could create inconsistencies, overlapping obligations, or gaps in how sustainability characteristics are communicated. LV (Replies): Our preferred option is Option 2, thus extending the sustainability section of the PRIIP KID to non-SFDR PRIIP, PRIIPs that submit ESG requests. We do not support the unrestricted disclosure of ESG for non-SFDR PRIIPs. We support more precise reservations, content limits and safeguards to preserve the clarity and credibility of the SFDR categorisation system. MT (Replies):

PUBLIC

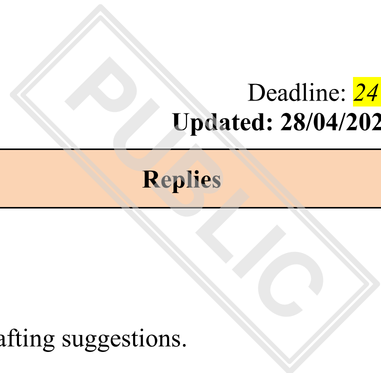
Questions	Replies
	Malta prefers to keep the current scope of application, hence, apply the sustainability section only to SFDR-covered products (supports option 1). NL (Replies): We believe that this option introduces unnecessary complexity by partially including structured products within the scope of the SFDR. In our view, the proposed approach would increase complexity and create additional implementation burdens, without providing clear benefits for investors. Therefore, we do not support this option. It would be preferable to make a clear choice to either include or exclude this category of products from the scope of the SFDR. PT (Replies): We would prefer option 2. RO (Replies): In the absence of inclusion of PRIPs in the SFDR scope, we support Option 2, i.e. extending the sustainability section to non-SFDR PRIPs making ESG claims, in order to ensure consistency and avoid misleading investors. SE (Replies): In case PRIPs products are not added to the SFDR scope as per Q1 and 2 above, it has to be clear what type of sustainability information these non-SFDR products are allowed to disclose. SE could, under certain conditions, accept the opening of the sustainability section to non-SFDR PRIPs but it is key that this does not create an opportunity that can be misused by non-SFDR

PUBLIC

Questions	Replies
	products. In such case, our requirement for a clear disclosure that a product is not categorised under SFDR (see Q4) becomes even more important. Should the scope remain unchanged, further discussions on structure and content of the ESG section in the PRIIP KID is required. SK (Replies): We are open to both options.
Q4. Do you have other drafting suggestions or preferences for accommodating their treatment?	BG (Replies): BG: Regarding PRIIPs section we are of the view that the in the text of letter (ca) a reference to SFDR information should be included instead of description of its objective including relevant indicators. The PRIIPs KID should be short and in our view it would be better to directly refer to documents published in accordance with SFDR requirements. “in paragraph 3, the following point (ca) is inserted: ‘(ca) for a PRIIP that is a sustainability-related financial product as defined in Article 2, point (25), of Regulation (EU) 2019/2088, under a section titled ‘How sustainable is this product?’, its categorisation in accordance with either Article 7, 8 or 9 of that Regulation, and a description of its objective including relevant indicators.’ CZ (Replies): CZ: Not at the moment. DE



Questions	Replies
	(Replies): n/a DK (Replies): - FI (Replies): - IE (Replies): N/A IT (Replies): **Q4** See answer to Q1-Q3. LT (Replies): A key priority is to avoid circumvention and ensure consistent investor communication across regimes. Where PRIIPs are not categorised under SFDR, sustainability-related statements should be clearly distinguished from SFDR category claims (through standardised disclaimers) and should remain subject to the general fair, clear and not misleading principle. We would also support ensuring coherence with suitability frameworks (MiFID/IDD), so that retail-facing disclosures and sustainability preferences are not based on inconsistent concepts across documents and channels. LV (Replies):



Questions	Replies
	No. MT (Replies): Malta has no other drafting suggestions. RO (Replies): We encourage ensuring alignment between the SFDR and the PRIIPs Regulation framework, including through clear guidance on the interaction between sustainability disclosures and KID requirements. SE (Replies): Connected to PRIIPs, we note that in the proposal, non-categorized products are covered in terms of which voluntary information on the integration of sustainability factors they may disclose (Art.6a) and general marketing communication and naming rules are foreseen by Art.13. But the framework does not foresee anything for non-categorised products to disclose that they are not categorized. This could concretize as a ticking box in the PRIIP KID and would both inform investors and ensure a level playing field. As a matter of comparison, the UK SDR foresees not only that products have to produce a statement that they are not labelled, but also why they don't.
Q5. Do you have any comments on this section?	AT (Replies): We support the Presidency's view that no amendments should be made to the Commission text with regard to financial advisers, portfolio managers, and professional investors. BG (Replies):

PUBLIC

Questions	Replies
	BG: We agree with PCY proposal no amendments to be made. CZ (Replies): CZ: We still see no benefit in protecting professional investors. We see their inclusion as an administrative burden with questionable and limited positives, while no justification was provided regarding their inclusion – especially with regards to the different position they hold on the market. DK (Replies): **Portfolio managers** DK would like to repeat our previous concerns raised regarding the total exclusion of portfolio management, as we are not convinced that the MiFIDII regime is robust enough to ensure sufficient investor information and alignment between SFDR and MiFIDII. In other words, **DK sees strong reasons for keeping credit institutions and investment firms managing standardized portfolios within the scope**. **Professional investors** As previously suggested, **DK would prefer to remove registered AIF managers and products solely targeting professional investors completely from the scope of the SFDR**. This would focus the regulation on products targeting retail investors only and would reduce burdens for FMPs only offering products to professionals. We have also seen a number of financial companies and associations calling for this amendment as professional investors do not require retail-level protection as they generally have a more extensive dialogue with the financial market participant and a more in-depth understanding of the financial product

PUBLIC

Questions	Replies
	compared to retail investor. According to input from the sector, these professional investors run tenders, conduct due diligence, and often impose their own sustainability requirements. FMPs offering products to professional investors should therefore not be limited in their ability to give factual sustainability related information to the professional investor even if the product is not categorized. These products could, however, be given the option to voluntarily comply with the requirements in the SFDR, if they wish to do so. Alternatively, the FMP could be required to provide the information to the investor upon request. ES (Replies): We agree with the Presidency's suggested approach. We support the exclusion of financial advisers and portfolio managers from the scope of the revised SFDR, in line with the objective of maintaining a product-focused disclosure framework, and noting that portfolio managers remain involved in the information chain through their obligations under Article 9a(3). FI (Replies): We support the Presidency's approach, and notably the **inclusion of professional investors within the scope**, given their key role in capital allocation. Their exclusion would risk creating gaps in the framework and undermine the consistency and integrity of sustainability-related disclosures. FR (Replies): We have concerns regarding the treatment of portfolio management under the current proposal. In this regard, we align with comments from other Member

PUBLIC

Questions	Replies
	States emphasizing the need to include at least standardized portfolio management within the scope. This inclusion is critical to avoiding loopholes in product distribution. Please find below a drafting suggestion for the definition of "standardised portfolio management mandate" *Article 2* **Definitions** For the purposes of this Regulation, the following definitions shall apply: (1) 'financial market participant' means: (…) (b) an investment firm which provides portfolio management; (…) (j) a credit institution which provides portfolio management; (12) 'financial product' means: (…) **(h) 'standardised portfolio management mandate"** **(25) 'standardised portfolio management mandate" means (i) the written agreement a) within the meaning of Article 58 of Delegated Regulation (EU) 2017/565, concluded between an investment firm / a credit institution/an asset management company and a retail client, governing the provision of portfolio management services, or, b) mandates covering investments in insurance-based investment products as defined in Article 2(1), point (17), of Directive (EU) 2016/97; (ii) based on pre-defined investment strategies, including model portfolios or model asset allocations.** **(26) 'retail client' means a client who is not a professional client within the meaning of Directive 2014/65/EU**. Regarding professional investors, we support their inclusion.

PUBLIC

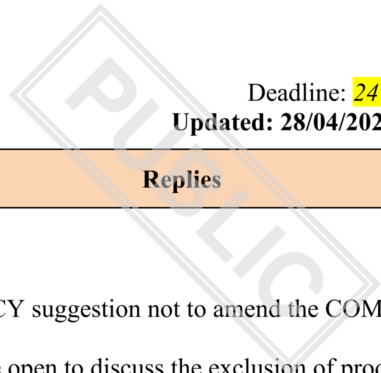
Questions	Replies
	IE (Replies): No IT (Replies): **Q5** As regards Article 9a (3), we appreciate the redrafting proposed by the PCY at the last working party. We believe that it goes in the right direction in clarifying that the provision aims to cover situations of delegation/outsourcing by FMPs to another entity providing portfolio management services (including MiFID firms) to carry out investments that meet the requirements of Articles 7, 8 or 9. Nevertheless, we believe that further clarity is still needed through a few targeted amendments in the text, as follows: "*3. ~~Where~~* ***For the purposes of this Article, 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* ***and such entities are mandated ~~by them~~ to carry out investments that meet the requirements of Articles 7, 8 or 9****, ~~they~~* ***financial market participants*** *may rely on the information provided by those entities*". Moreover, we suggest the following minor amendment to Recital 23, since the reference to "its client" is unclear and may be misleading: "*… In cases where a financial market participant uses the services of an entity regulated to provide portfolio management services, the financial market participant should be able to rely on the information provided by this entity*

PUBLIC

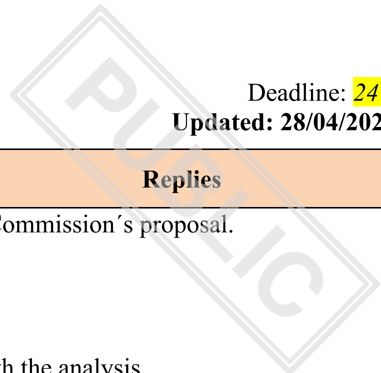
Questions	Replies
	which can be mandated to invest in accordance with the criteria for categorised products ~~by its client~~….". LT (Replies): We support the Presidency's approach. LU (Replies): LU: As already stated, Luxembourg fully supports the exclusion of financial advisers from the SFDR scope, in line with the objective of simplification and burden reduction. - SFDR should be product focused and manufacturer oriented. - Advisers act as distributors and are already covered under other sustainability frameworks. We generally support excluding portfolio management services, but stress that they must be appropriately taken into account in revised MiFID sustainability preferences. We consider that the same logic should apply to financial products marketed exclusively to professional investors (in particular AIFs), ensuring a coherent and risk-based approach. In fact, it has been noted that the proposed review of SFDR 2.0 as presented appears largely focused and tailored on the needs of retail clients, which we fully understand, salute and support. However, these would not necessarily be aligned with the needs of institutional and professional investors, thereby potentially resulting in an unintended increase of administrative burden for those latter market participants with little added value with respect to the level of transparency which they would require based on their individual needs and expectations. We would therefore like to reiterate our position and support a more proportional treatment of AIFs marketed

PUBLIC

Questions	Replies
	exclusively to professional investors through a possible targeted voluntary opt-in regime at Level 1, excluding them *prima facie* from the scope of SFDR. Such an approach would preserve the core objectives of SFDR 2.0, enhance usability, and ensure that the framework supports both investor protection and the EU's broader sustainability and competitiveness goals. LV (Replies): No additional comment. MT (Replies): Malta supports the Presidency's suggested way forward, that is, that no amendments are made to the text. NL (Replies): We agree with the analysis and suggestions of the presidency. PT (Replies): Portugal agrees with the Presidency's suggestion that no amendments are required for financial advisers, portfolio managers and professional investors. The exclusion of financial advisers and portfolio managers from scope is consistent with the focus on product-level disclosures and avoids duplication with obligations already addressed under MiFID II. RO (Replies): We support maintaining the Commission proposal without amendments for financial advisers, portfolio managers and professional investors.



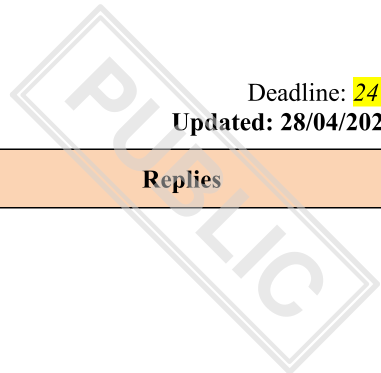
Questions	Replies
	SE (Replies): SE can support the PCY suggestion not to amend the COM proposal on this point. SE would however be open to discuss the exclusion of products sold to professional investors, at least AIF:s.
Q6. Do you agree with the above analysis on Entity level Disclosures?	AT (Replies): We share the view that SFDR should be product focused. Therefore, we agree with the Commission's proposal to simplify entity-level disclosures under Article 3. BE (Replies): We believe that the critical nature of ESG risks warrants an assessment at entity level, as these risks may not always be product-specific. Furthermore, given that prudential requirements often require financial market participants to consider a certain set of ESG risks, the disclosure of such information will not constitute a heavy burden and may help investors identify which risks are most relevant for their investment objectives. We therefore agree with the analysis of the Presidency and support maintaining Article 3 as proposed by the European Commission. BG (Replies): BG: We agree. CZ (Replies):



Questions	Replies
	CZ: We support the Commission´s proposal. DE (Replies): Yes, we can agree with the analysis. DK (Replies): **DK would once again like to propose to remove the obligation to disclose information on sustainability risks in article 3 completely** as an additional step towards simplification and to have SFDR 2.0. focus solely on product disclosures. We find these disclosure requirements less significant today, as the integration of sustainability risks into general risk management has largely become a standard requirement in sector regulation since the introduction of SFDR 1.0. E.g. it is already a requirement for manufacturers of pension products in the Solvency II directive to integrate sustainability risks in their investment decisions as part of the Prudent Person Principle. Also, article 6 of the SFDR already requires FMPs to disclose on the integration of sustainability risks at the product level which seems more relevant for an investor compared to information at entity level. We therefore do not see the need to keep a disclosure requirement which overlaps with similar requirements both within the SFDR and in other sector regulation. ES (Replies):

PUBLIC

Questions	Replies
	We agree with the Presidency's analysis. We support the retention of a simplified Article 3 as a necessary minimum baseline to ensure transparency on sustainability risk integration at entity level, while endorsing the deletion of Articles 4 and 5 on entity-level principal adverse impact and remuneration disclosures. FI (Replies): We support streamlining where it improves usability and transparency, but cautions against removing decision-useful and comparable sustainability information. We would advise keeping very targeted entity-level disclosures on (1) engagement policies, (2) sustainability policy description, and (3) the share of assets under management allocated to categorised products and the share of funds which are categorised. The latter can provide end investors with a clear, comparable overview of an investor's sustainability offering. For the financial market participant, it is relying on internal available information (i.e. not creating undue administrative burden). FR (Replies): We support deleting Articles 4 and 5 but highlight the critical role of engagement and voting activities, which align with SFDR 2.0's transition objectives. Since SRD II already mandates reporting on these activities, we propose that FMPs include a direct link to their engagement and voting reports in Transition product disclosures. This ensures transparency for investors without duplicating requirements Please see a recent article by Bruegel on the importance of stewardship and the decrease of voting on social and environmental resolutions by US asset managers : https://www.bruegel.org/policy-brief/risks-europe-us-dominance-global-asset-management



Questions	Replies
	IE (Replies): Yes IT (Replies): **Q6** Yes, we agree with the analysis and support the proposal to simplify Article 3 and deleting Articles 4 and 5 to reduce duplication and administrative burden. However, we continue to have doubt about remunerations. The remuneration transparency should only concern the removal of the requirement to publish the remuneration policies on the website, without eliminating the obligation to establish such policies. LT (Replies): Yes. We agree with the analysis and support streamlining entity-level disclosures to reduce duplication and administrative burden, while retaining a clear baseline disclosure on the integration of sustainability risks. LU (Replies): LU: We agree with the Presidency's assessment on entity-level disclosures and we support : - retaining Article 3 as a baseline on ESG risk policies ; - deleting Articles 4 (PAI statement) and 5 (remuneration) at entity level. LV (Replies): We support the approach to simplify Article 3, exclude Articles 4 and 5 and the Commission's proposal to broadly maintain an enterprise-wide disclosure

PUBLIC

Questions	Replies
	system that strikes a balance between simplification and burden reduction while reinforcing the transition to a more product-oriented SFDR regime. Also, we agree with deletion of Articles 4 and 5 on entity-level PAI and remuneration disclosures and retention of entity-level disclosures only in area of ESG risk integration. MT (Replies): Yes, Malta agrees with the Presidency's assessment – only sustainability risks disclosures should be maintained at entity level; and Principal Adverse Impact (PAI) and Remuneration disclosures should be dropped. NL (Replies): We agree because deleting entity-level principal adverse impact (PAI) disclosures would enhance simplification and reduce costs. PL (Replies): PL: Yes, we agree. PT (Replies): Portugal agrees with the Presidency's analysis. Portugal supports the deletion of Articles 4 and 5 on principal adverse impacts and remuneration disclosures, given the high compliance costs, the overlap with CSRD/ESRS obligations for larger entities, and the limited added value from an investor perspective. The simplified Article 3 baseline represents an appropriate minimum threshold for sustainability risk transparency. RO (Replies):

PUBLIC

Questions	Replies
	We broadly agree with the analysis on entity-level disclosures. We support: the simplification of Article 3; and the deletion of Articles 4 and 5, considering overlaps with the CSRD. However, we see merit in allowing voluntary disclosures on principal adverse impacts. SE (Replies): SE supports the Commission's proposal to remove Art.4 and 5. This is in line with SE's overall position of focusing on products and simplifying the regulatory framework. We could therefore also support the deletion of Art.3 SFDR, as requirements on the transparency of entity level risk policies are better suited to sector specific legislation (such as MiFID II). In case Art.3 is nevertheless retained, it is important that the Commission's proposal in Art.14(3), which limits the possibility to impose additional requirements at national level, is also retained. SK (Replies): We agree with the Presidency analysis on Entity level Disclosures. We support the removal of Entity level Disclosures with efficiency as soon as possible.
Q7. Do Member States see merit in removing the Level 1 disclosure relevant to the 'relative share of investments', in sub-paragraph c(ii) of paragraph 3 of articles 7,8,9?	AT (Replies): We understand c(ii) as a substantive requirement relating to lit a.), requiring that the used investment approaches be clearly specified and give additional information with regard to the statement that the 70% threshold is met according to lit. a. We would also like to note, that if c(ii) were deleted, there would be no information on the investment approaches applied for a specific product. We

PUBLIC

Questions	Replies
	believe a disclosure regarding the "relative share of investments" is important, especially regarding the share of investments in open list elements (e.g. Art. 9 (2)g), which also refers to justification disclosed with regard to para 3. BE (Replies): We see merit in requiring disclosure of the relative share of investments, as this may help investors to compare products as well as supervisors to assess whether the product strategy is effectively being fulfilled. CZ (Replies): CZ: We support removal of this provision and, in such a case, we see no need to include this disclosure in the two-page pre-contractual disclosures. DE (Replies): Relative share of investments should not be included, as this raises practicability concerns especially in products that rebalance frequently. DK (Replies): **DK supports removing letter c(ii)** in its entirety as we agree that the disclosure requirement is unnecessarily complex for products that frequently change portfolio composition or when investments fluctuate over time. It is important to ensure the necessary flexibility for these FMPs. This will also help keep the two-page disclosures clear and usable by limiting central information to the investor to what is most relevant.

PUBLIC

Questions	Replies
	DK also has concerns whether a retail investor initially would even be able to understand the different investment strategies to reach the 70 percent such as the EU Taxonomy, Paris-aligned benchmarks and EU Green Bonds. ES (Replies): **We do not see merit in removing this element from Level 1.** The relative share of investments is valuable information for investors, as it provides a meaningful indication of the product's committed composition and allows for comparison across products within the same category. **The current drafting — "applicable choice and relative share of investments referred to in paragraph 2" — is already sufficiently flexible to accommodate a range or minimum threshold rather than a fixed percentage**. The concerns raised regarding dynamic portfolios and frequently changing compositions should be addressed at Level 2, through the delegated act under Article 19b, by specifying that this information may be expressed as a range or minimum commitment rather than a precise figure. Furthermore, we consider that **the concern about this information becoming outdated is addressed by the periodic reporting obligations under Article 11**, which provide investors with regular updates on the actual share of investments achieved. The pre-contractual disclosure under paragraph 3 should therefore be understood as a forward-looking commitment, while the Article 11 periodic report serves as the corresponding accountability mechanism. FI (Replies): We do not support removing the disclosure on the relative share of investments. This information is helpful to understand how the product is actually constructed and the extent to which it meets its stated sustainability objective.

PUBLIC

Questions	Replies
	Rather than removing the requirement, clarifications and adjustments could be provided on how the share should be calculated (e.g. frequency, treatment of fluctuating portfolios) and how it is presented, to ensure it remains both usable and meaningful for investors. FR (Replies): Information on the share of investments is critical for investors, as it reflects a product's sustainability ambition. To balance transparency and feasibility, we propose keeping the minimal reporting frequency currently set at one year for financial products under Article 11, which seems a reasonable burden for FMPs and does not require daily calculation. We further advocate defining the calculation methodology for the 'relative share of investments' at L2. IE (Replies): The disclosures provide important information to investors. We would not support deleting it entirely. Suggest an alternative to amend the wording to include "anticipated". "the applicable choice and anticipated relative share of investments referred to in paragraph 2;" IT (Replies): **Q7** We would favour maintaining the Level 1 disclosure relevant to the 'relative share of investments' for enhanced clarity. Indeed, in our view, such reference constitutes relevant information for both investors and supervisory authorities, as it contributes to a clearer understanding of the sustainable investment strategy pursued by the asset management company. For this reason, it should not be removed from the Level 1 disclosure.

PUBLIC

Questions	Replies
	LT (Replies): We do not see merit in removing the disclosure on the "applicable choice and relative share of investments" altogether, as it helps investors understand the composition of the investments used to meet the category criteria. However, we agree that the calculation approach (including whether compliance is assessed continuously or at period-end, and the measurement frequency) should be standardised through the templates at Level 2 to avoid complexity and divergent practices. Removing this information from the core disclosure should not prevent products from setting and disclosing more ambitious internal targets (e.g. above the 70% minimum), but the framework should still allow investors see, in a proportionate way, how the qualifying share is composed. LU (Replies): LU: Disclosure requirements should remain proportionate and meaningful for end-investors. Regarding article 8(3), sub-para c) ii) we see merit in the removal of the disclosures of "relative share of investments" to the extent it preserves the comprehensibility and usability of the mandatory two-pages disclosures. We also consider that the disclosure requirements set out in Article 9(a)(2) for non-categorised financial products introduce an unnecessary burden on financial market participants. The obligation to provide detailed information on the composition of such products, including the "relative share of underlying financial products" referred to in Articles 7, 8 and 9, as well as additional disclosure on residual shares and exclusions, creates undue complexity without delivering commensurate benefits to investors. We see merits in removing Article 9a(2) in order to streamline the framework and ensure proportionality in disclosure obligations. LV

PUBLIC

Questions	Replies
	(Replies): We can see the logic in this proposal and are open to removal of this disclosure element, depending on what other arguments arise in course of further discussion. We support further streamlining and simplifying the disclosure requirements of SFDR level 1. Where information is complex or contextual, it is more appropriate to use the delegated act solution instead of strict SFDR level 1 rules to avoid unforeseen conflicts between Member States' regimes while maintaining legal certainty and focusing on investor-relevant information. MT (Replies): Yes, Malta sees merit in removing the Level 1 disclosure relevant to the 'relative share of investments' as this might be complex to measure and might also fluctuate continuously. Malta believes that one should aim for simplification and to move away from complex and data-heavy disclosure requirements. NL (Replies): We understand the concerns raised, but we see value in maintaining the relative share of different types of investments. PL (Replies): PL: We see merit in simplifying the presentation of the relative share of investments within the two-page core disclosure document, however, we would be cautious about its complete removal from Level 1. In our view, retaining this disclosure continues to provide useful and relevant information for investors. At the same time, additional clarification on the methodology for

PUBLIC

Questions	Replies
	its calculation would be welcome and could, for example, be addressed through a delegated act under the SFDR. Similar considerations would apply to the 70% threshold, where further guidance could help support consistent interpretation and application. PT (Replies): We do believe that this information is both interesting and useful for investors, and should be maintained. RO (Replies): We see merit in removing the Level 1 requirement on the “relative share of investments”, given its complexity and limited usefulness for investors. Such information could be addressed, where appropriate, at Level 2. SE (Replies): For a general comment on the two-pager, see Q10 below. SE believes that information on the relative share of investments is important, not the least from a supervisory perspective, and should be disclosed in some type of documentation on the product, but not necessarily the two-page disclosure. What information should be disclosed in the two-pager and what information could be provided elsewhere (website?) needs further clarification and should be specified at Level 1. In addition, SE concurs with the request for clarification, preferably at Level 1, on whether investment-share limits must be met continuously or at a specific snapshot. SK (Replies):

PUBLIC

Questions	Replies
	We do not oppose removing the disclosure of 'the applicable choice and relative share of investments'.
Q8. Do Member States see merit in amending the Level 1 disclosure relevant to the 'phase-in period', in sub-paragraph c(iii) of paragraph 3 of articles 7,8 and 9, to introduce a specific maximum length for such period?	AT (Replies): While we understand the objective of establishing a maximum time limit, we consider that defining a maximum duration for phase-in periods should be assessed in light of sector-specific considerations and should not be prescribed generally under the SFDR. For instance, the UCITS Directive (Article 57) already provides for a six-month phase-in period. BE (Replies): As we understand the need for a phase in period for certain types of investments, we would prefer this to be accompanied by a clear and well defined time limit and the same phase-in period for all categories. CZ (Replies): CZ: We could see the risks involved but there still is a need for a sufficiently long period so the benefits of setting a concrete number are limited. And given the inherent variety of financial products, one common limit can mean a tight deadline for one product and a greenwashing risk still for another. Czechia does not consider the blanket exclusion of entire sectors to be appropriate. Instead, we advocate for an individual assessment of each company's sustainability progress, regardless of the sector in which it operates. Broad sectoral exclusions would prevent investors from distinguishing between entities within those sectors that are actively implementing transition pathways and those that are not.

PUBLIC

Questions	Replies
	It is crucial that the framework allows us to distinguish between companies within these sectors that are actively committing to transition pathways and those that are not. Automatic exclusion based on sectors rather than individual performance would disincentivize companies in carbon-intensive industries from making necessary green improvements, as they would be denied recognition as sustainable investments regardless of their efforts. DE (Replies): If such a maximum period should be introduced, we think it should be based on the assets under management or type of product (e.g. VC), as this is the relevant factor that might make a differentiation necessary, not the category. DK (Replies): DK is still questioning the reasoning behind the possibility of disclosing a phase-in period for the product and trying to understand the specific scenarios it aims to address. We would therefore appreciate it if the Commission could elaborate further on the following questions: • Does the provision aim to address phase-in for existing products aiming for a different category, or for new products which are not able to meet the criteria initially? • Is the provision only supposed to be relevant for the initial period after SFDR comes into application, or is it going to apply continuously in the years to come? Nevertheless, we don't see why FMPs cannot simply wait to market the product to investors as sustainability related until it meets the criteria

PUBLIC

Questions	Replies
	At the meeting the Commission referred to recital 14 and that the phase-in period is meant for alternative and private assets. However, we do not see that this is reflected in sub-paragraph c(iii) of paragraph 3 of articles 7, 8 and 9, as the possibility of disclosing a phase-in period is not limited to specific types of assets or products in these articles. We are concerned that the phase-in period would result in a situation where investors can get the impression that the product is a transition product (e.g. based on the name) but when looking into the precontractual disclosures, they can discover that the product does not yet reach the 70 % contribution criteria. In our view, this would in practice lead to a period of misleading of investors when they invest in products based on the names and not reading the precontractual disclosures. ES (Replies): **We see merit in introducing a maximum duration for the phase-in period**, since an open-ended phase could create greenwashing risks. Establishing a maximum duration would provide clarity and reinforce the integrity of the categorisation framework, in line with our broader position on the importance of robust and credible sustainability criteria. **There may however be a case for differentiating the maximum duration depending on the liquidity profile of the underlying assets**, given that products investing in illiquid assets such as infrastructure or private equity operate on substantially longer investment cycles than those investing in liquid markets. FI (Replies): Yes, we see merits in introducing a maximum duration for phase-in periods. These should remain short and clearly defined, for example two years. A

PUBLIC

Questions	Replies
	limited phase-in can be justified to allow for portfolio adjustments, but it should not become a structural feature of the framework. FR (Replies): We think a maximum for the phase-in period should be, in principle, required. Without such limit, products might rely on extended transition periods, which may undermine the credibility of the categorisation framework and increase greenwashing risks. However, it might be difficult to define ex ante a maximum period without further analysis or assessment on the risks of greenwashing. We suggest to monitor the market uptake of SFDR 2.0 before setting a definitive maximum phase-in period. This will allow for an assessment of how FMPs are applying the transition provisions in practice. We would address this issue at a later stage, either through Level 2 measures or through the review clause. IE (Replies): We should ensure that the revised SFDR aligns with any existing fund legislation to avoid any practical inconsistencies/overlap. For instance, UCITS already provides a six-month phase-in period. IT (Replies): **Q8** We support the introduction of a maximum length for the phase-in period, as this would help mitigate potential greenwashing risks, in particular in relation to products whose names include ESG-related terms. LT

PUBLIC

Questions	Replies
	(Replies): We do not support introducing a fixed maximum phase-in period as a general rule, as the framework already requires disclosure of any phase-in period and the timeline to reach the relevant threshold. A uniform cap (e.g. five years) would be difficult to justify across different product types and strategies and could be inappropriate in practice. If a maximum period is nevertheless considered necessary, it should be limited to the initial portfolio build-up phase (i.e. the period during which the portfolio is being constructed and investment opportunities are being sourced), rather than applying as a broad multi-year allowance that could weaken the credibility of category claims. LU (Replies): LU: Regarding the disclosure relevant to the phase-in period, we do not oppose to the introduction of a maximum use of phase-in periods, clearly framed in Level 1. Regarding the length of the phase-in period, we note that this can vary significantly between funds, other alternatives could be explored without necessarily prescribing what the minimum or maximum length is. Without prejudice to our comment under Question 25, consideration should be given to closed-ended ended funds who should be permitted to temporarily deviate from the qualifying criteria during their wind-down or liquidation phase, when investments are being realized, in order to reflect the lifecycle of such products when facing a structural change of their portfolio composition. LV (Replies): In order to preserve the clarity and usability of key information, such information should not be required at level 1. Instead, consideration could be given, where appropriate, to addressing this aspect through additional disclosures or level 2 measures where more flexibility can be provided.

PUBLIC

Questions	Replies
	MT (Replies): Malta sees merit that there should be a pre-set maximum phase-in period to avoid greenwashing risk. Such a period could be discussed and set at a later stage, ensuring an overall alignment with the legislation. NL (Replies): We support introducing a maximum phase-in period, as an indefinite or lengthy period could increase the risk of greenwashing. PL (Replies): PL: We see merit in introducing a maximum phase-in period at Level 1, as overly long or open-ended timelines could risk weakening investor confidence and may create conditions where sustainability claims are less clearly substantiated—particularly given that some investors rely primarily on fund names and category labels when making investment decisions. At the same time, we recognise that it may be appropriate for such maximum durations to be differentiated by category, acknowledging that products with a transition focus under Article 7 could reasonably require a longer ramp-up period than those falling under Articles 8 or 9. The detailed calibration of these limits could be further developed at Level 2, while the overarching principle and outer boundaries are set out in the Level 1 framework. PT (Replies): We support amending the Level 1 disclosure requirements to introduce a specific maximum length for the phase-in period in sub-paragraph c(iii) of paragraph 3 of Articles 7, 8, and 9, (e.g. such as a 10-year cap), to enhance clarity, prevent misuse, and align with the SFDR’s goals of transparency and

PUBLIC

Questions	Replies
	investor protection. This change would provide clear expectations for financial market participants and investors, ensuring that the phase-in period is used as a temporary, justified transition rather than an indefinite loophole, while still accommodating the practical challenges of aligning portfolios with the 70% threshold. The amendment would also strengthen comparability between products and reduce greenwashing risks, as investors could assess whether a product is genuinely transitioning or risking non-compliance. RO (Replies): We support introducing a maximum duration for the phase-in period at Level 1, in order to reduce greenwashing risks and ensure comparability across products. SE (Replies): SE sees merit in proceeding as proposed by the PCY and introducing a maximum length for the phase-in period in the level 1 text. As mentioned by several MS in the Council working party, we agree that where rules already exist we should align with these. For example, under the UCITS directive, the phase in period is already set to 6 months. We however also understand that other types of investments might require longer timelines. SK (Replies): After considering the introduction of maximum length for phase-in period we would prefer not to add complexity to the topic (as the maximum length should differ according to the liquidity of intended assets in the product)
Q9. Do Member States see merit in amending the Level 1 disclosure relevant to the 'the sustainability related indicator(s) used… and actions to address any underperforming assets…', in sub-paragraph (e) of paragraph 3 of articles 7,8, 9?	AT (Replies): In general, we do not consider this necessary; however, should it be required for the sake of clarity, we remain open to it.

Questions	Replies
	BE (Replies): As we have already indicated, we believe that the shortcomings observed under the current SFDR framework should be avoided, and that all relevant terms should be defined or, at least, clarified. For impact products, we are inclined to support the use of metrics, in order to better objectivise the impact generated by the investments. CZ (Replies): CZ: We see no need to address this. DE (Replies): We do not see an issue with the current draft. DK (Replies): DK does not see a need to introduce a clause for this disclosure requirement specifically. ES (Replies): We acknowledge the concern raised regarding this matter, and we are still analysing the interaction with our national framework. We would welcome clarification from the Commission on the intended legal scope of this requirement — in particular, whether the disclosure of actions to address underperforming assets is intended to create any form of enforceable commitment towards investors, or whether it is purely informational in nature. This clarification would help ensure consistent application across Member

PUBLIC

Questions	Replies
	States and avoid unintended consequences for the liability exposure of financial market participants. FI (Replies): We do not see a need to amend this provision. Disclosure on the sustainability-related indicators used, together with the actions taken in case of underperformance, is essential to ensure that sustainability objectives are not only defined but also effectively implemented in practice. This element plays a key role in linking stated objectives to real-world outcomes. FR (Replies): We support the current provision as it stands and do not propose further amendments. IT (Replies): **Q9** In our view, such provision should be retained at product disclosure level, as it may contribute to greater transparency for investors and supervisory authorities as regards the sustainable investment strategy pursued by the asset management company and the actions to be taken in respect of underperforming assets. LT (Replies): We support clarifying this requirement, as the current wording may lead to divergent interpretation of what constitutes underperforming assets and what actions are expected in practice. LU (Replies):

PUBLIC

Questions	Replies
	LU: As mentioned by other delegations, the requirement to provide information on actions taken in respect of underperforming assets must not be construed as overriding, duplicating, or conflicting with rules and regulations already applicable under national regimes in cases of potential breaches and investor compensation. LV (Replies): We support that clarifications would be useful to ensure that the disclosure requirement does not duplicate or conflict with existing national rules on breaches and remains focused on investor relevant sustainability information. MT (Replies): Malta supports amending Level 1 as proposed as it might provide greater clarity. NL (Replies): We do not see the relevance of amending the Level 1. RO (Replies): We support clarifying the disclosure requirements on sustainability indicators and actions related to underperforming assets, in order to avoid overlaps or conflicts with national rules. SE (Replies): SE is, as explained in our non-paper, concerned by the proposed provisions when it comes to following-up underperforming assets. SE would therefore welcome a clarification regarding what is expected from financial market participants (FMP) when investments are not performing as expected in terms

PUBLIC

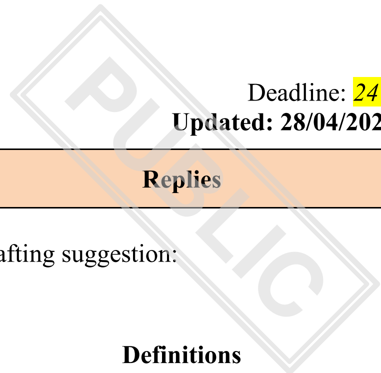
Questions	Replies
	of the product's objective and chosen indicator(s). However, any amendments to the level 1 text which weaken FMPs responsibility in this sense cannot be accepted. SK (Replies): We do not support the amendment of paragraph 3 (e) of Art. 7-9 in way that is indicated in the Presidency non-paper, however we would prefer better clarification or wording of this sub-paragraph within the range of Commission explanation.
Q10. Do you have any other suggestions relevant to the provisions included in the disclosures under paragraph (3) of Articles 7, 8 and 9, and /or paragraph (4) of Articles 7and 9? If yes, please explain.	CZ (Replies): CZ: As per our previous position, we would welcome either significantly reducing or deleting the PAI disclosure for article 7 and article 9 products. Exclusion rules for product categories are sufficient without imposing any unnecessary administrative burden. Should API disclosure remain, we support it being as efficient and minimal as possible, without undue administrative burden. DE (Replies): In our view, the wording with regard to impact products should be made clearer. It is currently not clear whether impact products need to reach the 70% by investing in alignment with the pre-defined, positive and measurable transition/ sustainable impact objective based on pre-defined KPIs following Article 7 (1) (a)/ 9 (1) (a) as non-impact products have to for their investment objectives. For financial products with impact in accordance with Art. 2(26), it should be made clear that the impact theory is not only an ex-post disclosure obligation but that it has to be applied in the investment process.

PUBLIC

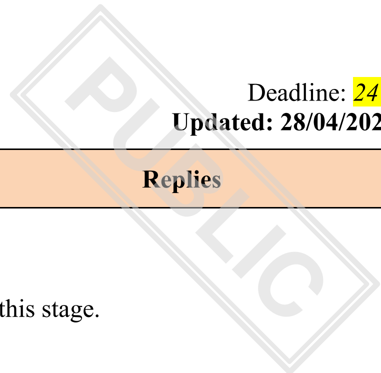
Questions	Replies
	The impact theory should thus be also expressed in terms of key performance indicators, e.g. by adding: Article 7/9 (4): (b) provisions to measure, manage, and report on the desired impact pursuant to point (a) **using appropriate sustainability-related indicators**, including in terms of investments by the financial product and the contribution of investors in the financial product. DK (Replies): - ES (Replies): **We would like to share a <u>drafting proposal regarding the definition of impact investment</u>** under Article 2(26), which is directly relevant to the disclosure obligations under paragraph 4 of Articles 7 and 9. We propose refining the current definition as follows: *'sustainability-related financial product with impact' means a financial product categorised in accordance with Article 7 or 9 that has as its objective the achievement of specific environmental or social outcomes or outputs, providing solutions to otherwise underserved environmental or social challenges, on the basis of a documented impact thesis or theory of change, and whose impact is subject to ongoing measurement, management and reporting.* The rationale for this refinement is to align the definition more closely with internationally recognised impact investing practices, and to enhance legal clarity. Specifically, the proposed drafting incorporates five key elements: (i) clear ex ante intentionality;

PUBLIC

Questions	Replies
	(ii) a focus on outcomes and relevant outputs; (iii) a requirement for a documented impact thesis or theory of change; (iv) ongoing measurement, management and reporting of impact; (v) a specific reference to underserved environmental or social challenges. We consider that this refinement enhances legal clarity, helps prevent the potential misuse of impact terminology in the market, and ensures consistency with the corresponding provisions set out in paragraph 4 of Articles 7 and 9. FI (Replies): Yes, we would highlight the need to clarify point (d) of Articles 7(3), 8(3) and 9(3) on taxonomy-related disclosures. The current provision is confusing and does not focus on the most decision-useful information for investors, as it requires disclosure on *whether* and *to what extent* the EU Taxonomy is used as an investment approach to meet the threshold, with differing interpretations across categories. From an investor perspective, what matters most is the proportion of taxonomy-aligned investments at product level. This should be disclosed in a clear and consistent manner across all categories, based on a common definition, to ensure comparability between products and improve the overall usability of the framework. FR (Replies): We support other Member States' call on the need to define more precisely "impact" with a specific reference to the concept of "additionality". This is line with market practices. Also, ESMA identified in its progress report on greenwashing additionality as one of the main aspects of any impact framework (https://www.esma.europa.eu/sites/default/files/2023-06/ESMA30-1668416927-2498_Progress_Report_ESMA_response_to_COM_RfI_on_greenwashing_risks.pdf)



Questions	Replies
	Please see below a drafting suggestion: *Article 2* **Definitions** […] (26) 'sustainability-related financial product with impact' means a financial product categorised in accordance with Article 7 or 9 **that meets the following conditions**: **(a) it** has as its objective the generation of a pre-defined, positive and measurable social or environmental impact; **(b) it demonstrates the financial market participant's particular contribution allowing the undertakings or economic activities in which it invests to increase the social or environmental impact generated by their activities;** LV (Replies): We support further streamlining and simplifying the disclosure requirements of SFDR level 1. Where information is complex or contextual, it is more appropriate to use the delegated act solution instead of strict SFDR level 1 rules to avoid unforeseen conflicts between Member States' regimes while maintaining legal certainty and focusing on investor-relevant information. MT (Replies): Malta has no other suggestions. NL (Replies): At this moment we do not have other possible suggestions for disclosures.



Questions	Replies
	PL (Replies): PL: No suggestion at this stage. RO (Replies): We encourage further simplification and prioritisation of investor-relevant information, ensuring that disclosures remain clear, concise and comparable. SE (Replies): SE welcomes simplified disclosure requirements. The current requirements under the SFDR are overly extensive and complex for retail investors to understand. SE therefore proposes that the operative text include a requirement that disclosures be tailored to retail investors. As the text stands, we are doubtful that all the information required in Articles 7(3), 8(3) and 9(3) can be accommodated within a two page document, especially the information that should be provided as a descriptive text. Similarly, we are not sure that all of this information is useful and understandable for retail investors. SE would therefore welcome a discussion on which and how some of the requested information could rather be made available to supervisory authorities outside the two page limit (see Q7). Furthermore, SE wishes to highlight that the template for the two-pager needs to be consumer tested. SE can also note that there are structural problems, inter alia in Article 8, that need to be addressed in order for the disclosure requirements in Article 8(3) to be applied in a legally certain manner. In particular, outstanding questions concerning general government bonds and real/alternative assets need to be clarified; SE has already raised this issue through its non-paper.

PUBLIC

Questions	Replies
	Lastly, a core issue for the credibility of the framework on which SE would welcome more clarity on, is whether calculation of the contribution thresholds is to be done at the economic activity level or at the investment level. In this context, we would also appreciate clarification of article 19b ((iii) "the methodologies to calculate the threshold".
Q11. Do Member States agree with extending the drafting of the relevant level 1 empowerment to refer not only to the presentation but also to the structure (introducing standardised templates) and content (either based on the list provided under 7(3), (4), 8(3), 9(3) and (4) or any other elements Member States wish to add) of the information to be disclosed pursuant to Articles 7(3) and (4), 8(3) , 9(3) and (4)?	AT (Replies): Extending the scope of the relevant Level 1 empowerment to include not only presentation but also structure (introducing standardised templates) and content is, in principle, welcome. However, it is essential that the content and structure at Level 2 be defined on the basis of consumer testing to ensure clarity for investors and does not add to administrative burden. Considering the discussion in the CWG we are open for the COM´s proposal to align the wording on this issue with the current SFDR. BE (Replies): We believe that broader empowerment for the template could allow for greater flexibility to adjust both the presentation and the content on the basis of consumer testing. We therefore support providing a degree of flexibility at Level 1 for the development of the template, including the possibility to adapt its structure and the way content is organised. Conversely, we would not view positively the possibility of introducing additional disclosures beyond those envisaged in Articles 7, 8, and 9(3) and (4). In our view, Level 2 should be developed on the basis of these requirements. BG (Replies):

PUBLIC

Questions	Replies
	BG: Taken into account the diversity of products we are skeptical to empower COM to draft rules regarding structure and content. CZ (Replies): CZ: We question the feasibility of maintaining only two pages of information if the template is standardised including its contents, but in theory, we do not oppose some form of standardisation, provided it cuts compliance costs and not increases it. DE (Replies): With regard to the structure, we think it can make sense. With regard to content, we would like to better understand what precisely is meant. In our view, the level 1 is already quite clear on what elements have to be disclosed, following Articles 7 (3), (4), 8 (3), 9 (3), (4). If content means an empowerment for the COM to define e.g. a mandatory set of KPIs to be disclosed by all products we would not agree to include such empowerments. It is important to keep in mind that the objectives of products can differ widely. Therefore, a uniform disclosure of mandatory KPIs will not lead to more clarity but instead to more confusion, as KPIs that are not relevant for certain products would have to be disclosed. This could lead to investors assuming these KPIs are relevant when they are not, harming the overall clarity of the products. DK (Replies): **DK agrees with the need for standardised templates** to structure information as well as consumer testing to ensure readability. These

PUBLIC

Questions	Replies
	standardised templates must be developed within the framework agreed upon in level 1 such as the page limit and the list of disclosure requirements. This will ensure that investors are presented with clear and comparable sustainability disclosures across products and that the disclosures contain the information most relevant to them. The Commission should be required to develop these standardized templates with proper consumer testing in order to ensure clarity and usability for retail investors. ES (Replies): We agree with the Presidency's suggestion, since standardised templates are essential to ensure comparability across products and financial market participants. The extension of this mandate does not raise concerns regarding the Level 1 / Level 2 balance, since the substantive content elements are already established at Level 1. The delegated act would therefore be organising those elements into a standardised format, and not introducing new substantive requirements. FI (Replies): We could support extending the level 1 empowerment to cover the structure and content of disclosures to improve consistency and make information easier to compare across products. Standardisation should however not come at the expense of key information and it is important to ensure that essential elements are all preserved. FR (Replies):

PUBLIC

Questions	Replies
	We support in principle the extension of the drafting requirements to explicitly include both the structure and content of disclosures. In light of the Commission's remarks during the CWP, we are open to a more flexible approach, such as additional details in recital 27, specifically addressing the development of a "*disclosure template for such financial product*". IE (Replies): We support the integration of standardised templates within the SFDR 2.0 framework to enhance disclosure quality. Standardisation facilitates inter-product comparability and ensures that sustainability data is presented in a consistent, accessible format. This approach provides necessary clarity for investors, streamlines reporting for firms, and enables more effective oversight by supervisory authorities. IT (Replies): **Q11** Yes, we agree with extending the relevant Level 1 empowerment not only to the presentation, but also to the structure - using standardized template - and the content of the disclosure for all the categorized products. LT (Replies): We support using the empowerments in Article 19(b) to develop harmonised templates and avoid divergent national practices, while keeping the approach proportionate to the simplification objective. We are open to suggestions to extend the Level 1 empowerment so that it covers not only the presentation but also the structure and content of disclosures, where necessary. LU (Replies): LU: We see merits in considering such extension. We would welcome further clarity on the introduction of standardised templates and the content element.

PUBLIC

Questions	Replies
	LV (Replies): We support explicitly empowering the Commission to introduce standardized templates, as this would enhance clarity, comparability and usability of disclosures for retail investors and reduce divergent market practices. At the same time, we see merit in ensuring that Level 1 does not become overly prescriptive, so as to preserve sufficient flexibility at Level 2 to cater for different product types and sustainability strategies. MT (Replies): Malta can agree with a standardised template, which ensures comparability and consistency across the EU, whilst reducing fragmentation in how disclosures are presented. However, it is important that the standardised template is not rigid, clear, structured and simplified. NL (Replies): We support the proposal to include the term "structure." In the interest of simplification and burden reduction, we wish to clarify that the text should not allow for overly prescriptive rules regarding the presentation of templates, such as requirements for fonts, colours, or spacing. Overly detailed templates present significant challenges for market participants, as has been shown in past experience. Such prescriptions are burdensome, difficult to implement, and can negatively impact accessibility. The empowerment should focus solely on the structure of the document—namely headings, topics, content, order of text, and maximum length.

PUBLIC

Questions	Replies
	Financial market participants must ensure the text is clear, accessible, easy to read, machine-readable, and compliant with the European Accessibility Act. This approach ensures comparability while minimising unnecessary burdens. PL (Replies): PL: Yes PT (Replies): Portugal agrees with extending the Level 1 empowerment to cover not only the presentation but also the structure and content of the information to be disclosed, through standardised templates. Any Level 2 measures developed under this empowerment must come into effect simultaneously with the Level 1 provisions, to ensure legal certainty and avoid implementation gaps. RO (Replies): We support extending the Level 1 empowerment to cover not only presentation but also structure and content, including the development of standardised templates. SE (Replies): Yes. SE is strongly in favour of introducing (standardised) templates, and that the empowerment in the text should refer to templates specifically and not only to the "presentation of the information". We believe it is very important that these should be consumer tested, and clearly oriented towards retail investors, which should be clarified in the relevant level 1 empowerment, or at least specified in the recital. SK (Replies):

PUBLIC

Questions	Replies
	We do not consider necessary to extend the level 1empowerments.
Q12. Do you have any other suggestions relevant to the empowerments included under sub-paragraphs (a)(b), (b)(b) and (c)(b) of Article 19(b)? If yes, please explain.	BE (Replies): Concerning Articles 19a, 19b, and 19c, we are comfortable with the current page limits and do not believe that the documentation should be longer. We also take this opportunity to recall that timely adoption will be key and should remain the primary focus of the Commission's work. BG (Replies): BG: It is not clear in our view what needs to be further developed regarding "(iv) the conditions for investments referred to in paragraph 2 to qualify as contributing to the transition-related objective." CZ (Replies): CZ: No suggestions on our part. DK (Replies): - LU (Replies): LU: As a general remark, Level 2 measures should avoid reintroducing complexity that would undermine the streamlining achieved at Level 1 (in particular with respect to disclosure obligations under article 7(3), 8(3), 9(3) and (4). LV (Replies):

PUBLIC

Questions	Replies
	We support extending the level 1 authorization to presentation, structure, and content, including standardized templates. As regards the technical detail of level 2, it is important to maintain proportionality and flexibility in supporting multi-stage disclosure. MT (Replies): Some key suggestions and considerations from Malta's end relevant to the sub-paragraphs (a)(b), (b)(b) and (c)(b) of Article 19(b) based on current market discussions and regulatory proposals: ***(a)Refinement of Product Categorization (Relevant to 19(b) empowerments)*** • **Voluntary "Sustainability" Category**: Implementing a clear, voluntary categorization system—such as "Sustainability," "Transition," and "ESG Basics"—to replace the binary Article 8/Article 9 distinction, reducing greenwashing risks. • **Consistent Thresholds**: Establishing uniform quantitative thresholds (e.g., minimum sustainable investment percentage) for these categories to prevent fragmentation across EU Member States. • **Transition Focus**: Introducing specific, stricter disclosure requirements for "Transition" products to ensure they hold measurable, science-based targets for improvement, rather than just vague commitments. ***(b) Streamlining PAI and Entity Disclosures (Relevant to PAI reporting improvements)*** • **Removing Entity-Level PAI Reports**: Replacing mandatory entity-level PAI reporting with a focus on product-level disclosures to reduce the burden on smaller firms, provided that product-level transparency is maintained. • **Simplifying Templates**: Reducing the complexity of pre-contractual and periodic report templates for retail investors, as current disclosures are often seen as too long and complex.

PUBLIC

Questions	Replies
	• **Harmonizing Sustainability Metrics**: Ensuring that data used for PAI aligns tightly with the Corporate Sustainability Reporting Directive (CSRD) and EU Taxonomy to ensure data quality and comparability. ***(c) Improving Comparability and Transparency*** • **Transition Plan Disclosure**: Introducing a common, standardized template for sustainability transition plans for financial market participants. • **Asset-Level Data Consistency**: Requiring financial market participants to disclose the proportion of PAI metrics that are calculated based on actual, reported data versus estimated data. • **Strengthening Social Safeguards**: Introducing clear "Minimum Social Safeguards" for all products claiming sustainability, ensuring that "do no significant harm" (DNSH) criteria are applied consistently. NL (Replies): Based on the presidency note, we understand that the Commission sees limited opportunity for consumer testing due to time and budget constraints. Based on the last council working party, we understood that the Commission is planning to do consumer testing only on product names, and not on categories. Is this interpretation correct? RO (Replies): We encourage ensuring that the empowerment allows for layered disclosures, combining concise core documents with more detailed information available through other channels (e.g. websites). SE (Replies): We would welcome further clarification of article 19b ((iii) “the methodologies to calculate the threshold”. See Q10 above.

PUBLIC

Questions	Replies
Q13. Which option do you prefer? Please indicate if any of the options would be completely unacceptable.	AT (Replies): When defining category names, it is essential, that there is a clear and obvious differentation between the three categories. As regards the new Option 2, we are concerned that the category under Article 7 would not be workable, as the name uses the contradictory terms "sustainable" and "transition" together. Though we fully support the intention of the consumer testing envisaged by the COM for Level 2, we are of the opinion that already Level I should include meaningful category names. Considering the discussions in the CWG, we deem the following category names a possible way forward: Article 7: "Transition" Article 8: "Fundamentally Sustainable" Article 9: "Advanced Sustainable" BE (Replies): For naming the categories, we continue to regret that no consumer testing is planned. Indeed, based on our experience and the first views from the industry, we firmly believe that, as it has been the case with the current Articles 8 and 9, the sector will rely heavily on categorisation for both marketing and disclosure purposes. In this context, we invite the Commission to reflect on the possibility of taking the categorisation process one step further by introducing a visual element (such as a pictorial symbol or logo) for each category with the name. Such elements could be tested alongside the template with consumers, notably to assess their perception of the level of ambition conveyed by each category name. More generally, we support any amendments that enhance clarity for retail investors. Without having strong views, we consider that using a common term across the three categories could help identifying whether a product falls within

PUBLIC

Questions	Replies
	a categorised framework, but it might be confusing to understand its level of ambition. BG (Replies): BG: The amendments in SFDR should ensure legal certainty and clarity for investors. It should be clarified what are the rules with respect to the names of SFDR products. In the proposal there is no requirement regarding the names – what terms could be used or not used in the names. Respectively there is no requirement to include in the name of the product the name of the category. Therefore, in our view the names of the categories should not be changed. However, in our opinion there should be a general requirement not to mislead investors and that the names of the products should reflect the category of the product. It should also be added, in a recital that the ESMA guidelines would be no longer applied. Option 2 and 3 are not acceptable. CZ (Replies): CZ: The terms sustainable category and transition category are understandable and self-explanatory to some extent. The ESG basics is more problematic as retail is unsure where does it fit in the framework exactly. DE (Replies): Option 2 seems suitable, but we could also live with the original proposal under Option 1. DK (Replies):

PUBLIC

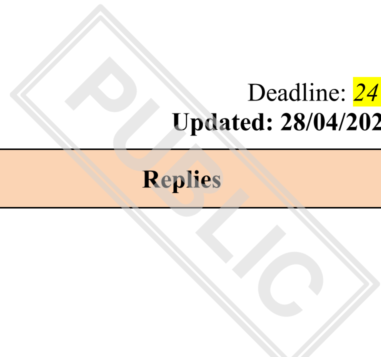
Questions	Replies
	DK has a strong preference for option 2 of using the term 'Sustainable' – and not 'ESG' – mainly because of its easier translation, research evidence from the UK and experience with supervising SFDR 1.0. Furthermore, DK supports streamlining the names across all three categories as much as possible. For Article 8 and 9: We find it important that the second term of the category title clearly reflects the hierarchy and difference in ambition between Article 8 and 9, e.g. by using the terms 'Advanced' and 'Basic'. We expect these two categories to appeal to investors with different preferences on the level of sustainability ambition, whilst the transition category will more likely appeal to investors with a specific preference and search for investments in transition. For Article 7: As transition can refer to other types of "transitioning" than within the sustainability-field, we find it useful to include a clear link to sustainability in the category title. At the April CWP other MS mentioned that they find the term "Sustainable" contradictory to "Transition". Despite not agreeing with this argumentation, we acknowledge the argument presented by the Commission that "Sustainable" can indicate that the product is "fully" sustainable and not only partially, i.e. only with sustainability-related characteristics. As a solution, we propose to include the term "Sustainability-related" instead of "Sustainable" as the first term for the category title. Thus, DK proposes the following drafting suggestion: Article 7: ***Sustainability-related Transition*** Article 8: ***Sustainable Basic*** Article 9: ***Sustainable Advanced***

PUBLIC

Questions	Replies
	Further amendments: We are open to the suggestion by other MS at the April CWP to add the wording "level" for both Article 8 and 9 if this is useful for ensuring better translation to other languages. I.e. "Sustainable Basic Level" and "Sustainable Advanced Level". DK finds it crucial to agree on this topic at level 1 to achieve the purpose of the revision, to not repeat the challenges with SFDR 1.0. and to create a useful and simple framework. Regardless of the intention in the Commission's proposal to develop permitted terms for products names in level 2, we need to take into account our experience with SFDR 1.0 and foresee that FMPs will most likely also be using these category titles in the names of their products. ES (Replies): **We support Option 1 as the most appropriate approach**. The names proposed for articles 7 and 9 — Transition and Sustainable — are sufficiently distinct and build on terminology that is already well recognised in investment practice. "Transition" and "Sustainable" are independently meaningful and recognisable for investors without requiring any additional qualifier or prefix. In Article 8, the term "ESG" is appropriate because it reflects the pluralistic nature of that category, which covers a broad range of strategies across environmental, social and governance dimensions — unlike Articles 7 and 9, where the focus is more specifically environmental. Adding a common prefix across all three categories, as suggested under Options 2 and 3, would dilute rather than clarify the distinctions between them. **Our only concern with the Commission's proposal relates to the use of "Basics"** as the qualifier for Article 8. We consider that this term does not adequately reflect what the category actually requires. We would suggest considering "ESG Screening" or "ESG Integration" as alternatives.

PUBLIC

Questions	Replies
	FI (Replies): On further reflection, we do not support naming rules that risk suggesting a continuum between categories that in practice reflect extremely different levels of ambition and scientific robustness (notably Article 7 and 9 products). Using similar terminology across categories (i.e. “sustainable”, which should be limited to Article 9 funds) could be misleading for investors. Out of the three options presented, we support the first (i.e. Commission’s proposal), with the modification that “ESG Basics” is changed to “Basic level”. If it is viewed that the translation problems are unsurmountable, we suggest that in Level 1 we should name “sustainable” as “ category A”, “transition” as “Category B” and “ESG Basics” as “Category C”. FR (Replies): We prefer option 1. We are strongly opposed to option 2 and option 3. Reference to “sustainability” and “ESG” traduces different objectives and ambition for the category. Therefore, using those terms in the three categories might send mixed signals to investors. We ask for a consumer-testing to be sure that these naming rules are fully understood by the public IE (Replies): Option 1 is preferred. We note the concerns relating to the translation of this category title. IT (Replies): **Q13** In our view, Option 3 could be considered as an alternative to the current category names, with a view to ensuring standardisation in the naming of financial products, in particular for distribution purposes.



Questions	Replies
	LT (Replies): In our opinion all suggested category titles wouldn't materially improve clarity, especially considering translation issues we will face. In this case, we have slight preference to Option 1 (keep the Commission's initial proposal). We are open to consider other suggestions. LU (Replies): LU: Luxembourg does not have a strong preference amongst the three options. However, we do have some remarks on each of the proposed options: Option 1: the current Commission's proposal remains the preferred option, at this stage, however we have some reservation about the "ESG basic" name category. Consideration should be given to including a more descriptive element in the category name that links clearly to the underlying criteria, in order to enhance transparency and reduce the risk of misinterpretation. We wish to suggest alternative names for this category such as "Responsible", or "Responsible Investing Essentials" (based on market feedback). Option 2: the risk we see with this approach suggests a continuum between categories and risks blurring the different levels of ambition, hence creating a risk of misinterpretation. Option 3: this is the least preferred option. We note that based on the market experience and feedback, the term "ESG" could be problematic in a cross-border context and may also be misleading for investors. LV (Replies):

PUBLIC

Questions	Replies
	We support Option 2 (use of “sustainable” with clear hierarchical descriptors) to provide simpler, more comparable and targeted names, with detailed investor understanding through disclosure rather than category designations. MT (Replies): Malta prefers option 2. This is because the reference to ‘ESG’ under option 3 would still in itselfneed to be explained to investors. The bottom line needs to be not only clear differentiation, but also familiar terminology to investors, in order to encourage uptake and ensure the objective of simplification. NL (Replies): At this moment we do not see any other better alternatives than the Commission’s initial proposal, so we would prefer option 1. It is important that investors in SFDR products understand the difference in ambition levels between the three categories, and it should be prevented that article 8 is seen as ‘equally ambitious’ in ESG-terms as articles 7 and 9. Using ‘sustainable’ across categories (like in option 2) could give the wrong impression to investors, as it signals that all categories are sustainable. The ESG basic category is not of sufficient level to carry the name "sustainable". The basic category takes into account elements of E, S and G, but is not "sustainable". It would dilute the term and risk institutionalising a level of greenwashing through this regulation. We believe the initial proposal provides most clarity to investors. PT (Replies): We lean for Option 2 at this stage. We would also find Option 3 acceptable. RO

PUBLIC

Questions	Replies
	(Replies): We prefer Option 2 ("Sustainable Basic / Sustainable Advanced"), as it relies on clearer and more intuitive terminology for retail investors compared to "ESG". SE (Replies): SE currently has a preference for Option 2 and would rather not see option 3 got through. However we could also be open to further discussions on this issue, particularly in light of elements raised by other MS in the 17 April meeting. SK (Replies): We welcome any improvement in the name of the categories compared to the original proposal (we have also issue with the translation, especially for the Transition category). Options 2 or 3 are steps in right direction. Names of the categories should be easy to understand for consumers and reflect the level of ambitions.
Q14. Do you have other suggestions?	BE (Replies): An alternative could be to have a modular approach for ESG Basics category by having Environment Basics or Social Basics depending on the focus of the underlying assets. This would solve the translation issue and keep the idea of a lower level of ambition of this category. BG (Replies): BG: As stated in Q13, in our opinion there should be a general requirement not to mislead investors and that the names of the products should reflect the

PUBLIC

Questions	Replies
	category of the product. It should also be added, in a recital that the ESMA guidelines would be no longer applied. CZ (Replies): CZ: No suggestions. DK (Replies): - FI (Replies): We believe it would be beneficial to include in the empowerment the need to come up with a visual logo to aid consumers decision-making. IE (Replies): Still have concerns with the term “basic”. We suggest alternative names could be used such as ESG Elements or ESG Integration. LT (Replies): We also support the idea raised by several Member States to consider consumer testing, but we agree this is resource intensive. We would welcome practical guidance to ensure national language translations do not introduce additional interpretative elements and remain understandable for investors. LU (Replies):

PUBLIC

Questions	Replies
	LU: In this regard, and in light of the extensive discussions, we consider that it would be appropriate to explore the use of consumer testing. This would constitute a technical exercise aimed at mitigating risks of misinterpretation, addressing linguistic challenges, reducing greenwashing risks, and limiting supervisory fragmentation. Mandating external specialised experts for the conduct of such testing/study would contribute to strengthening investor protection and legal certainty. LV (Replies): See answer to Q 14. MT (Replies): Malta has no other suggestions. NL (Replies): No further comments. PL (Replies): PL: Additional comment from the Financial Supervision Authority: Not only naming conventions have to be clear and meaningful for investors but investors should also clearly understand which category is less green, and which one is more green (or could place them on a scale). It should be noted that Article 7 has been simply transformed from a text referring to PAIs to a Transition category, and therefore – based on the order of articles – one can read it in such a way that the Transition category is less green than the Basic category. Since there are sometimes divergent views on this issue, the Commission should help in understanding this topic, i.e. „rank" these categories (from least

PUBLIC

Questions	Replies
	to most green) by the order of Articles in the SFDR which will reflect the hierarchy between categorized financial products. For example, if we agree that Transition category (positive contribution to sustainability objective(s) by complying with the criteria of the Article 7) is greener than Basic category, then the order of Articles 7 and 8 should change, i.e. article regarding to ESG Basic should go before article regarding ESG Transition. We are aware that this may be extremely difficult to perform at the current stage of work, given that (1) the market has become accustomed to the current terminology (Articles 8 and 9), and (2) current work on the wording of the SFDR is very advanced. However, the revision of the SFDR introduces a new category (Transition), so this may be the right time to consider this idea. Alternatively, providing an appropriate clarification in one of the recitals could be a solution to this issue (and will be highly appreciated). PT (Replies): Portugal notes the importance of consumer testing to validate naming conventions. Portugal agrees with the Commission's view that comprehensive consumer testing is more appropriately carried out at Level 2. RO (Replies): We underline the importance of clear, simple and consumer-tested naming conventions. SE (Replies): We do not have any other suggestions for category names at this stage. Nevertheless, we believe that the name of the categories will be important in marketing the product, not only the product name. Therefore, we support the

PUBLIC

Questions	Replies
	idea presented by a few MS during the 17 April meeting to consumer test not only the product names, but also the category names.
Q15. Do you have a preference between options 1, 2, 3 or the combination of options 1 and 3 regarding the limitation on ESG information for legal documentations of non-categorised products?	AT (Replies): A preference is expressed for Option 1 in combination with Option 3, as this approach avoids unnecessary complexity while providing a degree of flexibility. A statement clarifying that the product does not fall within any category of sustainability-related products - as proposed in Opt. 3 - would enhance transparency for investors. BE (Replies): We are in favour of a combination of Options 2 and 3. Given that categorisation will be voluntary, any claims made for non categorised products should be carefully framed and limited to a very restricted portion of the documentation. Introducing a distinction between considering sustainability factors and integrating sustainability factors may help to better differentiate the two categories. This distinction should therefore be clarified in the recitals, in order to avoid divergent interpretations. To avoid any additional confusion stemming from the existence of “limited claims” for Article 6a products, we support the inclusion of a specific statement in the documentation of non categorised products. In our view, this statement should be included near the 10% of the document dedicated to sustainability related information and presented with a font size at least equivalent to the surrounding content. BG (Replies):

PUBLIC

Questions	Replies
	BG: We support Option 3 as in our view it would bring clarity to investor. This approach is currently applied in Article 7, par. 2 of SFDR regarding the PAI. In addition, in a recital the difference between "consideration" and "integration" of sustainability factors could be clarified as suggested in Option 1. We do not support Option 2. CZ (Replies): CZ: We see merit in option 3 as it is clear and not overly burdensome regarding the construction of the legal text. We could agree to the combination of options 1 and 3. DE (Replies): Options 1 and 3 in conjunction seem appropriate. DK (Replies): DK finds this topic important and appreciates the efforts made by the Presidency. **DK supports option 1 in combination with option 3**. In our view, this approach strikes the right balance between providing additional clarity on the different terms but without leading to excessive complexity. Furthermore, DK believes that it (as suggested in option 1) would be beneficial to simply explain in a recital that the only difference between the terms 'consideration' or 'integration' of sustainability factors is the compliance – or not – of the criteria. This should be combined with option 3 of requiring that the sustainability disclosures under Article 6a are accompanied

PUBLIC

Questions	Replies
	by a statement that the product does not belong to any category of sustainability-related products. ES (Replies): We support the **combination of Options 1 and 3.** On Option 1, we consider that introducing a differentiation between types of ESG strategies — distinguishing those that constitute a mere "consideration" of sustainability factors from those that constitute their "integration" — would generate significant legal uncertainty and divergent supervisory practices across Member States. The relevant distinction is not the type of ESG strategy employed, but whether the product meets the quantitative criteria of the categories. The 10% quantitative threshold provides a clear and operationally workable benchmark for both market participants and supervisors. **On Option 3, we support the introduction of a mandatory disclaimer for non-categorised products, but consider that <u>its scope should be carefully calibrated</u>.** Requiring a disclaimer for all non-categorised products — including those that make no ESG reference whatsoever in their documentation — would impose a disproportionate burden without any corresponding informational benefit for investors. **We therefore suggest that the disclaimer requirement should apply only to non-categorised products that make use of the ESG margin under Article 6a** — that is, products that do include some reference to sustainability factors in their documentation. We also note and appreciate the French non-paper's suggestion to extend the scope of Article 6a beyond pre-contractual documents to cover regulatory documents and marketing materials more broadly. FI (Replies): We see some merits in Option 3, as introducing a clear disclaimer for non-categorised products would help reduce confusion for investors. This would be

PUBLIC

Questions	Replies
	a useful step in improving transparency. However, such a disclaimer should *ideally* apply to all non-categorised products, rather than *only* where Article 6a disclosures are used. More generally, it is important to ensure that the distinction between categorised and non-categorised products remains clear. FR (Replies): We support a combination of option 1 and 3. We base our view on the technical paper circulated by the presidency which is a technical document by the French NCA. Drawing on the experience of the AMF, a topic-based approach would lead to significant complexity, both for FMP and supervisors. IE (Replies): For simplicity and clarity purposes we support a standard text for not categorised products that says, “this product is not a categorised product”. IT (Replies): **Q15** We support the idea of voluntary ESG disclosures for non-categorised financial products under Article 6a. To this end, we strongly support Option 3 (Disclaimer for non-categorised financial products) which could be cumulative to option 1. We could accept Option 1 (not differentiating the nature of ESG claims for Article 6a and Article 8 products associated with the 10% limit for Article 6a products). Please also refer to Q17. LT (Replies):

PUBLIC

Questions	Replies
	We support a combination of option 1 and option 3. Allowing non-categorised products to include limited, neutral ESG-related information in legal documentation (subject to the non-centrality/10% constraint) avoids overly complex distinctions between consideration and integration of sustainability factors, while a mandatory disclaimer would provide a clear safeguard for investors that the product does not belong to any SFDR category. LU (Replies): LU: Subject to further analysis, Luxembourg have a preference for Option 3, as introducing a clear disclaimer for non-categorised products would improve transparency and reduce confusion for investors. LV (Replies): In our view Option 1 (10% threshold) represents a clear, practical and tested approach – combination with Option 3 (disclaimer) seems to be the most prudent way forward, but we are open to support it also as a standalone option. MT (Replies): Malta supports option 1 as it is the most straightforward and avoids complex definitions. NL (Replies): We prefer option 3, in combination with option 1. It is important that an investor can understand the difference between categorized and non-categorized products. We believe that the restrictions in article 6a (such as limiting the information to less than 10% of the text) accompanied by a statement that the product is non-categorized is sufficiently clear. Option 2 could make it unnecessarily complex, which does not contribute to the overall goal of simplification.

PUBLIC

Questions	Replies
	PT (Replies): We have a slight preference for pursuing option 1. RO (Replies): We support a combination of Option 1 and Option 3. We consider that: • non-categorised products should be allowed to include limited ESG information; • such information should remain clearly non-central and proportionate; and • a clear disclaimer should be included indicating that the product is not categorised as a sustainability-related product. In this context, we see strong merit in drawing on supervisory experience such as that of the Autorité des marchés financiers, including the use of clear qualitative criteria complemented, where appropriate, by indicative quantitative thresholds to ensure supervisory convergence. SE (Replies): Preliminary, it seems to us that a combination of options 1 and 3 would bring the necessary transparency while preserving the simplification approach. SK (Replies): We have a preference for option 3, but combination of options 1 and 3 could be also acceptable.
Q16. Do you have a preference between option 1 and 2 regarding the possible limitation on sustainability risks information to be included in the marketing documentation of non-categorised products?	AT (Replies):

PUBLIC

Questions	Replies
	A preference is expressed for Option 2, as it allows for a clear distinction between the "integration of sustainability in investment decisions" and the "integration of sustainability risks in risk management," thereby enhancing clarity for investors. BE (Replies): To avoid excessive room for interpretation and to limit potential confusion, we support Option 2. Article 13(3) should also apply to all disclosures relating to the integration of sustainability risks. Such disclosures should be included within the 10% of the pre contractual documentation dedicated to sustainability. CZ (Replies): CZ: No strong opinion regarding the potential exclusion. DE (Replies): We think that inclusion of "sustainability risks" does not constitute a marketable claim as all material risks should at all times be managed adequately by the FMP. We do not think it should be marketable as "something special". We think that the provisions under Option 1 are sufficient to ensure this. DK (Replies): **DK supports option 1 of no change.** Integration of sustainability risks is a matter of financial impact and risk management whereas sustainability-related claims and integration of

PUBLIC

Questions	Replies
	sustainability factors are a matter of sustainability impact. Although related, these are two separate issues. We therefore do not see a need to limit the FMPs ability to disclose information on sustainability risk management in their SFDR disclosure, simply because of the risk that investors might confuse this with sustainability related investments. However, as in any other case, FMPs must be aware that this information is not presented in a manner that is capable of misleading. NCAs will be responsible to supervise this. If investors are in doubt if a product is categorised, they can read further into the pre-contractual disclosures and check whether this is the case. ES (Replies): **We support Option 1.** The integration of sustainability risks under Article 6 is fundamentally distinct from making sustainability-related claims about a product's characteristics. Restricting this type of communication in marketing materials, as Option 2 would do, could have the perverse effect of discouraging financial market participants from disclosing how they manage financially material risks, which would be contrary to investors' interests. The existing obligation to ensure that all information is fair, clear and not misleading provides a sufficient safeguard against any risk of confusion between sustainability risk management and sustainability-related claims. FI (Replies): - FR (Replies): We support Option 1.

PUBLIC

Questions	Replies
	At Level 2, the documentation should clearly distinguish the integration of sustainability risks from any sustainability claims, limiting the scope to financial impacts as outlined in Article 6(1) of the SFDR. Option 2 raises significant concerns regarding legal inconsistencies with Article 6. Additionally, it risks discouraging the integration of ESG risks, as it could be misinterpreted as falling under the 10% threshold for sustainable investments, which was not the intended purpose. In case of implementation challenges, this issue would be more appropriately addressed through Level 3 measures, such as ESAs Q&A. IE (Replies): Option 1. IT (Replies): **Q16** Please refer to Q17. LT (Replies): We prefer Option 2. In our view, clearer rules in the SFR would reduce the need for case-by-case supervisory intervention and help avoid inconsistent marketing practices. Given limited supervisory resources, it is preferable that the framework draws a clear line for non-categorised products on what can be communicated in marketing materials, rather than relying on ex post enforcement under general not misleading principles. LU (Replies): LU: Regarding the limitations to ESG communication in legal documentations (Article 6a), the 10% limitation may be difficult to assess and operationalise in practice. As an alternative, a clear and proportionate disclaimer could be used

PUBLIC

Questions	Replies
	to indicate that the financial product does not fall within any of the sustainability-related categories under SFDR. Such a disclaimer should be proportionate to the overall disclosure framework and easily understandable for the ultimate addressees. Sustainability factor disclosures should be factual and not overly prominent. LV (Replies): While we have no strong preference in this regard, Option 2 (explicit addition to legal text) would be clearer to market participants and more efficiently enforceable in practice. MT (Replies): Malta supports option 1. For non-categorised products, there is no need to get into much detail of the difference between sustainability risks and factors. NL (Replies): We prefer option 1. We believe the horizontal obligation and the possibility for competent authorities to intervene where necessary should be sufficient. RO (Replies): We support Option 1, maintaining flexibility while relying on supervisory oversight and the general principle that all communications must be fair, clear and not misleading. SE (Replies): Preliminary option 2 appears more appealing to us since it should make it easier and clearer for retail investors.

PUBLIC

Questions	Replies
Q17. Do you have any other comments, in particular on the delineation between the non-categorisation products falling under Article 6a and Article 9a(2) as proposed by the Presidency?	BE (Replies): Regarding article 9a(2), we reiterate that we are not in favour of differentiating allowed disclosures between combining products and other products. We do not see a clear rationale for authorising different levels of ambition based solely on the combination of other products. We therefore support the removal of this possibility from Article 13(3). Furthermore, for multi option products (MOPs) that include certain options with ESG characteristics, we suggest introducing a specific paragraph in Article 9a specifying that disclosures—and the corresponding template—should be prepared at the level of each option, with one template per option. As previously mentioned, we also believe that cases where MOPs offer internal insurance funds should be better captured in the text. We suggest therefore to redraft the recital 23 and the article 9a in the following way: **For financial products that claim to invest in sustainability-related financial products or make other sustainability-related investments (such as funds of funds), t**he creation of categories requires provisions that determine how **financial market participants** should assess their eligibility to a category and if they do not qualify for a category, how such non-categorised financial products which invest in categorised financial products should disclose information about those investments. In order to assess the eligibility to a category, financial market participants should be able to rely on the information disclosed regarding categorised financial products and combine it with the information on their other investments. In cases where a financial market participant uses the services of an entity regulated to provide portfolio management services, the financial market participant should be able to rely on the information provided by this entity which can be mandated to invest in

PUBLIC

Questions	Replies
	accordance with the criteria for categorised products by its client. In this way, the eligibility of such products to a category or their disclosures regarding the extent to which their investments comply with the categorisation criteria of this Regulation is not restricted to investments in categorised financial products, but can also encompass other investments or portfolios managed in accordance with the criteria. ~~**For multi-option products, the information referred to in this Regulation shall be published at the level of each investment option. For example investment options may consist of internal, segregated or general account funds managed by insurance undertakings that are not financial products under this Regulation but can invest in accordance with the categorisation criteria. This also ensures consistency with the approach under Regulation (EU) No 1286/2014 on packaged retail and insurance-based investment products (PRIIPs) where underlying investment options may be investments in PRIIPs or other investments of a similar nature, or standardised portfolios of underlying investments.**~~ In case where investments of **those** products in categorised financial products and other investments enable them to reach the 70% threshold for their portfolio (i.e. that the 70% threshold is met for the product investing in categorised products), and where compliance with other criteria, notably exclusion criteria, is also ensured across the portfolio, these products could be considered to qualify as categorised financial products themselves. This means that those products which only **combine** categorised financial products or other investments that meet the criteria for categorised financial products under this Regulation can be considered categorised financial products themselves. This assessment should build on information on the underlying categorised financial products and investments (e.g. either the minimum investment required for categorised financial products under this Regulation, or the actual investment if available) and information disclosed by portfolio managers. Provided the appropriate exclusions are met in each case, only financial products that meet the 70% threshold by investing solely in sustainable products or other investments meeting the relevant criteria could be considered sustainable, while those investing across categories or other relevant investments would fall either within

PUBLIC

Questions	Replies
	the transition (if mixing sustainable or transition products) or ESG basics (if mixing products from any of the three) categories. For financial products that do not qualify for a category but invest in categorised financial products **or other investments**, in order to ensure comparability, disclosures should include how much these financial products have invested in financial products that are categorised as sustainability-related financial products **or in other sustainability-related investments**, as well as in portfolios managed for clients on a discretionary basis in accordance with the criteria for categorised financial products, and how much in non-categorised financial products. **Those non-categorised financial products should however not be able to use sustainability-related terms in their names, that are reserved for categorised products, but should be able to include sustainability-related claims in their marketing communications, provided they are clear, fair and not misleading, accurately reflect the information they disclose on the relative shares of investments in categorised financial products and in other assets, and do not convey that they are categorised products themselves.** **For multi-option financial products, the information referred to in this Regulation shall be published for each investment options. Financial market participants should thereof assess their eligibility to a category and comply with all the resulting disclosure requirements and marketing rules. Disclosures—and the corresponding template—should be prepared at the level of each option, with one template per option. Investment options may consist of financial products but also of internal, segregated or general account funds managed by insurance undertakings that are not financial products under this Regulation but can invest in accordance with the categorisation criteria. For the purposes of this Regulation, the concept of “other investments” may include investment options offered as part of a PRIIP as referred to in Article 10 of Commission Delegated Regulation (EU) 2017/653 (for example, internal, segregated or general account funds**

PUBLIC

Questions	Replies
	managed by insurance undertakings). This ensures consistency with the approach under Regulation (EU) No 1286/2014 on packaged retail and insurance-based investment products (PRIIPs) where underlying investment options may be investments in PRIIPs or other investments of a similar nature, or standardised portfolios of underlying investments. If the investment option claims (such as an internal fund managed by insurance undertakings) that it invests in categorised financial products or other sustainability-related investment, financial market participants should be able to rely on the information disclosed regarding underlying categorised financial products, other sustainability-related investment as well as the information disclosed by the authorised entity charge of providing the service of portfolio management. That should help financial market participants managing, manufacturing or making available such products inform their clients on the sustainability-related elements of these **investment options** in a more harmonised way **at the level of the investment options**, while allowing them to rely on the information provided for the underlying categorised financial products **or other sustainability-related investment** and without requiring them to separately verify this information. Article 9a - Financial products that claim to invest in sustainability-related financial products or make other sustainability-related investments **and financial products with investment options** 1.Financial products which claim that they invest in or combine sustainability-related financial products **or make other sustainability-related investments** shall be deemed to be sustainability-related financial products if: (a) they meet the 70% threshold of investments referred to in paragraph 1 point (a) of those Articles by way of investments in sustainability-related financial products and other investments that meet the requirements of Articles 7, 8 or 9; and (b) they comply with the exclusions in Articles 7(1), 8(1) or 9(1) – for their entire portfolio.

PUBLIC

Questions	Replies
	For the purposes of the first subparagraph, other investments that meet the requirements of Articles 7, 8 or 9 may include investment options offered as part of a PRIIP as referred to in Article 10 of Commission Delegated Regulation (EU) 2017/653. The categorisation of financial products referred to in the first subparagraph under either Article 7, 8 or 9 shall be determined by the applicable choice of investments as follows : (a) financial products investing solely in financial products categorised in accordance with Article 9 or making investments referred to in Article 9(2) shall be considered sustainability-related financial products under Article 9(1); (b) financial products investing solely in financial products categorised in accordance with Articles 7 or 9 or making investments referred to in Article 7(2) shall be considered sustainability-related financial products under Article 7(1); (c) financial products investing in financial products categorised in accordance with either Articles 7, 8 or 9 or making investments referred to in Article 8(2) shall be considered sustainability-related financial products under Article 8(1). Financial market participants shall ensure that the claims associated with financial products referred to in the first subparagraph align with their categorisation according to this paragraph. 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. 2.For non-categorised financial products which claim that they invest in sustainability-related financial products or other investments that meet the requirements of Articles 7(2), 8(2) or 9(2), the information to be disclosed pursuant to Article 6(3) shall include: (a)the composition of the non-categorised financial product in terms of the relative share of the underlying sustainability-related financial

PUBLIC

Questions	Replies
	products and other investments that meet the requirements of Articles 7, 8 or 9; (b)the share of the non-categorised financial product to which point (a) does not apply; (c)the objective, strategy and applicability of any exclusions applicable to the share of the product referred to in point (b) of this subparagraph. For the purposes of the first subparagraph, other investments that meet the requirements of Articles 7, 8 or 9 may include investment options offered as part of a PRIIP as referred to in Article 10 of Commission Delegated Regulation (EU) 2017/653. 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). 3. For the purposes of this Article, 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 and mandated by them to carry out investments that meet the requirements of Articles 7, 8 or 9, they may rely on the information provided by those entities. **4. For financial products with investment options, the information referred to in this Regulation shall be published for each investment options.** **If the investment option claims that it invests in categorised financial products or other sustainability related investment, financial market participants shall apply respectively Article 9a(1) or (2) for each investment option.** CZ (Replies): CZ: No further comments. DK (Replies):

PUBLIC

Questions	Replies
	DK appreciates that the Presidency raises this topic, which we find relevant in the light of the proposal discussed at the previous CWP to extend the scope of Article 9a(2) to cover not only financial products that invest in categorized products but also financial products that invest in "other in-vestments" that meet the requirements. **DK supports the proposed drafting of art 9a(2) and art. 13(3) presented by the Presidency at the CWP in March.** However, we are also aware that by opening the usability of art. 9a(2), it might become more difficult to distinguish from voluntary non-categorized information. DK acknowledges the difficulties in setting a specific threshold for art. 9a(2). Thus, **DK suggests including a recital** to support correct interpretation. The wording of this recital could be based on the explanation provided on page 12 in the Presidency Note. In our view, this would be the best solution to provide necessary legal certainty for FMPs. ES (Replies): We support the Presidency's proposal to extend the scope of Article 9a(2) to cover not only financial products that invest in categorised products but also financial products that invest in assets that meet the requirements of Articles 7(2), 8(2) or 9(2). This extension is particularly relevant for products such as MOPs, insurance and pension products that rely structurally on the categorisation criteria but cannot meet the thresholds to categorise directly, and ensures that the framework accommodates the full range of products that genuinely embed sustainability considerations in their investment approach. However, we consider it essential to clarify that the relevant category thresholds — including the 70% threshold and the applicable exclusions —

PUBLIC

Questions	Replies
	should apply to the product as a whole when determining eligibility under Article 9a(2). Without this clarification, Article 9a(2) risks becoming a backdoor that allows products to communicate sustainability characteristics without genuinely meeting the substance of the categorisation criteria. The extension should therefore broaden the structural eligibility of products, not lower the substantive bar. FI (Replies): We support the COM idea of clarifying this in a recital. FR (Replies): We do not have specific comments on the delineation as proposed. We reiterate our strong concerns regarding the permissive scope of Article 9a(2) from the March PCY drafting. This drafting does not limit the range of products covered (see our reply Q.24), and the notion of "meaningful investment" lacks a clear definition. We oppose allowing non-categorized products to make ESG claims under Article 13 on the basis of "*meaningful investments in either categorised products or other investments meeting the categorisation criteria"* without a strict definition and further limitations on what constitutes a "meaningful investment". IE (Replies): No IT (Replies):

PUBLIC

Questions	Replies
	Q17 Also with respect to Q15 and 16, we reiterate our strong concerns about Article 6a, particularly in relation to the interplay with MiFID II distribution rules applicable to products with ESG features. Specifically, as previously pointed out, we believe that the suggested approach poses the risk of compromising the effectiveness and clarity of the overall system, especially towards retail clients, and opening the door to greenwashing. Such conclusion is also supported by preliminary simulations carried out at national level, showing that most of the funds currently classified as Article 8 would be reallocated to this non classified category. It should also be considered that no inputs have been provided yet on how the new SFDR categorisation framework will be taken into account in the revised notion of clients' sustainability preferences under MiFID II. Moreover, we still have similar concerns in relation to "non-categorised" products under Article 9a (2) which "*claim that they invest in or are exposed to products falling under Articles 7, 8 and 9*", even after the latest amendments. Therefore, at this stage we are still evaluating potential ways forward to amend Article 6a and Article 9a with the aim of enhancing investor protection and mitigating greenwashing risks, given that the policy options proposed so far might not be sufficient to clearly highlight the difference between these products and those "categorised". LV (Replies): Overall, we consider that the Presidency's proposed delineation between Article 6a and Article 9a (2) is conceptually sound and goes in the right direction. It appropriately seeks to distinguish between products that only incidentally consider sustainability factors and products that systematically

PUBLIC

Questions	Replies
	rely on SFDR sustainability criteria as a core design feature, even if they do not themselves meet the thresholds for categorization. MT (Replies): Malta has no other comments in this regard. NL (Replies): We have no further comments. PT (Replies): Portugal supports the Presidency's proposed delineation. Portugal also considers that it should be assessed whether any limited investment in categorised products, in itself, is sufficient to justify inclusion of sustainability-related claims in marketing communications, considering the need to prevent greenwashing. In this context, Portugal supports limiting the scope of Article 9a(2) to financial products with meaningful investments in categorised products or in other investments meeting the categorisation criteria, as this would clarify the relationship with Article 13(3). RO (Replies): We support a clearer delineation between Article 6a and Article 9a(2), based on the degree to which sustainability considerations are central to the product design. SE (Replies): At this stage, it remains difficult for SE to give a specific answer regarding article 6a and article 9a(2). As mentioned during previous meetings and in our non-paper, as the SFDR currently stands, we expect that certain of our

PUBLIC

Questions	Replies
	insurance product might fall under the scope of these articles. Therefore, we see the need for further clarification of articles 6a and 9a(2) and would like to have the possibility to reassess this question once the investment approaches in article 8 have also been clarified in line with issues raised in our non-paper. This would allow us to make an overall assessment of articles 6a, 9a(2) and 8 as a whole. In case the ideas presented by SE to clarify the regime for sovereigns and for real and alternative assets are not taken on board, we may see a need for greater flexibility in the marketing rules in order to ensure that these products have the opportunity to inform investors about their sustainability efforts. As a reminder, SE's proposal entails a clarification that (insurance) products, despite investments in certain asset classes, should have the possibility to be classified under article 8
Q18. Do you have a preference for option 1 or option 2 and / or other drafting suggestions?	AT (Replies): We support Option 1, as it provides more comprehensive guidance for the review. We consider it important that the review includes an assessment of whether rules applicable to ESG data providers are necessary to ensure the proper functioning of sustainable financial markets and to mitigate the risk of greenwashing, taking into account existing market practices. In particular, the review should evaluate whether quality-related concerns would justify extending the regulatory framework to ESG data providers. BE (Replies): Regarding ESG data providers, we agree that financial market participants should not be solely responsible for the data they use and that data providers should also bear an appropriate level of liability. While we do not hold a strong position on this issue, we consider that ESG data providers should be better covered by the EU regulatory framework, and that the addition of a

PUBLIC

Questions	Replies
	recital could help draw attention to this matter. In this context, we could be supportive of the first option. CZ (Replies): CZ: We prefer keeping the current text. DE (Replies): Do not necessarily see the need for the inclusion here so would prefer option 2. DK (Replies): **DK supports option 1** of amending recital 24 to add a reference to the review clause of ESG Ratings Regulation regarding ESG data providers. ES (Replies): We prefer Option 1. FI (Replies): We support option 2. We do not see at this stage any need to extend EU regulation to cover ESG data providers. There are many actors in this space, many of them NGOs or other small players and extending EU regulation to them would have a detrimental effect in their ability to continue as increasing their regulatory burden would mean relatively big increases to their costs which would mean that these actors would have difficulty in continuing. This area is a good example of a situation where we should – and can – leave this issue to market forces: FMPs should be obligated to perform due diligence on

PUBLIC

Questions	Replies
	their data sources, if data sources do not wish to cooperate to allow FMPs to perform due diligence, these data providers would quickly get out of business. Should it turn out that the data (or estimates) provided by these data providers is not reliable, they would go out of business – no need for EU regulation. If there is a concern regarding inadequate competition in this sector, this should be something that the competition authorities should address. FR (Replies): We support option 1. Any further drafting modifications should not undermine the level of ambition of this recital. IE (Replies): Option 1. IT (Replies): **Q18** We support Option 1 to further reinforce Recital 24 through a reference to the review clause in the ESG Ratings Regulation, without extending the scope of SFDR to ESG data providers at this stage. LT (Replies): We prefer Option 1, as it helps address data-provider issues through the ESG ratings framework review rather than expanding SFDR's scope. LU (Replies):

PUBLIC

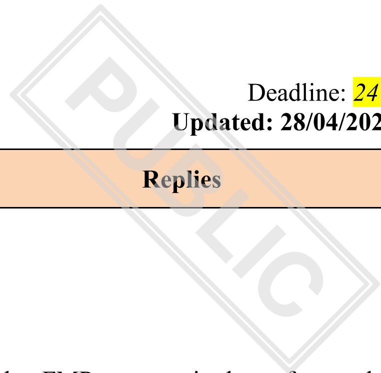
Questions	Replies
	LU: Luxembourg takes note of the approach introduced under Article 12a allowing for the use of estimates where data is unavailable and supports this flexibility. In this context, Luxembourg considers that ESG data providers should remain outside the scope of the SFDR and therefore expresses a preference for Option 2. In line with the principles of better regulation, any potential regulation of ESG data providers should be preceded by a thorough and dedicated impact assessment, as foreseen under article 52.2.c) of the Regulation (EU) 2024/3005 by 2029 (review clause). Against this background, Option 1 would appear premature. LV (Replies): We prefer Option 1 – amending Recital 24 to include a reference to the review clause of the ESG Ratings Regulation, as proposed by the Presidency. This approach maintains SFDR as a disclosure framework for FMPs, while reserving any future regulatory action on ESG data providers for the appropriate legislative instrument and timing. MT (Replies): Malta supports option 1 as it is a plausible compromise. Malta believes that data providers should not be included in the scope of SFDR and therefore, no new requirements on data providers is required. Malta also supports amending recital 24 to add reference to the review clause of ESG Ratings Regulation. NL (Replies):

PUBLIC

Questions	Replies
	We prefer option 1, as we believe that ESG data providers should not be regulated under the SFDR, but rather under the ESG Ratings Regulation; we consider this approach from the presidency a good solution. PL (Replies): PL: We express support for Option 1. In particular, the proposed amendment to Recital 24 to include a reference to the review clause of the ESG Ratings Regulation, as well as to signal an expectation that minimum transparency and governance standards for ESG data providers should be developed, is a welcome step. At the same time, the envisaged time horizon appears relatively long and could potentially benefit from further consideration. The quality and reliability of ESG data remain a foundational element of the overall SFDR framework, and ensuring that data providers are subject to appropriate standards is important for maintaining the credibility of the disclosure regime as a whole. PT (Replies): We are preliminary favouring Option 1 RO (Replies): We support Option 1, introducing a reference to the review clause under the ESG Ratings Regulation, while not extending the scope of the SFDR at this stage. SE (Replies): SE can support to amend recital 24 (option 1). We believe that the drafting is carefully calibrated and should provide the necessary signal for a targeted review of the ESG-ratings regulation.

PUBLIC

Questions	Replies
	SK (Replies): We are of the opinion that data providers should not be covered by SFDR regulation. We prefer option 2.
Q19. Do you have a preference for option 1 or option 2, or do you have other drafting suggestions?	AT (Replies): We prefer Option 1, but suggest to amend the wording in 12 a.) lit i. to „data and estimated data“ (instead of estimates) – due to the reference to the COM’s explaination in the Pres (while keeping 12 a.) lit. ii as it is). BE (Replies): For the sake of clarity, we will support option 1 and the amendment of article 12a. CZ (Replies): CZ: We are not against the inclusion of the word “estimates” in the provision. DE (Replies): Option 1 seems clearer. DK (Replies): **DK supports option 1** of adding the word ‘estimates’ in article 12a(a)(i), as this provides better consistency with the text in article 12a(b)(ii). ES



Questions	Replies
	(Replies): We prefer Option 1. FI (Replies): The key issue here is that FMPs are required to refer to relevant explanations on the data that they use (including their own approaches) e.g. in their web site. It would seem disproportionate to make provisions for consumers to ask for this data but rather it should be required that the outlines of the data approach are exposed in some public way. FR (Replies): We support option 1. IE (Replies): No strong views IT (Replies): **Q19** We support Option 1 in order to improve legal clarity and internal consistency. LT (Replies): We support Option 1, as explicitly referring to data and estimates would improve clarity and ensure consistent interpretation of the provision. LU

PUBLIC

Questions	Replies
	(Replies): LU: In our view, Option 1 is a better option as it provides legal certainty and better reflects the intention of the EU legislator regarding the scope of data. We also echo other delegations' suggestions to use of the term "estimates of data". LV (Replies): We prefer Option 1 – amend Article 12a(a)(i) to expressly include "estimates" to improve clarity, consistency and legal certainty, without increasing regulatory burden. MT (Replies): Malta supports option 1 as it improves clarity by stating that data includes estimates. NL (Replies): We support option 1. PL (Replies): PL: Preliminary, support for Option 1. PT (Replies): We have preference for option 1 RO (Replies):

PUBLIC

Questions	Replies
	We support Option 1, clarifying that "data" includes estimates, in order to ensure consistency and legal certainty. SE (Replies): Option 1 provides clarity and can therefore be supported. SK (Replies): We have a preference for option 1.
Q20. Do you have a preference for option 1, option 2 or option 3?	AT (Replies): We express our tendency for Option 3 but are also open to Option 1. We do not support Option 2. BE (Replies): We believe that the burden placed on financial market participants in response to investor requests should remain limited. The option of including certain information in the legal documentation does not appear to contribute to the objective of simplifying disclosures for retail investors; however, it does help maintain a level playing field and consistency in the information available to investors. We are concerned that the insertion of a proportionality clause would create different levels of available information depending on the size of the FMPs, which is not a relevant parameter for investors. We are therefore more inclined to favour option 3. BG (Replies): BG: We would suggest to combine Option 3 and Option 1. We support in general the proposed amendments in Article 12a and in Article 10 as suggested in Option 3. However, we would like the possibility for the

PUBLIC

Questions	Replies
	client to receive further information upon request to be kept. Therefore, we suggest letter b) to be retained and the proposed proportionality clause in Option 1 to be also included. CZ (Replies): CZ: We believe going in the direction of the option 3 imposes minimal administrative burden compared to the other two options. Therefore, we prefer the option 3. DE (Replies): We prefer Option 3. While a proportionality clause is generally speaking a good idea, in this specific circumstance the link to the FMPs size and complexity could lead to unintended developments, where investors of similar products could receive and be entitled to different information. DK (Replies): **DK supports option 1**, as this in our view strikes the best balance between investors' access to information while also limiting burdens on FMPs. ES (Replies): We support Option 3 as the most appropriate approach, as it addresses the core concern regarding the disproportionate burden of the "upon clients request" provision while maintaining the necessary safeguards against greenwashing. We also support the deletion of Article 12a(b)(i), which is excessively broad and contradicts the simplification objective — as the Commission itself has clarified, the information it covers could encompass virtually any additional ESG information not included in the two-page disclosure, making it an open-

PUBLIC

Questions	Replies
	ended and operationally unworkable obligation. However, we consider that the French non-paper on Article 12a offers a refinement worth exploring to complement Option 3. Instead of replacing the "upon clients request" provision with public disclosure on the website, by replacing "clients" with "competent authorities" as the recipients of the information under Article 12a(b), we could preserve regulatory oversight and maintain a meaningful safeguard against greenwashing, while being more proportionate for financial market participants, and avoiding the practical difficulties associated with public disclosure of information that is often subject to contractual confidentiality constraints. FI (Replies): Option 3 FR (Replies): We are opposed to options 1 and 2 as they keep the obligation to disclose information “upon request” by FMPs, which is a significant burden, and create unequal requirements between FMPs and data providers. The introduction of a proportionality clause will cause difficulties for FMPs in terms of practical application and is not a pertinent solution.In our view, any transparency requirement should be based on a comprehensive framework, particularly in the context of the review of the ESG Ratings Regulation. However, should other Member States prefer option 3, we will not oppose it. IE (Replies): We could support Option 1 with a revision to the proposed proportionality clause to limit the proportionality on the product and not the financial market participant.

PUBLIC

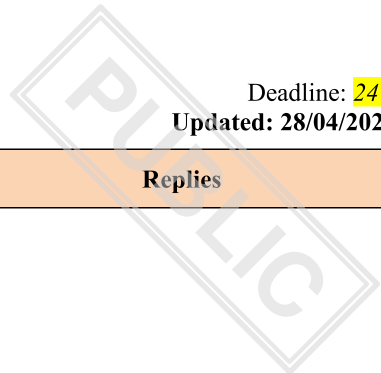
Questions	Replies
	"Information to be provided under Article 12a(b) shall be in a manner that is proportionate to the size, nature and complexity of the ~~financial market participant and the~~ products offered and shall not raise any issues related to data protection, confidentiality and third-party licencing." IT (Replies): **Q20** We agree with reducing the operational burden associated with "upon request" provisions, while fully preserving transparency objectives. We therefore support Option 3, which places greater reliance on disclosures made through websites and/or legal documentation. LT (Replies): We prefer Option 2. It would remove the overly broad element in point (i), while preserving a targeted upon request mechanism for the most relevant and objectively definable information, such as the identification of data sources/providers and the documented methodologies used for estimates. We can be open to consider Option 3. LU (Replies): LU: Subject to further scrutiny, Luxembourg has a preference for Option 3. Individualised disclosure obligations risk undermining the simplification objectives of SFDR 2.0. Replacing the "upon request" mechanism with disclosure through legal documentation and websites: - is better aligned with the objectives of simplification and burden reduction ; - avoids ad-hoc, potentially disproportionate client requests ; - enhances consistency and accessibility of information for investors.

PUBLIC

Questions	Replies
	LV (Replies): We have slight preference for Option 3 (proportionate disclosure rather than obligation to provide information to clients upon individual requests) as it is more cost-effective and will ensure public availability of this information (individual response to one client does not contribute any further clarity to other interested parties). MT (Replies): Malta supports option 2 as it improves legal certainty, whilst reducing unnecessary burden. NL (Replies): We prefer option one, but we are also open to option 3 in the French non-paper. See the comments made in question 26. PL (Replies): PL: We do not express a strong preference for any of the three options, but we preliminarily lean towards Options 2 or 3. We consider it important, however, that whichever approach is adopted preserves a meaningful degree of transparency for retail investors regarding the use of ESG data and estimates. Supervisory oversight by competent authorities is valuable, but it should not be treated as a substitute for investor access to basic information about the data underpinning the sustainability characteristics of the products they hold. In the case of Option 2, we suggest modifying the proposed proportionality clause, as we see an issue regarding who would assess the complexity of an FMP. We propose removing FMP from the clause and referring solely to the financial product.

PUBLIC

Questions	Replies
	PT (Replies): Portugal supports the introduction of a proportionality clause in article 12a. Portugal does not have a preference between the specific drafting options at this stage. RO (Replies): We support Option 3, replacing "upon request" provisions with disclosures in legal documentation and on websites. This would reduce administrative burden while maintaining transparency. SE (Replies): This question refers to the issue of the amount of information that is should be gathered in the 2-pager. As mentioned in Q7 & Q10, we consider this issue needs careful attention and would benefit from further discussion. The information referred to under Article 12a(b)(i) could be useful information for investors (and others, such as NCAs) to understand and compare products. However, this information may not be suited for the 2-pager format (which we consider needs to be retail-friendly and should be consumer tested). SE would welcome a discussion on whether some of the relevant information should be made available outside of the 2-pager. Q10. SK (Replies): We have a preference to remove upon request mechanism. Option 3 is going in that direction.
Q21. Do you have any other drafting suggestions on 12a(b)?	BG (Replies): BG: Please refer to Q20.



Questions	Replies
	CZ (Replies): CZ: No suggestions. DK (Replies): - ES (Replies): No additional suggestions. FI (Replies): - IT (Replies): **Q21** We propose that the required information be provided in a standardised and easily accessible format. Such an approach would enhance transparency and comparability, while ensuring compliance with the principle of proportionality, in particular with regard to smaller entities. LV (Replies): No. MT (Replies): Malta has no other drafting suggestions.

PUBLIC

Questions	Replies
	NL (Replies): At this moment we do not have other drafting suggestions for 12a(b) RO (Replies): We encourage further simplification and proportionality, particularly for smaller financial market participants. SE (Replies): Not at this stage.
Q22. Do you agree with the suggested addition to recital 27?	AT (Replies): We support this suggestion to include further requirements in Recital 27. In this context we would also like to consider the requirement of a feasible minimum set of PAIs or a set of key PAIs at Level 2 to allow for better comparability and support investors in this regard. BE (Replies): We are positive with the clarification of the recital. We support a clear reference to the ISSB standards in a view of fostering the interoperability. We are not opposed to the introduction of a small set of mandatory indicators for products categorised based on article 7 and/or 9. BG (Replies): BG: In general, we could support further clarifications to be added in a recital. However, in our view the proposed text in recital 27 does not reflect the empowerments provided in Article 19b and should be clarified.

PUBLIC

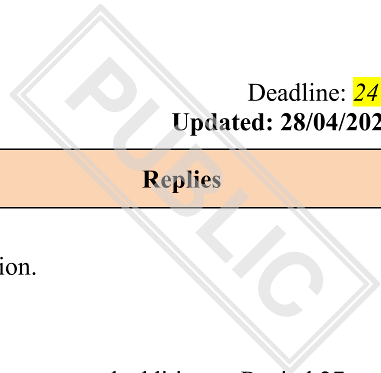
Questions	Replies
	CZ (Replies): CZ: No strong opinion regarding the addition, but we could generally support it. DE (Replies): Given the global investment universes of most products falling under the SFDR, we would suggest to also include a reference to the ISSB global baseline in this recital. ESRS will not be globally available and it would be wise if the COM could cater for this reality and provide an alternative. DK (Replies): **DK supports the suggested addition to recital 27** to provide additional clarity on the two sets of voluntary indicators. As mentioned in previous written comments to the March CWP, we also suggest introducing a limited number of mandatory PAI indicators in the level 1 text. ES (Replies): We agree with the suggested addition to Recital 27. The clarification on the two sets of voluntary indicators is useful, and the principle of simultaneous access for the European Parliament, the Council and Member States' experts to preparatory documents is essential for equal participation in the delegated act process. FI

PUBLIC

Questions	Replies
	(Replies): We have concerns with the approach outlined in recital 27, which relies entirely on voluntary sets of indicators for both PAIs and the contribution to sustainability objectives. Moving towards a voluntary framework would risk further fragmenting disclosures and reducing comparability across products, at a time when a consistent and decision-useful framework is most needed. Instead, we would support the establishment of a core set of mandatory product-level PAI indicators, applied consistently across categories and complemented by voluntary indicators where relevant. This would ensure comparability, build on existing data and market practices, and provide investors with meaningful information on the adverse impacts of their investments, while maintaining flexibility for additional, product-specific indicators. This would request amending the Commission proposal in Article 7/8/9(d) and Article 19b. FR (Replies): We do not agree with the suggested change. While we do not oppose the process itself, we do not support the proposed content. The voluntary nature of the PAI list introduces excessive flexibility, offering limited benefits for FMPs while undermining the comparability of products. To ensure comparability and standardized information across all categorized products, regardless of their sustainability objectives, we recommend maintaining a limited core set of mandatory PAI indicators. Furthermore, we propose making the use of the indicator list mandatory for Article 7/9, requiring FMPs to select appropriate indicators from this list. We will provide further details in a dedicated working paper. IT (Replies):

PUBLIC

Questions	Replies
	Q22 We support clarifying, at Level 1 and in the relevant recital, the scope and objectives of the delegated empowerment, including with regard to the envisaged voluntary sets of indicators. In this context, and in line with positions expressed by other Member States, we consider that the delegated empowerment should be framed in a more binding way. We agree with the suggested addition to recital 27 even if, according to Article 3, Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 is repealed. To this end, it is unclear how Commission delegated acts issued under the new Article 19b (Empowerments) will define the indicators. In particular, it is unclear whether the indicators will refer to: - a new set of PAIs (to be developed through further secondary legislation) or - data points derived from the European Sustainability Reporting Standards (ESRS: information that undertakings are required to disclose in accordance with the Accounting Directive - Directive 2013/34/EU -, as amended by the Corporate Sustainability Reporting Directive - CSRD Directive (EU) 2022/2464 -, or - data points derived from the 'voluntary standards' (i.e. standards for voluntary use, as referred to in the new Article 29ca of the CSRD, as part of the Omnibus compromise). Furthermore, we underline the importance of consultations by the Commission with the ESAs and the Member States expert group on sustainable finance. LT (Replies): Yes, we support the addition, as it improves clarity on how the voluntary indicator sets are expected to relate to existing PAI concepts and helps preserve continuity and comparability. LU



Questions	Replies
	(Replies): LU: Scrutiny reservation. LV (Replies): Yes, we agree with the suggested addition to Recital 27. MT (Replies): Yes, Malta agrees with the addition to recital 27 as it includes more clarity. NL (Replies): We agree with the proposed recital as it gives more clarity. We noticed one technical error in the wording. We believe that the reference to Article 8 should be to Article 7 instead ("…disclose the principal adverse impacts of financial products falling under the Article 8…"). We understood that the Presidency is planning to resolve this issue. PL (Replies): PL: We broadly agree with the suggested addition to recital 27. Please find below some minor drafting suggestions. **"**(27) The power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission to allow for the specification of the conditions for investments to contribute to given transition-related or sustainability-related objectives or to integrate sustainability factors for the categorisation of financial products as sustainability-related products, and disclosure templates for such financial

PUBLIC

Questions	Replies
	products. **This would include the development of two voluntary sets of indicators. The first set would provide financial market participants with voluntary indicators to identify and disclose the principal adverse impacts of financial products falling under the Article 8 and Article 9 of this Regulation. Such indicators would build on the existing indicators referred to in Annex I of the repealed Commission Delegated Regulation (EU) 2022/1288 and Commission Delegated Regulation (EU) 2023/2778** ***(to be adapted to the new CSRD delegated act].*** **The second set would provide financial market participants with voluntary indicators to calculate the contribution to ~~a sustainability or~~ transition-related or sustainability-related objectives for financial products falling under Article 7 and 9 of this Regulation, or the integration of sustainability factors for financial products falling under Article 8 of this Regulation.** It is of particular importance that the Commission carries out appropriate consultations during its preparatory work, including with the European Supervisory Authorities established by Regulation (EU) No 1093/2010 of the European Parliament and of the Council 79, Regulation (EU) No 1094/2010 of the European Parliament and of the Council80 , and Regulation (EU) No 1095/2010 of the European Parliament and of the Council81 , and with the Member States Expert Group on sustainable finance, where appropriate. The European Supervisory Authorities should also support the Commission in conducting appropriate testing of consumers and investors to inform how product distributors best identify the products that match clients' sustainability preferences under Commission Delegated Regulation (EU) 2017/565, Commission Delegated Directive (EU) 2017/593, Commission Delegated Regulations (EU) 2017/2358 and (EU) 2017/2359, based on the categorisation, and ensure that associated investor-facing details are easily understandable in all official languages of the Union. Those consultations should be conducted in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making82. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council should receive all documents at the same time as Member States' experts, and their

Commented [A1]: We suggest changing the order to be consistent with the order of the Articles indicated later (and also to be consistent with the order indicated in the first sentence of this recital).

Commented [A2]: For consideration - we propose replacing the phrase "Article 7 and 9 of this Regulation" with the category names indicated accordingly in these Articles (as they will be ultimately accepted).

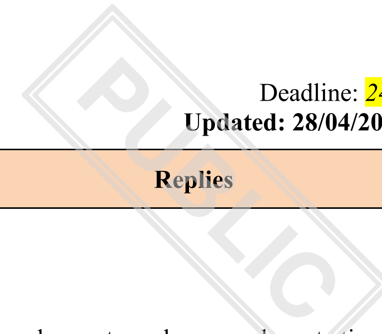
Commented [A3]: For consideration - we propose replacing the phrase "Article 8 of this Regulation" with the category name indicated in Article 8 (as it will be ultimately accepted).

PUBLIC

Questions	Replies
	experts should systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts." PT (Replies): We agree with the proposed suggestions. RO (Replies): We support the suggested addition to Recital 27. SE (Replies): SE looks positively at drafting proposals which would bring as much clarity as possible to the level 1 text. The question of the how empowerments are described in the recitals should however be assessed once the list of empowerments and the rest of the level 1 text are finalized. In a preliminary assessment, SE does not support the wording of the proposed addition to recital 27. We would like to draw attention to the likely difficulties in comparing products if the sets of indicators used are solely voluntary. As we have stated during previous Council working parties, and supported by other MS, we believe that some indicators must be mandatory, to be used in combination with voluntary indicators. SK (Replies): We agree with the suggested addition to recital 27.
Q23. Besides this, do you support the suggestion of introducing a deadline for the adoption of delegated acts? If yes, what deadline would you propose?	AT (Replies):

PUBLIC

Questions	Replies
	A central issue concerns the appropriate balance between efficiency and quality. In light of the high importance of the timely availability of Level 2 measures, we would support an approach whereby such measures are already developed in close alignment with Level 1 provisions. In case a concrete deadline is defined, it should only be considered once the application date of Level 1 has been determined. Furthermore, consideration should be given on how to proceed if Level 2 measures are in fact not finalized in time. In this regard, we would like to raise the question whether a provision could be foressen at Level I that ensures legal certainty in the event that the necessary Level II delegated acts are not adopted in time? BE (Replies): We support the introduction of a clear deadline for the adoption of the delegated acts when the entry in application of Level 1 is known. In our opinion, the deadline for Level 2 should fall before the entry into force of the Level 1 provisions. BG (Replies): BG: The proper sequencing of the application of level 1 and level 2 is very important. In this regard the deadline for adoption of the DA should provide sufficient time for FMPs and regulators to prepare for the application of the level 1 text. CZ (Replies): CZ: It is of little consequence to impose deadlines. We could face sub-optimal pieces of legislation if strict deadlines are imposed. An ideal approach would be to limit the number of empowerments so that the Commission has enough time, resources and manpower to tend to the most important delegated acts.



Questions	Replies
	DE (Replies): A deadline would be welcome to make sure adequate time between publication and date of application is ensured. The concrete date would be dependent on the foreseen date of application of the SFDR 2.0. In any case, the COM should have sufficient time to develop the Level 2 provisions, so they are practical and useful for market participants and can be developed with adequate engagement of stakeholders. DK (Replies): **DK supports introducing a deadline for the adoption of delegated acts**. We would prefer a deadline of 12 months after entry into force. The date of application should be set to 12 months after this deadline. We believe 12 months is sufficient time for the FMPs to adapt to the new rules and adjust their products as necessary. Alternatively, if applying a deadline for the Commission is not feasible, and if the Commission needs 18 months to adopt the delegated acts, we should consider to postpone the date of application to 30 months after entry into force in order to ensure a realistic timeline for both the Commission to adopt the delegated acts and for the FMPs to adapt to the new rules. ES (Replies): We strongly support introducing a binding deadline for the adoption of delegated acts. Without this, financial market participants cannot prepare adequately for the application of the framework, and the risk of a de facto delayed or fragmented implementation is significant. Specifically, we suggest

PUBLIC

Questions	Replies
	that Article 19b include a binding deadline requiring the Commission to adopt all delegated acts no later than 6 months after entry into force, so that market participants have a minimum of 12 months to prepare once all elements of the framework are in place. FI (Replies): It would seem sensible not to include deadlines as advised by Council Legal Services, rather we would encourage the Commission to make a statement at the adoption. FR (Replies): We suggest introducing clear deadlines for the adoption of delegated acts, recognizing the critical importance of level 2 texts and the need to provide visibility and certainty for FMPs. We propose a differentiated timeline: - A one-year deadline for the adoption of delegated acts related to the conditions for investments to contribute to category objectives (§a.a, §b.a, and §c.a). - An extended deadline of 18 months for the disclosure requirements (§a.b, §b.b, §c.b, and §d). We insist that the SFDR should only start to run as soon as the level 2 measures of the revised SFDR Regulation are published, with a view to avoiding the precedent of implementing SFDR 1.0, in which structuring rules were only published after a certain period of time. The entry into force of level 1 obligations before the adoption of level 2 measures, which are essential to understanding them, would compromise the coherence of the system and lead to confusion for the actors concerned, particularly with regard to the criteria for categories or the calculation of thresholds.

PUBLIC

Questions	Replies
	For this reason, we are open the extend the application deadline from 24 months to 30 months, to take into account the need for technical adjustment by FMP. IE (Replies): A unified date of application would ensure regulatory consistency. IT (Replies): **Q23** Yes, in order to ensure that market participants and supervisory authorities have adequate time to prepare for and implement the new requirements. In this respect, should the date of application of the Regulation be extended to 24 months, we consider that a deadline of 12 months from the entry into force of the Regulation for the adoption of delegated acts would be sufficient. LT (Replies): Yes, we can support introducing a clear (realistic) deadline and we would favour adoption of delegated acts as early as possible. In our view, the delegated acts should be prepared and adopted during the period between entry into force and application, so that the transition period is used for actual implementation and market adaptation rather than uncertainty and speculation. LU (Replies): LU: We could support the suggestion of introducing a clear deadline for adoption of Level 2 measures, to avoid implementation risks and difficulties, we consider that delegated acts should be adopted no later than the application date of the revised SFDR and sufficient implementation time should be ensured thereafter.

PUBLIC

Questions	Replies
	As many delegations highlighted, Luxembourg stresses the importance of alignment with MiFID sustainability preferences. A simultaneous application of Level 1, Level 2 and MiFID L2 changes is essential for legal certainty, market continuity and operational feasibility. Therefore, the implementation of relevant provisions of the Level 1 text shall be made subject to the entry into force of the related delegated acts where the latter are essential to the operational implementation of the former (more specifically, this should concern, at the very least, the provisions under Article 1, paragraphs 3 and 4, paragraphs 7 to 20 and Article 2 of the proposal). Similar arrangements have, for example, been included in the PSD2 (see article 115(4) thereof), as well as the CSDR (see article 76(4) thereof) and the DLT Pilot Regime Regulation (see art. 17 thereof). LV (Replies): Yes, we support introducing a deadline for the adoption of delegated acts. MT (Replies): Yes, Malta supports a deadline for the adoption of delegated acts but has no preference for a specific date. However, following the explanation provided by the Commission during the Council Working Party meeting of 17 April, Malta believes that the introduction of a deadline should be set by the Commission. NL (Replies): We support the introduction of a deadline for the adoption of delegated acts. Our priority is with preventing that financial market players already need to comply with level 1 obligations if level 2 obligations relevant for that

PUBLIC

Questions	Replies
	compliance are not yet in place. We appreciated the Commission's confirmation during last council working party that level 2 will be ready on time and at the same time believe that a deadline will provide certainty to market players. PT (Replies): Portugal supports the introduction of a deadline for the adoption of delegated acts aligned with the application date of the revised SFDR. Portugal has consistently stated that Level 2 measures must come into effect simultaneously with Level 1 provisions. Portugal's preference is for an 18-month application period, but is open to considering 24 months in a compromise-oriented spirit. RO (Replies): We support introducing a deadline for the adoption of delegated acts, aligned with the application date of the revised SFDR. SE (Replies): SE supports the introduction of a deadline. As per our non-paper, level 2 measures (both under SFDR and relating to sustainability preferences under MiFID/IDD) need to be synchronized with the date of application of the regulation. To this end, we reiterate our suggestion to introduce a new recital, as per our non paper from 16 March: *(33a) "In order to reduce the regulatory burden and to ensure coherent and effective implementation of this Regulation, the entry into force of the delegated acts necessary for the functioning of this Regulation should be aligned with its date of application. Moreover, the corresponding revisions of the relevant sectoral acts, in particular delegated acts under Directive*

PUBLIC

Questions	Replies
	2014/65/EU (MiFID II) and Directive (EU) 2016/97 (IDD), should be synchronised with the date of application of this Regulation, so as to ensure consistency across the Union's legislative framework on sustainability-related disclosures." SK (Replies): We understand the Commission preference to have a deadline.
Q24. Based on the discussions so far, do you believe that there are other aspects/terms of the proposal which should be further clarified/specified at level 1? If yes, please specify which ones and your concrete suggestions in this regard.	BE (Replies): We maintain the view that the current drafting of Article 9a leaves room for improvement and should better differentiate between combining products and multi-option products (MOPs). The existing provisions are too general and do not adequately reflect the specific characteristics of MOPs. BG (Replies): BG: We believe that exclusions in Article 7 should be redrafted as follows: We suggest letter (d) to be deleted in order to avoid disincentivising investments into the transition of energy companies. The proposed exclusion does not apply for the Climate transition benchmark. In addition, this would lead to inconsistency for products pursuing a transition objective for which the exclusion in letter (d) would apply and those benefitting from the safe harbour provision, because they follow a CTB. "(b) they exclude investments in companies as referred to in Article 12(1), points (a), (b)~~,~~ **and** (c) ~~and (d)~~ of Commission Delegated Regulation (EU) 2020/1818, with the exception of investments in use of proceeds instruments issued by companies:

PUBLIC

Questions	Replies
	We suggest the exclusions related to new projects in Article 7, par. 1, letter (c) to be deleted as it adds risks to undermine the transition category in some cases and leads to further complexity. In case that this kind of information is not available for FMPs this could lead to inadvertently excluding companies which have measurable transition objectives. CZ (Replies): CZ: Not at the moment. DE (Replies): We think the issue of credible in the transition category has not yet been resolved. DK (Replies): DK finds the following three topics of high importance. If not already included in the agenda for the next meeting, we would suggest that they are. 1. **Limited number of mandatory PAIs** (e.g. GHG emissions, biodiversity and solid governance structures) 2. **Name of category titles** (sustainability-related, ESG, sustainable etc.) **and visual aspects/logos** 3. **Definition of social objectives**, cf. below DK has previously proposed a new Article 2(29), defining social objectives based on the wording from the recital 9 in the Commission's proposal and the current Article 2(17) in SFR 1.0 such as: *"Social objectives of sustainability related financial products should be understood as including the principles of the European Pillar of Social Rights and the Sustainable Development Goals"*.

PUBLIC

Questions	Replies
	While we acknowledge the experience with difficulties arising from agreeing on a definition for social matters, DK underlines the importance of including social objectives in the operative text to equal its status to environmental objectives. We believe that our proposal provides the necessary flexibility for FMPs whilst ensuring clarity. FI (Replies): We would be open to clarifying some concepts further at level, especially in terms of the steps that FMPs are required to take in order to ascertain that the target companies of their investments have e.g. "credible" transition plans. These could include i.a. the steps that FMPs are required to take to come to the conclusion. FR (Replies): 1. Open element The level 1 text does not provide sufficient safeguards regarding the "open element." There is no clarity on how level 2 guidance could address issues of convergence and implementation. For these reasons, we oppose the inclusion of the open element at this stage. 2. "Credible" transition plan We recommend that the criteria for defining a credible transition plan be further defined at level 1 and welcome the ongoing discussion in that regard. Given that SFDR 2.0 is not expected to enter into force before 2029 at the earliest, it should be possible to assess credibility not only on the basis of forward-looking commitments, but also through a backward-looking evaluation. As companies are currently implementing transition plans, their credibility could also be assessed based on past performance, where observable and measurable. This would facilitate the task of FMPs in assessing

PUBLIC

Questions	Replies
	the credibility of transition plans, and could act as a form of safe harbour in this regard. Please see below a drafting suggestion, building on option 1 for the March PCY note meeting. […] Financial products with investments referred to in the first subparagraph points (c) and (d) shall be supported by information on the following by undertakings or economic activities: their dedicated governance and resources, initial diagnosis, and strategy and actions to carry out the transition plan or achieve the science-based targets, including regarding implementation, monitoring and adjustment. **They may also be supported, where available, by evidence of implementation and progress achieved over a reasonable historical period.** 3. Article 9a(2) <u>Inclusion of insurance and pension-specific profit participation funds in the SFDR scope of financial products :</u> Given that these types of funds are a part of IBIPs or pension products already falling within the scope of the current SFDR under Article 2 (12) (c), (d), (e) and (f), we have strong concerns on the exclusion of these funds which form the bulk of life insurance investment in France. Hence, we call for: i) the removal of the following text from draft recital 23, that was proposed in the PCY note from the March CWP: “*For multi-option products, this can include investment options* ***~~relating to internal, segregated or general account funds managed by insurance undertakings~~ that are not financial*** *products under this Regulation* […]”; ii) consequently, the addition to article 2 (12) of “*internal, segregated, or general account funds managed by financial market participants as defined in paragraph (1) (a), (c), (d) and (f) of this article*”.

PUBLIC

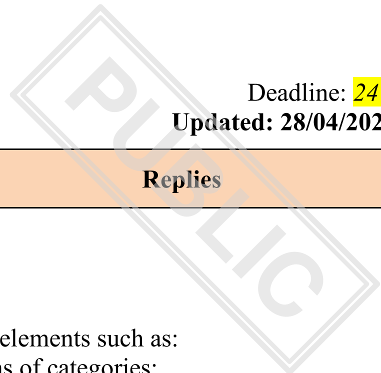
Questions	Replies
	Limitation and clarification of the product scope of Article 9a(2): it is important to clarify the applicable scope of Article 9a(2) in order to avoid greenwashing risks by non-categorised financial products other than multi-option products, IBIP pension product, pension scheme and PEPP. We support a clear delimitation as follows (underlined in red): *2.For non-categorised financial products which are* ***: i) multi-option products defined as products where the customer has a choice between a selection of investment funds or (pre-defined) investment strategies or model portfolios*** *[definition from recital 13b of draft RIS directive]* ***, ii) relevant to points (c), (d), (e) or (g) of paragraph (12) of Article 2, and iii) which*** *claim that they invest in sustainability-related financial products or other investments that meet the requirements of Articles 7(2), 8(2) or 9(2), the information to be disclosed pursuant to Article 6(3) shall include:* *(a)the composition of the non-categorised financial product in terms of the relative share of the underlying sustainability-related financial products and other investments that meet the requirements of Articles 7, 8 or 9;* *(b)the share of the non-categorised financial product to which point (a) does not apply;* *(c)the objective, strategy and applicability of any exclusions applicable to the share of the product referred to in point (b) of this subparagraph;* ***(d) a list of the investment options available on the multi-option product, and the indication of their category or non-categorisation if applicable;*** *[…]* IT (Replies):

PUBLIC

Questions	Replies
	Q24 In general, we reiterate our support for ensuring that all key principles, definitions, and fundamental elements of the three investment categories and the "open list" are clearly established at Level 1, leaving only the technical details to Level 2. LU (Replies): LU: In order to ensure legal certainty, Luxembourg considers that further Level 1 clarification would be essential, in particular as regards: - Key concepts already discussed would benefit from further clarification at Level 1, such as the notion of a "credible transition plan" used in several instances in article 7(2). - Clarification for phase-in arrangements for the implementation of threshold-related requirements (see response to Question 8 and Question 25) ; - With regards to "sustainability-related financial product with impact" defined under Article 2(26) : related provisions need further clarification, such as Article 13(4) and Recital (20) we suggest using "impact related terms" (meaning any terms derived from the base word "impact", such as "impacting", "impactful", to avoid subjective assessment). In addition, Article 9(4)(a) the proposal introduces a provision requiring that the intended impact(s) in terms of specified environmental or social objectives be underpinned by a pre-set impact theory, we would welcome further clarification on the meaning and scope of this "pre-set impact theory". - Article 17.1 and the wording concerning the possible exemption of closed-ended products from "the Regulation" requires clarification. It should be expressly clarified whether such funds may continue to disclose and report under the current SFDR regime, where they are contractually bound to do so by investors.

PUBLIC

Questions	Replies
	- Clarification on the use of derivatives, including the distinction between hedging, efficient portfolio management techniques and exposure strategies. LV (Replies): We see that Level 1 clarification would be useful for categorized products where maximum duration could be included at Level 1, with technical detail left to Level 2, to mitigate greenwashing risks. Also, further clarification is needed for distinction between Articles 6a and 9a(2)—preferably in a recital—on the concepts of "centrality" of sustainability considerations, and reliance on SFDR categorization criteria as a design feature. MT (Replies): Malta has no further elements to be clarified/ specified at level 1. NL (Replies): We believe it is necessary that there should be more clarity on the available methodologies for sovereign bonds. This could be clarified in recital 22. PL (Replies): PL: Yes. As already indicated, it would be helpful to clarify whether the investment-share limits are expected to be met continuously or only at the end of the reporting period. Additionally, providing guidance on the appropriate calculation methodology (e.g. monthly, quarterly or year-end) would help to ensure consistent application. PT (Replies):



Questions	Replies
	No. RO (Replies): We consider that key elements such as: • core definitions of categories; • phase-in requirements; and • key exclusions should be clearly specified at Level 1 to ensure legal certainty. SE (Replies): SE considers terms such as ”proper justification” and ”proven track record” might benefit from further specification at level 1, to ensure smoother and easier application of the regulation. Should this not be specified at level 1, we would support adding clearly defined and delimitated level 2 delegations in this regard.
Q25. Are there any provisions of Article 19b which request further clarification or modification either in the Article itself or in the relevant Recital?	AT (Replies): We suggest including the Platform of Sustainable Finance in Article 19. c.) 4. BE (Replies): We do not have any further comments on Article 19b. CZ (Replies): CZ: Not at the moment. DK

PUBLIC

Questions	Replies
	(Replies): As previously mentioned, **DK believes that article 19b lacks a provision on the empowerment to the Commission to develop a list of terms allowed in product names**. ES (Replies): We do not have specific suggestions regarding the provisions of Article 19b itself beyond those already addressed in our responses to Q11, Q22 and Q23. We reiterate our support for a binding deadline for the adoption of delegated acts and for ensuring that the empowerments, particularly those under Article 19b(a), provide sufficient legal certainty through clear Level 1 frameworks that leave only technical details to Level 2. FR (Replies): Please see Q22. LU (Replies): LU: With regards to paragraph (iii), we note that phase-in periods are already foreseen in existing sectoral legislation, such as the Directive 2009/65/CE, as well as in established administrative practices at national level. The text should therefore refrain from introducing additional rules on phase-in periods through delegated acts that could conflict with, or duplicate, existing regulatory frameworks. LV (Replies): We do not see a need for substantive modification of Article 19b itself but support explicit confirmation that empowerments cover presentation, structure

PUBLIC

Questions	Replies
	and content, including standardised templates, assuring that Level 2 measures remain proportionate, avoid a one-size-fits-all approach and preserve flexibility for different product types and strategies. We support alignment between Article 19b and Recital 27 to avoid interpretative discrepancies. MT (Replies): Malta has no further provisions requesting further clarifications. NL (Replies): We would be in favor of having a limited number of mandatory PAIs for the transition and sustainable category. If article 7 and 9 were to be amended to include mandatory PAIs, we believe article 19b should be amended as well to include mandatory indicators. Furthermore, we would welcome a clarification on what is intended with the ‘limited permitted deviations from the exclusions’ in articles 19b(a)(a)(ii), 19b(b)(a)(ii) and 19b(c)(a)(ii). Is this intended for only the purposes of hedging or is it broader? It came to our attention that pension funds sometimes hold illiquid assets, which could become an OECD violator over time. Because these are illiquid assets, they would not be able to immediately divest. Are these type of issues also envisaged for the empowerment related to permitted deviations or is this empowerment solely focused on hedging? We would welcome if the accompanying recital could note that it is including, but not only, for the purposes of hedging. PL (Replies): PL: No additional comments. RO (Replies):

PUBLIC

Questions	Replies
	We encourage further clarification of: • the scope of delegated acts; and • the interaction between Level 1 and Level 2 provisions in order to reduce implementation risks. SE (Replies): See Q9-Q11. SE would like to reiterate the importance of consumer testing the templates.
Q26. Do you have any comments on the French non-paper on Article 12a and the treatment of ESG data and estimates? Please indicate whether you have a preference for one of the options presented in the French non-paper instead of the options in the Presidency non-paper?	BE (Replies): In general, we agree with the inclusion of estimates within the scope of Article 12a and believe that FMPs should not be solely responsible for the data used in the development of financial products. In our view, the addition of a recital can help draw attention to the responsibility of data providers to deliver high-quality data. We are not certain that the French proposals (including option 3 and option 4) will solve these issues without compromising the adequacy of the information made available to retail investors. Indeed, we do not want FMPs to be accountable primarily to the supervisor but rather first to investors, and we want to foster transparency for end investors. As a consequence, we are more in favour of having the information made available on a website rather than directly to regulators, while understanding the need to limit requests from consumers. Furthermore, we fear that the information destined to regulators will be of technical nature and of little use for the average retail investor. We therefore support further reflection on the amendments proposed by the Presidency. CZ (Replies):

PUBLIC

Questions	Replies
	CZ: We still are not convinced the SFDR is the right place to deal with data providers. We suggest the sharing of responsibility is dealt with contractually between data providers and FMPs or the matter is addressed in different piece of legislation. DK (Replies): **DK supports option 1 in the Presidency non-paper** to keep the current text and add a proportionality clause regarding client requests. In our view, this proposal strikes the best balance between investors' access to information while also limiting burdens on FMPs. ES (Replies): We welcome the French non-paper and consider that the suggestion to replace 'clients' with 'competent authorities' as the recipients of the information under Article 12a(b) is a refinement worth exploring as a complement to Option 3 under the Presidency non-paper. This approach would preserve regulatory oversight and maintain a meaningful safeguard against greenwashing, while being more proportionate for financial market participants and avoiding the practical difficulties associated with public disclosure of information that is often subject to contractual confidentiality constraints. We therefore prefer this variant of Option 3 over the strict website disclosure approach, as it better balances the objectives of simplification, transparency, and effective supervision. IT (Replies): **Q26** Further to our response to Q 20, we reiterate our preference for disclosure to be primarily made available through websites and legal documentation.

PUBLIC

Questions	Replies
	Furthermore, in relation to French Non-Paper: - we would prefer Option 3, as Option 4 raises concerns as regards its practical enforceability; - we have concerns regarding the wording of the recital no. 24 proposed by the French delegation, as it appears unduly binding and risks constraining future discussions on the scope of Regulation (EU) 2024/3005 concerning ESG rating providers in the context of the review clause laid down in Article 52 thereof. By contrast, the wording of the recital no. 24 proposed by the Presidency seems to be more balanced. LT (Replies): We support the Presidency approach and would not replace it at this stage. However, if alternative approaches were to be considered, Option 4 ("Shared responsibility") in the French non-paper appears the most balanced in principle, as it aims to reduce disproportionate burden on financial market participants while improving robustness around estimates and sharing responsibility (indirectly) with data providers. That said, we consider it important to preserve a targeted ability for clients to obtain additional explanations beyond the streamlined disclosures otherwise the framework risks losing investor transparency entirely. In particular, we would therefore not support removing client access altogether, and we would favour keeping a client-facing element in Article 12a(b)(i) (in a targeted, proportionate form), even if some information flows primarily to competent authorities. LU (Replies): See answer to Question 18. LV

PUBLIC

Questions	Replies
	(Replies): We generally agree with the direction outlined in the French non-paper, particularly, the emphasis on proportionality and supervisory pragmatism. Options 3 and 4 are the most balanced and warrant further discussion and rely on a future solution via review of the ESG Ratings Regulation. We would prefer approach, which supports simplification and legal certainty. MT (Replies): Malta maintains its position supporting the Presidency's way forward. Malta believes that data providers should not be included in the scope of SFDR and therefore, no new requirements on data providers is required. NL (Replies): We believe that option 3 is the most balanced solution. This option reduces administrative burdens for financial market participants by shifting reporting requirements from direct disclosure to clients to disclosure only to competent authorities, thus ensuring regulatory oversight and simplifying compliance. We are open to amending the proposal so that data requests are only done y by supervisory authorities rather than clients, as this will further reduce regulatory pressure. However, we are convinced that requirements for ESG data providers should be regulated within the ESG Ratings Regulation, as the SFDR is not the appropriate framework for such provisions. PL (Replies): PL: We take note of the French non-paper regarding Article 12a and broadly share the concern that the current regulatory framework may place disproportionate burdens on financial market participants. At the same time, ESG data providers - whose products underpin the credibility of the disclosure

PUBLIC

Questions	Replies
	system under the SFDR - remain to a large extent outside the scope of EU regulatory requirements. We also concur with the assessment that the narrowing of the CSRD's scope as a result of the Omnibus package is likely to increase the market's reliance on ESG estimates, thereby further highlighting the importance of ensuring appropriate accountability of data providers. At the same time, from a consumer protection perspective, we would like to express some reservations regarding the approach outlined in Options 3 and 4, which would replace client-facing disclosure mechanisms with disclosure solely to competent authorities. While we fully acknowledge the considerations related to proportionality, we believe it remains important that retail investors retain meaningful access to information on how ESG data and estimates are sourced and used in relation to the financial products they hold. Eventually, Option 2, as outlined in the French non-paper, could be considered. Independently of that proposal, we would express a stronger preference for the Presidency's options in this regard. (Q20) RO (Replies): No SE (Replies): SE is still assessing the options put forward by FR. We have not yet reached a conclusion as to which option is preferred but can preliminarily rule out options 1 and 2. Options 3 and 4 both entail relief for FMPs, with option 4 also implying a certain degree of indirect responsibility for data providers, which we would welcome further discussion on.
Q27. Do you have any comments on the French financial markets Authority's (AMF) suggestions on Article 6a and supervision?	AT (Replies):

PUBLIC

Questions	Replies
	We would like to thank the French delegation for the non-paper and the detailed explanations. However, we are unable to support the French proposals, as they would introduce additional complexity to the issue; moreover, the principle that "all information must be fair, clear and not misleading" already applies. BE (Replies): In general, we think that the AMF paper is a meaningful source of inspiration. We agree that all clarifications about the limit of 10 % should be included in the level 2 but that key information on the possibility offered to non-categorised products should be clearly framed in the level 1 text. We would support the AMF proposal but would be more confident if the distinction between non-central disclosure and other disclosures is consumer tested. CZ (Replies): CZ: We could support an introduction of disclaimer and potentially identification of investment strategy in marketing communication. We are strongly against introducing new empowerments – the Commission is already under pressure to deliver under the existing and likely-to-be-introduced empowerments. We risk repeating *the de-prioritisation of Level 2 acts in financial services legislation* situation in a few years' time. This greatly undermines legal certainty and is strongly undesirable for the market. Could possibly be addressed on Level 3. DK (Replies): As previously remarked, DK does not fully agree with AMF's suggestions on supervision. We believe there should be flexibility for each NCA to carry out a case-by-case analysis, as this is, in our opinion, more capable of hindering

PUBLIC

Questions	Replies
	greenwashing-risks. The centrality of ESG related information cannot necessarily be defined simply by the number of characters. Potentially, 2% of information (not captured by the 10% threshold) can contain very central information thereby misleading investors. Similarly, visual impression in the material can also - in itself - leave investors with a certain expectation without it falling under the suggested 10%-threshold definition of a "central element". FI (Replies): We are concerned that setting a very strict limit would unduly constrain NCAs when they are assessing this. Perhaps the way to deal with this is to include something in a recital rather than in an operative provision. IT (Replies): **Q27** We would like to express our support for the arguments outlined in the French non-paper. MT (Replies): Malta agrees that the 10% threshold should be extended to a wider set of disclosures – apart from the pre-contractual and periodic disclosures, the rule would also apply to marketing documents, Key Information Documents (KIDs) and any other documentation which is provided to investors. This would of course further minimise greenwashing risk and ensure that all disclosures are consistent and aligned with each other. The six recitals would help in providing guidance to financial market participants (FMPs), as well as the national competent authorities in supervising these disclosures. This is because they would have a more objective basis to assess compliance, by reducing interpretative ambiguity and subjectivity.

PUBLIC

Questions	Replies
	Furthermore, this promotes greater harmonisation not only between local FMPs, but also with other EU Member States. NL (Replies): Regarding article 3 of the French proposal, we do see merit in this disclaimer and would like to give our own drafting suggestion for the level 1 text. In article 6a where FMP's will not be prevented to include in their precontruactual documentation financial products, other than those categorised as sustainability-related products pursuant to articles 7, 8 and 9, we believe that this information should be accompanied by a disclaimer underlining that the product cannot meet EU standards for defining sustainable financial products. This would mitigate the risk of potential greenwashing. Therefore we would like to propose the following drafting suggestion DRAFT; *Article 6a. 1a. Financial market participants disclosing information under paragraph 1 shall include in the information referred to in Articles 6(3) and 11(2) the statement in a prominent manner that this financial product does not meet the EU standards for defining sustainable financial products and protecting against greenwashing."* RO (Replies): No SE (Replies): SE is still assessing the suggestions.