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CONSULTATION

From:	General Secretariat of the Council
To:	Working Party on Financial Services and the Banking Union (Sustainable Finance) Financial Services Attachés
Subject:	Sustainable Finance Disclosure Regulation - CWP of 11 June 2026 - SFDR Second Compromise Text

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR), Regulation (EU) No 1286/2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs) and repealing Commission Delegated Regulation (EU) 2022/1288

(Text with EEA relevance)

PUBLIC

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee[1],

Acting in accordance with the ordinary legislative procedure,

Whereas:

(1) The March 2018 Action Plan on Financing Sustainable Growth[2] set out a series of steps to help mobilise private capital towards more sustainable economic practices and improved sustainability-related risk management in the financial sector, in the wake of, notably, the Paris Agreement[3] on climate change and the UN 2030 Agenda for Sustainable Development[4]. Among the ensuing actions, the Commission proposed, and co-legislators adopted Regulation (EU) 2019/2088 of the European Parliament and of the Council,[5] to improve transparency on the consideration of sustainability risks and factors by financial market participants in financial services and financial products offered to investors.

(2) The Communication on the European Green Deal[6] recalled the importance of ensuring the mobilisation of private finance towards the objective of transforming "the EU into a

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1 ~~OJ C , , p. .~~ Opinion of the European Economic and Social Committee on the *Sustainable Finance Disclosure Regulation review* (ECO/693 - EESC-2025-04434).

2 Communication from the Commission to the European Parliament, the European Council, the Council, the European Central Bank, the European Economic and Social Committee and the Committee of the Regions of 8 March 2018, *Action Plan: Financing Sustainable Growth* (COM(2018) 97 final).

3 The Paris Agreement, OJ L 282, 19.10.2016, pp. 4.

4 Transforming our world: the 2030 Agenda for Sustainable Development | Department of Economic and Social Affairs

5 Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (OJ L 317, 9.12.2019, p. 1, ELI: http://data.europa.eu/eli/reg/2019/2088/oj).

6 Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions of 11 December 2019, *The European Green Deal* (COM(2019) 640 final).

fair and prosperous society, with a modern, resource-efficient and competitive economy where there are no net emissions of greenhouse gases in 2050 and where economic growth is decoupled from resource use". The steps taken pursuant to the Green Deal have consistently affirmed the important role of private finance in helping to achieve climate neutrality by 2050 in accordance with Regulation (EU) 2021/1119 of the European Parliament and of the Council[7], specific sectoral sustainability targets in that context[8], and the objectives of the REPowerEU plan[9] to accelerate the development of secure and sustainable energy in the Union and reduce dependency on imported fossil fuels. Commission analyses have consistently highlighted the magnitude of investments needed to achieve the EU's climate objectives: over the 2030 – 2050 period, approximately EUR 650 billion (in 2023 EUR) will have to be allocated yearly for the transition of the energy system alone across a variety of scenarios. In that context, unlocking and facilitating sustainability-oriented private funds is critical for the Union to properly contribute financially to the New Collective Quantified Goal set at COP 29 and the additional climate finance goal to mobilise USD 1,3 trillion a year from 2035, to boost its resilience in the face of climate change[10] and to support the plan for EU competitiveness and decarbonisation (*The Clean Industrial Deal*)[11]. It is also aligned with efforts to boost the defence industry of the Union[12] by ensuring that the sustainable finance framework does not prevent capital from being directed towards defence-related activities, and help contribute to delivering a more integrated single market for savings and investments to support economic growth, innovation and competitiveness in the Union[13].

(3) Regulation (EU) 2019/2088 has been instrumental in improving transparency as regards the opportunities and risks in investments supporting or integrating diverse sustainability-oriented aims and considerations. Financial market participants have a common set of principles and requirements for the provision of sustainability-related information regarding financial products and services they offer. Regulation (EU) 2019/2088 benefitted investors in terms of a more structured framework for how that information is presented to them, helping competition, choice and comparability

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7 Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law'), OJ L 243, 9.7.2021, p. 1, ELI: http://data.europa.eu/eli/reg/2021/1119/oj).

8 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions of 14 July 2021, *'Fit for 55': delivering the EU's 2030 Climate Target on the way to climate neutrality* (COM/2021/550 final).

9 Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions of 18 May 2022, *REPowerEU Plan*, (COM/2022/230 final).

10 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions of 12 March 2024, *Managing climate risks - protecting people and prosperity* (COM(2024) 91 final).

11 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, *The Clean Industrial Deal: A Joint Roadmap for Competitiveness and Decarbonisation* (COM(2025) 85 final)

12 Joint Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions of 5 March 2024, *A new European Defence Industrial Strategy: Achieving EU readiness through a responsive and resilient European Defence Industry*, JOIN(2024) 10 final.

13 Communication from the Commission to the European Parliament, the European Council, the Council, the European Central Bank, the European Economic and Social Committee and the Committee of the Regions, *Savings and Investments Union A Strategy to Foster Citizens' Wealth and Economic Competitiveness in the EU* (COM(2025) 124 final) ~~and~~

between financial products and services with sustainability-related features and aims, even if not to the full of its potential. National competent authorities in charge of monitoring compliance of financial market participants with the requirements of Regulation (EU) 2019/2088 have set up practices in relation to risks of greenwashing and developed a more common supervisory framework for their oversight.

(4) Regulation (EU) 2019/2088, however, has been marked by implementation challenges both for financial market participants and for investors. A comprehensive **evaluation** ~~assessment~~ under Article 19 of the Regulation has found that, while its objectives remain broadly supported, the Regulation's implementation is associated with considerable complexity and costs for financial market participants. In addition, the information provided to end-investors has not, on the whole, been sufficiently clear and effective in helping those end-investors understand and compare diverse sustainability-related financial products and services offered to them. Disclosures to investors under Articles 8 and 9 of Regulation (EU) 2019/2088 have also been used by the market in a misleading way to categorise financial products as sustainable despite the lack of criteria that could fit this purpose. Disclosures under those Articles have also been marked by varying interpretations and implementation practices, which led to insufficient clarity for end-investors. In addition, diverging interpretations by national competent authorities also emerged and supervisory practices and expectations have been impacted by the need to adapt to the introduction of new common guidelines for the use of environmental, social and governance terms in the names of investment funds ("ESMA guidelines on funds names")[14]. Those implementation challenges have led to undue costs and burdens for the financial sector of the Union compared to international competitors, to a lack of investor protection and risks of greenwashing, and to differing national requirements and supervisory practices that are at odds with the integrity of the single market. Overall, the challenges are seen to limit the effectiveness of Regulation (EU) 2019/2088 in exploiting the potential of the single market to mobilise and allocate private finance for the sustainable prosperity of the Union.

(5) Regulation (EU) 2019/2088 is part of the wider sustainable finance framework, elements of which are undergoing targeted amendments to simplify, streamline and reduce the burden of sustainability-related disclosures and requirements on Union undertakings. Those amendments should ensure a more cost-effective delivery of the overall ambition of the European Green Deal while not undermining its agreed policy objectives[15]. As part of that wider sustainable finance framework, Regulation (EU) 2019/2088 should also be reviewed commensurately. That is why its revision has been included among the simplification initiatives of the Commission in the Mission Letter to the Commissioner for Financial Services and the Savings and Investments Union[16] and in the 2025 Commission Work Programme[17]. The objectives of the revision are to overcome the shortcomings associated with the implementation of Regulation (EU) 2019/2088, to significantly simplify administrative burdens in a coherent way with the

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14 ESMA, Guidelines of 21 August 2024 on funds names using ESG or sustainability related terms, ESMA34-1592494965-657.

15 Proposal for a Directive of the European Parliament and of the Council amending Directives (EU) 2022/2464 and (EU) 2024/1760 of 26 February 2025 as regards the dates from which Member States are to apply certain corporate sustainability reporting and due diligence requirements (COM(2025) 80 final).

16 Mission Letter of the President of the European Commission of 17 September 2024, ac06a896-2645-4857-9958-467d2ce6f221_en.

17 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions of 11 February 2025, *Commission work programme 2025 Moving forward together: A Bolder, Simpler, Faster Union*, (COM/2025/45 final).

rest of the Union sustainable finance framework, and to help investors efficiently understand and compare sustainability-related financial products.

(6) Within that context, it is for the benefit of both end-investors and financial market participants to alleviate specific burdens flowing from Regulation (EU) 2019/2088 on financial market participants, and to formalise a comprehensive categorisation regime for financial products making sustainability-related claims. **Such categorisation is** ~~Those categories are~~ to set up a clear system according to which sustainability-related financial products should be clustered, in accordance with how those products claim to end-investors to pursue or achieve specific sustainability-related objectives or to integrate the consideration of specific sustainability-related factors. To harmonise the implementation and supervisory practices and further protect end-investors against greenwashing and misleading claims, those categories should rely on a clear set of criteria.

(7) It is necessary to adjust the scope of Regulation (EU) 2019/2088 and to adjust certain definitions therein to reflect those objectives. Regulation (EU) 2019/2088 should continue to require financial market participants to disclose how they consider sustainability risks affect the financial products they offer to investors. Beyond these elements, Regulation (EU) 2019/2088 should, however, focus exclusively on the specific requirements and associated disclosures applicable to financial market participants which manufacture, manage or make available sustainability-related financial products, particularly those **sustainability-related financial products** that reference sustainability-related elements in their names or marketing documentation to end-investors. Financial advisers providing investment advice do not manufacture or manage sustainability-related financial products, nor do they make such products available to investors. For that reason, financial advisors providing investment advice should be carved out of the scope of Regulation (EU) 2019/2088 altogether. Their role is rather as distributors to identify the products made available by financial market participants that match their clients' sustainability preferences. The rules for distributors should therefore duly reflect the changes introduced by this Regulation, especially the categorisation regime for financial products making sustainability-related claims. The same applies to the service of portfolio management, consisting of managing portfolios of financial instruments in accordance with mandates given by clients on a discretionary client-by-client basis and which are thus not designed and marketed the same way as products identified for certain target markets. ~~[~~**The scope of financial products subject to Regulation (EU) 2019/2088 should be re-assessed 60 months after the date of application** ~~implementation~~ **of** ~~that~~ **this Regulation, notably to analyse the potential inclusion of structured products. This would allow for analysing the market practices, as well as the costs and benefits of applying the categories' criteria and disclosures to structured** ~~this type of financial~~ **products.**~~]~~

(8) The definition in Article 2, point (17), of Regulation (EU) 2019/2088 of sustainable investment has generated a considerable number of practical implementation challenges and concerns, queries to supervisors about interpretation and their expectations, and wide divergence in practical application. Practitioners also perceive duplication and coherence issues with comparable concepts laid down elsewhere in the sustainable finance framework but which have a slightly different meaning, including those laid down in Regulation (EU) 2020/852 of the European Parliament and of the Council[18],

[18] Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, pp. 13, ELI: http://data.europa.eu/eli/reg/2020/852/oj).

and undue constraints for investments targeting the transition of undertakings or economic activities towards sustainability in accordance with the policy outlined in the Commission Recommendation (EU) 2023/14**2**~~3~~5 in 2023[19]. At the same time, the definition of sustainable investment in Regulation (EU) 2019/2088 is used by financial market participants in the design of financial products and the communication with end-investors. The practical application of the term should thus be facilitated by deleting the definition of sustainable investment, thus overcoming the uncertainty in aligning practices with it, and instead embedding the underlying concepts in a simplified form in the concrete requirements for the associated category of sustainability-related financial products. That would ensure continuity, simplified application and improved certainty for financial market participants. Therefore, the concepts of contribution to an environmental and social objective, of do not significant harm, and of good governance practices should continue to be reflected in the criteria of the relevant categories.

(9) To encourage investments contributing to climate change mitigation and adaptation, the sustainable use and protection of water and marine resources, the transition to a circular economy, to pollution prevention and control, and the protection and restoration of biodiversity and ecosystems, environmental objectives of sustainability related financial products should be defined according to Article 9 of Regulation (EU) 2020/852. Social objectives of sustainability related financial products should be understood as including the principles of the European Pillar of Social Rights[20] and the Sustainable Development Goals **including tackling inequality, fostering social cohesion, social integration and labour relations, or investing in human capital or economically or socially disadvantaged communities.**

(10) ~~The proposal for a~~ Directive **(EU) 2026/470** ~~of~~ of the European Parliament and of the Council ~~amending Directives (EU) 2022/2464 and (EU) 2024/1760~~[21] aims at an overall simplification and burden-reduction of sustainability disclosures and, focus their requirements on the largest companies. That same aim justifies focussing the scope of Regulation (EU) 2019/2088 on sustainability-related financial products and on the financial market participants which manufacture, manage or make those products available to investors. In addition, Directive (EU) 2022/2464 **of the European Parliament and of the Council**[22] already sets horizontal entity level disclosures of sustainability information covering all sectors. Therefore, the deletion of the specific requirements for financial market participants to make disclosures on their consideration of adverse impacts in their investment decisions at the level of the entity ensures no duplication in disclosure requirements for entities also in scope of Directive (EU) 2022/2464.

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19 Commission Recommendation (EU) 2023/1425 of 27 June 2023 on facilitating finance for the transition to a sustainable economy (C/2023/3844) (OJ L 174, 7.7.2023, p. 19.).

20 The European Pillar of Social Rights in 20 principles - Employment, Social Affairs and Inclusion.

21 **Directive (EU) 2026/470** of the European Parliament and of the Council of **24 February 2026, amending Directives 2006/43/EC, 2013/34/EU, (EU) 2022/2464 and (EU) 2024/1760 as regards certain corporate sustainability reporting requirements and certain corporate sustainability due diligence requirements** ~~**the** dates from which Member States are to apply certain corporate sustainability reporting and due diligence requirements (COM/2025/80 final).~~**(OJ L, 2026/470, 26.2.2026, ELI: http://data.europa.eu/eli/dir/2026/470/oj)**

22 **Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting (OJ L 322, 16.12.2022, p. 15, ELI: http://data.europa.eu/eli/dir/2022/2464/oj).**

(11) Financial market participants should not be prohibited from referring to information on sustainability aspects of an ancillary nature in the regulatory disclosures related to financial products even if not categorised as sustainability-related financial products. Such information should be fair, clear and not misleading. However, to protect investors and distinguish clearly between non-categorised and categorised financial products, such information should not constitute a ~~prominent~~ **central** element in those disclosures and should not feature in the name or marketing communications of such financial products. **Financial market participants and competent authorities should consider that the information does not constitute a central element where such disclosure is limited to 10% of the volume occupied by the presentation of the financial product's investment strategy. Such information should be limited to brief information on the consideration or integration of sustainability factors beyond sustainability risks and should not give the impression that such products contribute to the transition or to sustainability, which are claims that are exclusively reserved to financial products complying with the criteria of the transition and sustainable categories. Financial market participants and competent authorities should evaluate the fulfilment of such central element on a case-by-case basis depending on the specific characteristics of the relevant non-categorised financial products. This information should also be accompanied by a disclaimer clarifying that such products do not meet the minimum criteria to qualify as sustainability-related financial products.** In addition, for financial products that are categorised as sustainability-related financial products, financial market participants should ensure that the claims in the regulatory, marketing documentations and names of their sustainability-related financial products are consistent with the category under which they fall and their strategies.

(12) Building on the feedback received during the targeted and open public consultations, the technical workshops and roundtables, the Commission expert group' reports and the call for evidence, as well as evidence of investor preferences in diverse consumer studies, there is a need to set up ~~EU~~ **Union** categories for products making sustainability-related claims. Such categories are called for to address the current misuse of the **so-called** Article 8 and 9 disclosures and to harmonise at ~~EU~~ **Union** level the implementation and supervisory practices for products making sustainability-related claims. Such categories should rely on clear criteria to combat greenwashing, facilitate end-investors understanding of products' sustainability-related strategies and objectives, and allow for an efficient distribution system based on investors' sustainability preferences. Feedback favours the creation of three categories which should be distinguished in terms of their claims. The sustainable category should cover products claiming to invest in companies, assets, activities or projects that are already sustainable or pursue a particular objective related to sustainability factors, including environmental or social objectives. The transition category should cover products claiming to invest in companies, assets, activities or projects that are on a credible path to sustainability or that pursue particular environmental or social transition-related objectives. The **Environmental, Social, and Governance** (ESG) basics category should cover products claiming to integrate other sustainability considerations beyond sustainability risks in their investment strategy. This approach would also be consistent with recent regulatory guidance by the European Securities and Markets Authority[23]. These claims by financial products are consistent with the notion of 'environmental

[23] ESMA, Guidelines of 21 August 2024 on funds names using ESG or sustainability related terms, ESMA34-1592494965-657.

claims' under Directive 2005/29/EC of the **European Parliament and of the Council**[24] ~~**(Unfair Commercial Practices Directive, as amended by Directive (EU) 2024/825 as regards empowering consumers for the green transition**[25]~~**)**. Consistent with Article 3(4) of that Directive ~~2005/29/EC~~, requirements under that Directive are met by proper application of the requirements of this Regulation.

(13) Such categories should help distributors identify the products that match their clients' sustainability preferences and perform their target market assessment and should therefore be reflected in the rules applicable under Commission Delegated Regulation (EU) 2017/565[26], Commission Delegated Directive (EU) 2017/593[27], and Commission Delegated Regulations (EU) 2017/2358[28] and (EU) 2017/2359[29]. This would provide end-investors with a clear understanding of the main features and ambitions of sustainability-related products.

(14) To help comparability and boost integrity, a minimum portion of 70% of investments by financial products in each category should be made in accordance with the sustainability-related claim, i.e. the objective that is pursued or the sustainability-related considerations that are applied. **The type of assets which financial products can invest in in order to reach this threshold should be compliant with applicable sectoral legislation, in particular Directives 2009/65/EC, 2009/138/EC, 2011/61/EU, (EU) 2016/2341 of the European Parliament and of the Council, and Regulations (EU) No 345/2013, (EU) No 346/2013, (EU) 2015/760 and (EU) 2019/1238 of the European Parliament and of the Council and delegated acts adopted pursuant to those~~them~~ Directives and Regulations. Depending on the financial product, this could encompass transferable securities, other financial instruments or private and real assets including infrastructure, real estate and unlisted securities.** Financial market participants should be allowed to freely allocate the remaining **30% of** investments based on diversification, hedging or liquidity needs**, in compliance with**

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24 Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market and amending Council Directive 84/450/EEC, Directives 97/7/EC, 98/27/EC and 2002/65/EC of the European Parliament and of the Council and Regulation (EC) No 2006/2004 of the European Parliament and of the Council ('Unfair Commercial Practices Directive') (OJ L 149, 11.6.2005, p. 22, ELI: http://data.europa.eu/eli/dir/2005/29/oj).

25 ~~Directive (EU) 2024/825 of the European Parliament and of the Council of 28 February 2024 amending Directives 2005/29/EC and 2011/83/EU as regards empowering consumers for the green transition through better protection against unfair practices and through better information (OJ L, 2024/825, 6.3.2024, ELI: http://data.europa.eu/eli/dir/2024/825/oj)~~

26 Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive (OJ L 87, 31.3.2017, ELI: http://data.europa.eu/eli/reg_del/2017/565/oj)

27 Commission Delegated **Directive** ~~Regulation~~ (EU) 2017/593 of 7 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to safeguarding of financial instruments and funds belonging to clients, product governance obligations and the rules applicable to the provision or reception of fees, commissions or any monetary or non-monetary benefits (OJ L 87, 31.3.2017, ELI: http://data.europa.eu/eli/dir_del/2017/593/oj)

28 Commission Delegated Regulation (EU) 2017/2358 of 21 September 2017 supplementing Directive (EU) 2016/97 of the European Parliament and of the Council with regard to product oversight and governance requirements for insurance undertakings and insurance distributors (OJ L 341, 20.12.2017, ELI: http://data.europa.eu/eli/reg_del/2017/2358/oj)

29 Commission Delegated Regulation (EU) 2017/2359 of 21 September 2017 supplementing Directive (EU) 2016/97 of the European Parliament and of the Council with regard to information requirements and conduct of business rules applicable to the distribution of insurance-based investment products (OJ L 341, 20.12.2017, ELI: http://data.europa.eu/eli/reg_del/2017/2359/oj)

the sectoral legislation applicable to those financial products. These remaining investments should not contradict the sustainability-related claims of the financial product. The full implementation of an investment strategy for a given financial product can take a certain period of time, especially for alternative or private assets. That period of time is communicated in pre-contractual documents. The percentage of investments necessary to meet the objectives of the product may not be immediately reached during that phase-in period. The percentage should be **reached**~~attained~~ at the latest at the expiry of the phase-in period **and should not exceed three years, without prejudice to any shorter or longer specific phase-in periods provided under the Union sectoral legislation applicable to that financial product**. The 70% threshold would mean an increase in ambition compared to the 50% minimum portion of 'sustainable investment' required for funds using a sustainability-related term in their names under the ESMA guidelines on funds' names. It is also considered to allow for continuity with the rule of having 80% of investments made in accordance with the ESG claim pursued with the fund name under ~~those~~ **the ESMA** guidelines **on funds' names**, considering that the conditions for the 70% threshold would be stricter than the current 80% under the ESMA guidelines **on funds' names** (i.e. new conditions for investments to be deemed as contributing to a sustainability or transition related objectives or as integrating sustainability-related considerations). Finally, it allows for sufficient margin for hedging investments, and is aligned with other international investment labels, which would facilitate international convergence. To guide financial market participants and provide them with certainty, specific investment approaches for financial products should be identified per category, but without excluding other possible approaches in each case under the condition that these provide for the same level of sustainability-related ambition. Findings from recent evaluations show that there is no 'one size fits all' on how to granularly specify what a positive contribution to a sustainability objective or transition should be. That is mainly due to the wide variety of assets, strategies, sustainability objectives or factors that exist in the current market. A closed list of granular criteria for contribution would therefore restrict the investment universe too much and risk hindering innovative practices. Instead, the list of possible approaches should aim at identifying robust existing sustainability standards and encouraging their use. The 70 % threshold should focus on ensuring harmonised levels of contribution rather than granularly specify the nature of the contribution for each category. Specific disclosures on the chosen approach to contribution should be given to end-investors. Financial market participants should measure their contribution, the compliance with the strategy and the progress towards the sustainability objective, through appropriate sustainability-related indicators and disclose those indicators. A list of voluntary indicators should be developed for this purpose. Such indicators should build on the indicators referred to in Annex I of Commission Delegated Regulation (EU) 2022/1288[30] and Commission Delegated Regulation (EU) 2023/2772[31], and on

[30] **Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of 'do no significant harm', specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in precontractual documents, on websites and in periodic reports (OJ L 196, 25.7.2022, p. 1, ELI: http://data.europa.eu/eli/reg_del/2022/1288/oj).**

[31] **Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards (OJ L, 2023/2772, 22.12.2023, p. 1, ELI: http://data.europa.eu/eli/reg_del/2023/2772/oj).**

information disclosed by companies, ensuring, to the extent appropriate, continuity with current market practices under this Regulation. This would encourage harmonisation and comparability in the way financial market participants measure and disclose their contribution to an objective.

(15) The criteria for these categories should also simplify the way financial products today using the sustainable investment definition are required to manage principal adverse impacts on environmental or social objectives. The current approach mandates financial market participants to consider the principal adverse impact indicators on sustainability factors, currently set out in Commission Delegated Regulation (EU) 2022/1288[32]. Stakeholders' feedback highlights that this approach has not led to a robust or comparable mechanism to ensure no harm. Therefore, the current approach should be replaced by mandating financial market participants to apply a common set of clear exclusions covering practices and sectors which are commonly agreed to be most harmful and to identify and disclose the principal adverse impacts of their investments on sustainability factors. These should include, where relevant, adverse impacts on climate change mitigation and climate change adaptation, the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems. Financial market participants should also disclose any actions taken to address the identified principal adverse impacts. In the specific context of this framework, this would ensure a comparable and clear approach to ensure no harm. Such approach has been considered successful and effective under the implementation of Commission Delegated Regulation (EU) 2020/1818[33]. Such exclusions should also ensure, to the extent possible, continuity with the existing regulatory framework, including with the exclusions laid down in Commission Delegated Regulation (EU) 2020/1818 and in the ESMA guidelines on funds names and also rely on data available from investee companies or data that can be reasonably estimated by financial market participants. Such exclusions should reflect politically agreed environmental and social goals.

(16) The transition category should consist of financial products that aim to support the transition of undertakings, economic activities and other assets towards sustainability, or contribute to such transition. This category aims at providing such products with disclosures and criteria which accurately reflect transition strategies and address the current implementation challenges arising from the lack of recognition of transition finance in the definition of sustainable investment in Regulation (EU) 2019/2088. Such challenges include difficulties for financial market participants wanting to pursue and disclose transition-related strategies as well as confusion and lack of appropriate disclosures for end-investors interested in investing in products with **a** transition**-related**~~al~~ objective. This category should therefore bolster the visibility, transparency

~~32~~ ~~Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of 'do no significant harm', specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports (OJ L 332, 27.12.2022, p. 1, ELI: http://data.europa.eu/eli/reg_del/2022/1288/oj).~~

33 **Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks (OJ L 406, 3.12.2020, p. 17, ELI: http://data.europa.eu/eli/reg_del/2020/1818/oj).**

and integrity of financial products which invest in the transition of undertakings, economic activities, or other assets towards better environmental or social performance, or that contribute to the environmental or social transition. This category should therefore capture financial products with a high level of transition ambition, selecting notably investments based on proven standards and tools, including centred on strategies tracking or replicating EU Climate Transition benchmarks (CTB) or EU Paris-aligned benchmarks (PAB) in accordance with Regulation (EU) 2016/1011 of the European Parliament and of the Council[34], on investing in transitional economic activities or in undertakings investing their capital expenditures in accordance with Regulation (EU) 2020/852, or on investing in undertakings or economic activities that commit to future improvements through credible transition plans or science-based targets. This category should also capture financial products with a transition-related performance set at the level of the portfolio, such as reducing portfolio financed emission over time, under the condition that the underlying investments are coherent with the transition-related objective of the products. To ensure a meaningful contribution to the international and European climate goals, financial products which pursue a climate change mitigation objective should align their ambition with that in the Paris Agreement and in Regulation (EU) 2021/1119, in particular for financial market participants relying on transition plans and science-based targets from companies or projects, or when pursuing a sustainability-related engagement strategy with investee companies. This category should also exclude activities which are commonly agreed to be harmful to the environment and society, while giving investors the possibility to invest in companies at different starting points in their transition efforts. These exclusions should ensure sufficient alignment with the ones defined under the EU Climate Benchmarks and introduced by the ESMA guidelines on funds names for all funds using certain ESG terms in their names, including 'transition'-related terms. They should cover activities related to prohibited weapons as defined in **Commission Delegated Regulation (EU) 2025/1775** ~~the upcoming amendment to Regulation (EU) 2020/1818~~[35], the cultivation and production of tobacco, violations of the United Nations Global Compact (UNGC) principles or the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises (OECD MNEs), and hard coal and lignite. This category should also exclude companies ~~[~~**that derive revenues from the exploration, extraction and refining of hard coal and lignite, oil fuels or gaseous fuels, except where such companies allocate robust** ~~**and increasing**~~ **capital expenditures to environmentally sustainable economic activities and reduce their greenhouse gas emissions.**~~[~~developing new projects linked to oil or gaseous fuels, and companies developing new projects, or without a plan to phase out from, hard coal or lignite for power generation.~~ Moreover, like products falling under the sustainable category, products falling under the transition category should identify and disclose the principal adverse impacts of their investments on sustainability factors, and explain any actions taken to address those impacts. **In cases where these investments are in companies that derive revenues from the exploration, extraction and refining of hard coal and**

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34 Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1, ELI: http://data.europa.eu/eli/reg/2016/1011/oj).

35 ~~COMMISSION DELEGATED REGULATION (EU) …/... amending Delegated Regulation (EU) 2020/1818 as regards the definition of prohibited weapons C(2025)3801 Delegated act details - Register of delegated acts Commission Delegated Regulation (EU) 2025/1775 of 28 August 2025 amending Delegated Regulation (EU) 2020/1818 as regards the definition of prohibited weapons (OJ L, 2025/1775, 30.12.2025, ELI: http://data.europa.eu/eli/reg_del/2025/1775/oj).~~

lignite, oil fuels or gaseous fuels, a disclosure is required regarding the share of investments in companies active in the fossil fuel sector. In line with its character as the Union contribution to the Paris Agreement, the ambition of investments in the Union should be assessed against Regulation (EU) 2021/1119, while the ambition of investments in third countries should be assessed against the Paris Agreement.

(17) The ESG basics category should consist of financial products the strategy or design of which is based on selected sustainability factors. Feedback received during the targeted and open public consultations, the technical workshops and roundtables, the Commission expert group' reports and the call for evidence, as well as evidence of investor preferences in diverse consumer studies, highlights the need to cater for such financial products to allow for innovative sustainability approaches and for end-investor preferences which include products avoiding harmful investments. The criteria should cater for investments which do not specifically pursue a sustainability or transition related objective but integrate sustainability factors in their investment strategies through credible sustainability-related approaches. The criteria should list several approaches which could be adopted by financial market participants, such as outperformance of the investment universe **or** of reference benchmarks measured by an ESG rating or a sustainability indicator, a combination of sustainable or transition standards, as well as investments that favour undertakings or economic activities with a proven positive track record on certain sustainability factors. This category should also exclude activities which are commonly agreed to be harmful to the environment and society in alignment with the ones defined under the EU Climate Benchmarks and introduced by the ESMA guidelines on funds names for all funds using ESG terms, but 'sustainability-related terms or 'impact'-related ones. They should cover activities related to prohibited weapons as defined in **Commission Delegate Regulation (EU) 2025/1775** ~~the upcoming amendment to Regulation (EU) 2020/1818~~, the cultivation and production of tobacco, violations of the UNGC principles or OECD MNEs **guidelines**, and hard coal and lignite.

(18) The sustainable category should consist of financial products that invest in companies, assets or activities that are sustainable or that pursue or positively contribute to environmental and / or social objectives. This category should capture financial products with a high level of ambition in that regard, selecting notably investments based on proven standards and tools, including centred on strategies replicating or managed in reference to an EU Paris-aligned benchmarks in accordance with Regulation (EU) 2016/1011 of the European Parliament and of the Council[36], on investing in sustainable economic activities in accordance with Regulation (EU) 2020/852, on investing in instruments issued in accordance with Regulation (EU) 2023/2631 of the European Parliament and of the Council[37], and on **investing in comparable assets to these standards, such as sustainability-related benchmarks, taxonomies or bond standards developed by third countries or established market-led initiatives, subject to justification and disclosure of their high standard of sustainability. It**

[36] **Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1, ELI: http://data.europa.eu/eli/reg/2016/1011/oj).**

[37] Regulation (EU) 2023/2631 of the European Parliament and of the Council of 22 November 2023 on European Green Bonds and optional disclosures for bonds marketed as environmentally sustainable and for sustainability-linked bonds (OJ L, 2023/2631, 30.11.2023, ELI: http://data.europa.eu/eli/reg/2023/2631/oj).

should also capture investments in relation to operations benefiting from a Union budgetary guarantee or financial instruments under Union programmes pursuing environmental or social objectives. Accordingly, the exclusions for financial products in this category should extend beyond those for the other two categories and encompass activities where the value chain is associated with fossil fuels, including the expansion of fossil fuels. In particular, the exclusions should include the ones of the transition and ESG basics category, in addition to activities linked to oil fuels, gaseous fuels, electricity generation with a **greenhouse gas** (GHG) intensity of more than 100 g CO2 e/kWh. This category should also exclude companies developing new projects linked to oil or gaseous fuels, and companies developing new projects, or without a plan to phase-out from, hard coal or lignite for power generation. Moreover, beyond these exclusions, products falling under the sustainable category should identify and disclose the principal adverse impacts of their investments on sustainability factors, and explain any actions taken to address those impacts. This requirement would complement the common binary exclusions and ensure that any other principal adverse impacts on sustainability factors are identified, disclosed, and potentially addressed. It would bring accurate transparency on adverse impacts, therefore allowing end-investors to understand the potential harm of such products, while bringing more legal clarity on the required obligation to financial market participants than the current principle of 'consideration' of principal adverse impact indicators. **Common i**~~I~~ndicators should be developed that build on the current principal adverse impact indicators referred to in Annex I to Commission Delegated Regulation (EU) 2022/1888[38] and Commission Delegated Regulation (EU) 2023/2772 for ~~voluntary~~ use by financial market participants when complying with the identification and disclosure of principal adverse impacts. However, financial market participants should have the flexibility to ~~disclose these principal adverse impacts using a different approach, such as~~ **use** different indicators ~~or a qualitative explanation of such impacts and actions,~~ if it fits better the nature of the impact identified or addressed. This flexibility on how to identify the impacts should allow them to focus on the impacts which are actually relevant for their products depending on the assets, strategies and objectives pursued. This requirement would align to a certain degree with existing criteria in other international frameworks while ensuring that the EU rules remain more ambitious including through the implementation of common binary exclusions.

(19) To encourage the use of well-established ~~E~~**EUnion** standards, the sustainable and transition category should provide for appropriate treatment and legal certainty for products relying on the ~~E~~**EUnion** Taxonomy **established by Commission Delegated Regulation (EU) 2020/852** and the EU Climate Benchmarks **established by Commission Delegated Regulation (EU) 2020/1818**. Products replicating or managed in reference to an EU Paris-aligned benchmark should be considered as products qualifying under the sustainable and transition category. Similarly, products replicating or managed in reference to an EU Climate Transition benchmark should be considered as products qualifying under the transition category. In addition, products with a proportion of Taxonomy-aligned investment equal or higher than 15 % should be considered products complying with the contribution criteria of the sustainable and transition category. The latter would still need to apply the exclusions mandated under the category they wish to comply with on the portion of the portfolio that is not aligned with the EUnion Taxonomy. ~~These~~**Such remaining investments could be freely**

[38] **Commission Delegated Regulation (EU) 2022/1988 of 12 July 2022 extending the transitional period for continuing to provide crowdfunding services in accordance with national law as referred to in Article 48(1) of Regulation (EU) 2020/1503 of the European Parliament and of the Council (OJ L 273, 21.10.2022, p. 3, ELI: http://data.europa.eu/eli/reg_del/2022/1988/oj).**

allocated based on diversification, hedging or liquidity needs but should not contradict the sustainability-related claims of the financial product. Based on the opinion of the Platform for Sustainable Finance, the 15% threshold provides for sufficient incentive for products to aim for an ambition portion of investment in Taxonomy-aligned economic activities while being aligned with the current state of the market. More specifically, this threshold should be **reached** ~~attainable~~ by about half of the current investment funds disclosing under Article 9 of Regulation (EU) 2019/2088. The threshold should be subject to review ~~36~~ **60** months after the date of application to continue to align it with the state of the broader economy and reflect any development under the **EUnion** Taxonomy in order to ensure it provides the right incentive. These provisions aim at simplifying the implementation of the categories, enhancing the coherence of the **EUnion** sustainable finance framework, and encouraging the use of these **EUnion** labels and standards by providing certainty to their users.

(20) Within the categories of products with sustainability and transition-related objectives, recognition should be given to the practice of impact investing. Acknowledging the specific characteristics of impact investing, including the objective of intentionality and targeting measurable change in specific pre-defined environmental or social areas with an upfront theory of change and with reporting on the outcomes, helps to promote the contribution which impact investing can make to addressing various environmental and social needs. Specific disclosures should therefore apply to financial products that are categorised as sustainability-related financial products with sustainability or transition-related objectives and that pursue specific impacts as understood for **~~such~~ these** types of investment practices. The use of the term 'impact' in the names of financial products should be restricted accordingly.

(21) Pre-contractual and periodic disclosures for financial products that are categorised as sustainability-related product should contain all relevant information about the objective, strategy, and investment approaches to comply with the 70% requirement, chosen indicators for measuring performance, compliance with applicable exclusions, and relevant data sources used to inform the design, compliance and measurement of the criteria applicable to the financial product. Financial products falling under the sustainable and transition category that pursue an environmental objective should disclose whether and the extent to which they use the **EUnion** Taxonomy as one of their investment approaches, to meet the 70% requirement. **Such ~~This~~** disclosure requirement on the use of the **EUnion** Taxonomy will enhance comparability across financial products with environmental objectives. In addition, disclosures on any ESG ratings included in market documentations of sustainability-related products should be included in websites disclosures, as per requirements under Regulation (EU) 2024/3005[39]. **Such~~These~~** disclosures should allow end-investors to understand the specific characteristics of each sustainability-related financial products, compare them and understand whether they fit their sustainability preferences **of the end-investors**, and facilitate the provision of financial and insurance advice.

(22) ~~There are currently no comprehensive metrics for gauging the sustainability of general-purpose sovereign, sub-sovereign and supranational debt issuances. Investments in such debt issuances should therefore be excluded from counting towards the contribution of financial products to sustainability or transition related objectives. Without affecting~~

[39] **Regulation (EU) 2024/3005 of the European Parliament and of the Council of 27 November 2024 on the transparency and integrity of Environmental, Social and Governance (ESG) rating activities, and amending Regulations (EU) 2019/2088 and (EU) 2023/2859 (OJ L, 2024/3005, 12.12.2024, ELI: http://data.europa.eu/eli/reg/2024/3005/oj).**

~~the treatment or inclusion of those debt issuances among investments by financial products in general, investments in such debt issuances should be excluded from qualifying for the numerator of the portion of investment that needs to be reached by financial products that are categorised under the sustainable and transition categories.~~ **General-purpose bonds issued by public sector bodies represent a significant share of the investment universe of many financial market participants subject to this Regulation, in particular financial products in the insurance and pension sectors that are subject to prudential frameworks requiring or imposing material allocations to sovereign debt instruments. For those products, the structural weight of sovereign debt in their portfolios may prevent them from meeting the contribution threshold under the transition category irrespective of the potential transition-related objectives pursued by their investment strategy. It is therefore appropriate to establish a targeted eligibility pathway for general-purpose issuances by public sector bodies established in the Union, confined to insurance and pension products, under which those issuances may count towards the contribution threshold under the transition category provided that the financial market participant demonstrates that the investment is aligned with the financial product's transition-related objective. The restriction to Union public sector bodies reflects the existence of an established and enforceable framework of climate and sustainability commitments at Union level, which provides a meaningful basis for assessing the compatibility of those issuances with transition objectives. To encourage a broad-based transition investment strategy that leverages sovereign bond holdings alongside other investments contributing to the transition-related objectives, investments qualifying under this pathway should count towards the positive contribution threshold by no more than 25 percentage points. Conversely, with a view to promoting the issuance of use-of-proceeds instruments by public sector bodies, general-purpose sovereign, sub-sovereign and supranational debt issuances should remain excluded from counting towards the contribution of financial products to sustainability-related objectives. Reserving the sustainable category exclusively for use-of-proceeds instruments ensures that public sector bodies retain a strong incentive to issue such instruments and that the highest level of sustainability ambition is reflected in the composition of those products.** ~~However,~~ **As regards financial products categorised under the ESG basics category,** financial market participants should **also** be allowed to **count investments in general purpose** ~~include those~~ debt issuances **by public sector bodies toward** ~~in~~ the **contribution threshold** ~~numerator of financial products that are categorised under the ESG basics category~~, using available methodologies that are appropriate to assess the sustainability of those investments for that purpose. Further, the exclusions regarding investments which financial products that are categorised as sustainability-related financial products cannot make, apply to companies, and not to **sovereigns**, sub-sovereigns and supra-nationals. Those exclusions therefore do not restrict investments in debt issuances by sovereigns, sub-sovereigns and supra-nationals, which can thus feature in the **portfolios** ~~denominator~~ of those financial products, including notably debt issuances by ~~Union~~ **the** Member States, Union-level bodies and other public sector bodies not subject to any applicable Union-level financial sanctions. In contrast, investments in financial instruments issued by sovereigns, sub-sovereigns and supra-nationals, where the use of proceeds is known **and**~~,~~ where ~~those~~ **such financial** instruments support specific sustainability aims, **including based on established market-led initiatives,** and provided that ~~those~~ **such** financial instruments do not directly or indirectly fund activities that are excluded from investments by financial products that are categorised as sustainability-related financial products, can **count**

toward the contribution threshold for ~~be included in the numerator of~~ all categorised financial products. This balanced approach should allow sustainability-related financial products to continue to fund public projects and activities related to sustainability, while providing safeguards to potential greenwashing risks. Financial market participants should ensure that investments in public sector debt by categorised financial products ~~are consistent with~~**do not contradict** the stated sustainability-related objective or strategy of those **financial** products to avoid greenwashing risks and be aligned with end-investors' expectations.

(23) The creation of categories for sustainability-related financial products requires provisions that determine how **financial** products **such as funds of funds, pension or insurance-based investment products (IBIPs) structured as multi-option products and pension schemes** that are exposed to categorised **financial** products 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 **including investment options offered as part of multi-option products**. 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 **such an**~~this~~ entity which can be mandated to invest in accordance with the criteria for categorised products. [40] **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 could also encompass other investments or portfolios managed in accordance with the criteria. For multi-option products, this could include investment options relating to internal, segregated or general account funds managed by insurance undertakings that are not financial products under this Regulation but that could invest in accordance with the categorisation criteria. This also ensures consistency with the approach under Regulation (EU) No 1286/2014 of the European Parliament and of the Council[41] 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 only multi-option products which solely ~~only~~ offer investment options that are categorised financial products and other investments that meet the criteria for categorised financial products under this Regulation could be considered categorised financial products themselves. This requirement would apply *mutatis mutandis* to pension products as well as investment funds with a fund-of-funds**

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[40] ~~Article 10 of Commission Delegated Regulation (EU) 2017/653 supplementing Regulation (EU) No 1286/2014~~

[41] **Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs) (OJ L 352, 9.12.2014, p. 1, ELI: http://data.europa.eu/eli/reg/2014/1286/oj).**

structure. 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. **Which of the three categories ~~such~~ a product would fall into should be determined by the applicable choice of investments.** ~~Provided the appropriate exclusions are met in each case, O~~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, **provided that they meet the exclusions of the sustainable category.** ~~while~~ **Financial products** ~~those~~ investing across categories **or other relevant investments** would fall either within the transition (if **they reach the 70% threshold by** mixing sustainable ~~or~~**and** transition **investments** ~~products~~ **and meet the exclusions of the transition category**) or ESG basics (if mixing **investments** ~~products~~ from any of the three **to reach the 70% threshold and meeting the exclusions of the ESG basics category**). For financial products ~~[~~**that are IBIPs** ~~**insurance-based investment products, or**~~ **pensions products or investment funds with a fund-of-funds structure] and** that do not qualify for a category but invest in categorised financial products, 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, 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. **In the case of multi-option products which offer investment options that are categorised products or other investment options that meet the criteria for categorised products under this Regulation as well as non-categorised products and investments, these multi-option products should disclose the applicable choice offered by the product provider.** For this purpose, financial market participants should be able to rely on the information disclosed regarding categorised financial products as well as the information disclosed by the authorised entity in **charge of**~~change or~~ 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 products in a more harmonised way, while allowing them to rely on the information provided for the underlying categorised **financial** products and without requiring them to separately verify this information. 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, and accurately reflect the information they disclose on the relative shares of investments in categorised products and in other assets**, and do not convey that they are categorised products themselves**.

(24) The wide range of potential investable assets for financial products that can be categorised as sustainability-related financial products means that there will continue to be certain data gaps in relation to sustainability data from investees and other assets. It is therefore appropriate to formalise and improve transparency about the use of estimates by financial market participants, without however imposing new requirements on third party sustainability data providers. Notably, proportionate steps should be introduced whereby financial market participants are to document their use of data sources and their use of external and in-house estimates and are to **disclose them in their precontractual and periodic disclosures and on their websites** ~~provide their clients with information on such use upon request~~. **When carrying out the review of Regulation (EU)**

2024/3005, the Commission should consider whether the scope of that Regulation should be extended to include providers of data products on environmental, social and human rights, and governance factors. When assessing the potential extension of the scope of that Regulation, the Commission should in particular envisage minimum standards on transparency of data sources, control of data quality and data coverage, disclosure of methodologies and fair commercial practices that could apply in relation to data and estimates provided by such providers for the purposes of this Regulation.

(25) To help promote the functioning of the single market for sustainability-related financial products, as part of deeper and more integrated financial markets to mobilise savings and investments across the Union in support of competitiveness, environmental and social objectives, Member States and national competent authorities should not set or apply additional requirements as regards the consideration and disclosures of sustainability risks, or as regards the criteria, procedures, and disclosures concerning the categorisation of sustainability-related financial products.

(26) Where existing financial products are closed to new investors and would no longer be offered to investors after the date of application of this Regulation, for reasons of proportionality financial market participants should be able opt out of applying this Regulation to those financial products. **In addition, they may opt to not apply the categorisation provisions under this Regulation to alternative investment funds which are offered exclusively to professional investors, as information assymmetries are less likely to manifest.**

(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 products. **This should include the development of two ~~voluntary~~ sets of indicators. The first set of indicators should provide financial market participants with ~~voluntary~~ indicators to identify and disclose the principal adverse impacts of financial products falling under ~~the~~ Articles 7 and ~~Article~~ 9 of this Regulation. Such indicators would build on the existing indicators referred to in Annex I ~~of~~to 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 of indicators ~~w~~would provide financial market participants with voluntary indicators to calculate the contribution to a sustainability or transition 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 **(ESAs), namely the European Banking Authority** established by Regulation (EU) No 1093/2010 of the European Parliament and of the Council[42], **the European Insurance and Occupational Pensions Authority established by** Regulation (EU)

[42] Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC (OJ L 331, 15.12.2010, p. 12, ELI: http://data.europa.eu/eli/reg/2010/1093/oj).

No 1094/2010 of the European Parliament and of the Council[43], and **the European Securities and Markets Authority established by** Regulation (EU) No 1095/2010 of the European Parliament and of the Council[44], and with the Member States Expert Group on sustainable finance, where appropriate. The **ESAs ~~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. **It is also of particular importance that** ~~Those~~ consultations should be conducted in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making[45]. 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 experts should systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts. ~~**In order to ensure coherent and effective implementation of this Regulation, the date of application of the delegated acts necessary for the application of this Regulation, including revisions of Commission Delegated Regulation (EU) 2017/565, Commission Delegated Directive (EU) 2017/593 and Commission Delegated Regulations (EU) 2017/2358 and (EU) 2017/2359, should be aligned with its date of application.**~~

(28) In order to ensure uniform conditions for the implementation of Regulation (EU) 2019/2088 ~~**as amended by this Regulation**~~, implementing powers should be conferred on the Commission. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council[46].

(29) The amendments to Regulation (EU) 2019/2088 should be reflected in Regulation (EU) No 1286/2014 ~~**of the European Parliament and of the Council**~~ [47]. Notably, the key information document accompanying products categorised under **this** Regulation ~~**(EU) 2019/2088**~~, as amended, should contain information on the category, a description of its objective, and relevant indicators.

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43 Regulation (EU) No 1094/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Insurance and Occupational Pensions Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/79/EC (OJ L 331, 15.12.2010, p. 48, ELI: http://data.europa.eu/eli/reg/2010/1094/oj).

44 Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC (OJ L 331, 15.12.2010, p. 84, ELI: http://data.europa.eu/eli/reg/2010/1095/oj).

45 Interinstitutional Agreement between the European Parliament, the Council of the European Union and the European Commission on Better Law-Making (OJ L 123, 12.5.2016, p. 1, ELI: http://data.europa.eu/eli/agree_interinstit/2016/512/oj).

46 Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers (OJ L 55, 28.2.2011, p. 13, ELI: http://data.europa.eu/eli/reg/2011/182/oj).

47 ~~Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs) (OJ L 352, 9.12.2014, pp. 1, ELI: http://data.europa.eu/eli/reg/2014/1286/oj).~~

(30) This Regulation adapts information requirements related to the degree to which financial products invest in sustainability-related activities, including activities that contribute to an environmental objective as set out in Article 9 of Regulation (EU) 2020/852, in light of the revised scope and subject matter. Given that the definition of the term 'sustainable investment' should be deleted and given the changes introduced by this Regulation to the disclosure requirements, the detailed disclosure requirements laid down in Articles 5 to 7 of Regulation (EU) 2020/852 become **redundant** ~~moot~~.

(31) To monitor the implementation of this Regulation and to monitor and possibly cater for market evolution and innovation, the **ESAs** ~~**European Supervisory Authorities**~~ should take stock of the market for sustainability-related financial products and deliver a report to the Commission on best practices every ~~two~~**three** years. This would allow for both encouraging best practices and monitor the need for any adjustment for the underlying criteria of the sustainability categories.

(32) Financial market participants **should be able to** ~~[may]~~ ~~shall~~ start applying this Regulation 12 months after the date of application of this Regulation for IBIPs, pension products, pension schemes and **pan-European personal pensions** ~~**PEPPs**~~. These products are not subject to the ESMA guidelines on funds names and therefore ~~[~~**could be allowed**~~]~~ ~~will require~~ more time to implement the new underlying criteria, especially to implement the exclusions.

(33) Since the objectives of this Regulation, namely to strengthen protection for end investors and improve disclosures to them, including in cases of cross-border purchases by end investors, cannot be sufficiently achieved by the Member States but can rather, by reason of the need to lay down uniform disclosure requirements, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve those objectives.

(34) Regulation**s** (EU) 2019/2088 and ~~Regulation~~ (EU) No 1286/2014 should therefore be amended accordingly.

(35) **In order to ensure coherent and effective implementation of this Regulation, the date of application of the delegated acts necessary for the application of this Regulation, including the revision of Commission Delegated Regulation (EU) 2017/565, Commission Delegated Directive (EU) 2017/593 and Commission Delegated Regulations (EU) 2017/2358 and (EU) 2017/2359, should be aligned with its date of application**,

HAVE ADOPTED THIS REGULATION:

Article 1

Amendments to Regulation (EU) 2019/2088

Regulation (EU) 2019/2088 is amended as follows:

(1) Article 1 is replaced by the following:

'Article 1

Subject matter

This Regulation lays down harmonised rules for financial market participants on:

(a) transparency with regard to the provision of sustainability-related information, including the integration of sustainability risks with respect to the investment decision-making process of those financial market participants and the financial products they offer to investors;

~~(b) the categorisation of, and transparency with regard to, financial products as sustainability-related financial products.';~~

(1a) the following paragraph is inserted in Article 1

(b) the categorisation of, and transparency with regard to, financial products as sustainability-related financial products.';

(2) Article 2 is amended as follows:

(a) **in** point (1) ~~is amended as follows~~:

(i) point**s** (b) **and (j) are** ~~is~~ deleted;

~~(ii) point (j) is deleted;~~

(b) points (5) and (6) are deleted;

(c) point (11) is deleted;

(d) in point (12), point (a) is deleted;

(e) points (16) **is deleted;**

(ea) point ~~and~~ **(17) is** ~~are~~ **deleted;**

(f) points (20) and (21) are deleted;

(g) the following points ~~(25) to (28)~~ are added:

'(25) 'sustainability-related financial product' means a financial product that is categorised in accordance with Article 7, 8 or 9;

(26) 'sustainability-related financial product with impact' means a financial product categorised in accordance with Article 7 or 9 that has as its objective the generation of a pre-defined, positive and measurable social or environmental impact;

(27) 'public sector bodies' means central governments or central banks, regional governments or local authorities, **and international**

PUBLIC

organisations~~multilateral development banks~~ as referred to in Article 11**8**~~7~~ of Regulation (EU) No 575/2013 of the European Parliament and of the Council[*1]~~;~~ ~~and international organisations as referred to in Article 118 of that Regulation~~; ~~and~~

(28) 'environmental objectives' means the **environmental** objectives **listed** ~~referred to~~ in Article 9 of Regulation (EU) 2020/852[*2], namely climate change mitigation~~; and~~ climate change adaptation, the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems**;**

(29) 'private assets' means ~~securities~~ equity and quasi-equity instruments as referred to in paragraphs 4 and 5 of Regulation (EU) 2015/760 [*3] that are not admitted to trading on a regulated market or on a multilateral trading facility at the time of the initial investment, or loans granted to an undertaking by a financial product ~~[whose securities are not admitted to trading on a regulated market or on a multilateral trading facility]~~; and

(30) 'real assets' means assets defined in ~~within the meaning of~~ Article 2(6) of Regulation (EU) 2015/760';

[*1] Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1, ELI: http://data.europa.eu/eli/reg/2013/575/oj);

[*2] Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, pp. 13, ELI: http://data.europa.eu/eli/reg/2020/852/oj);

[*3] **Regulation (EU) 2015/760 of the European Parliament and of the Council of 29 April 2015 on European long-term investment funds OJ L 123, 19.5.2015, pp. 98–121, ELI: http://data.europa.eu/eli/reg/2015/760/oj.**

(3) Article 2a is deleted;

(4) Article 3 is replaced by the following:

'*Article 3*

*Transparency **of** ~~on~~ sustainability risk policies in relation to the integration of sustainability risks*

Financial market participants shall publish on their website information about their policies on the integration of sustainability risks in their investment decision-making process.';

(5) Articles 4 and 5 are deleted;

(6) Article 6 is amended as follows:

(a) the title is replaced by the following:

*'Transparency **of** ~~on~~ the integration of sustainability risks in pre-contractual disclosures for all financial products';*

(b) paragraph 2 is deleted;

(c) paragraph 3 is amended as follows:

(i) the introductory wording is replaced by the following:
'The information referred to in paragraph 1 shall be disclosed in the following manner:';

(ii) points (h), (i) and (j) are deleted;

(7) the following Article 6a is inserted:

'Article 6a

Voluntary transparency on the integration of sustainability factors in pre-contractual disclosures for products that are not categorised as sustainability-related financial products

1. Financial market participants shall not be prevented from including in the pre-contractual documentation of financial products, other than those categorised as sustainability-related financial products pursuant to Articles 7, 8 or 9, information on whether and how those financial products consider sustainability factors, provided that such information:

(a) is not a central element of the pre-contractual disclosures of the financial product;

(b) is not included in the **key investor information** ~~KIID~~ as referred to inArticle 78 of Directive 2009/65/EC or the **key information document** ~~KID~~ as referred to in Chapter II of Regulation (EU) No 1286/2014[*3];

(c) does not constitute claims within the meaning of Article 7(1)~~, Article 8(1)~~ or Article 9(1) **of this Regulation**.

For the purposes of the first subparagraph, point (a), the information shall **not** be considered ~~not be~~ a central element where it is secondary to the presentation of the product characteristics both in terms of breadth and positioning in the document, neutral, and limited to ~~less than~~ 10% of the volume occupied by the presentation of the financial product's investment strategy.

This information shall be accompa~~g~~nied by the following statement:

"This financial product does not meet the minimum criteria to qualify as a sustainability-related financial product under European Union law."

2. The information referred to in the paragraph 1 shall be disclosed in the manner laid down in Article 6(3).

3. Financial market participants disclosing information under paragraph 1 shall include on an annual basis a description of the consideration of the sustainability factors in their periodic report. The conditions listed under paragraph 1, points (a) to (c), apply *mutatis mutandis* with regards to any sustainability-related information included in this periodic report.

4. The information referred to in paragraph 3 shall be disclosed in the manner laid down in Article 11(2).

PUBLIC

[*3] Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs) (OJ L 352, 9.12.2014, pp. 1 ELI: **http://data.europa.eu/eli/reg/2014/1286/2024-01-09)**.';

(8) Articles 7, 8 and 9 are replaced by the following:

'Article 7

Transition category: criteria and disclosures

1. Financial market participants shall not claim that their financial products invest in the transition of undertakings, economic activities, or other assets towards sustainability, or contribute to such transition, unless those financial products meet the following conditions:

(a) they have a 70 % threshold linked to the proportion of investments to meet a clear and measurable transition objective related to sustainability factors, including environmental or social transition objectives in accordance with the binding elements of the investment strategy of the financial product, measured using appropriate sustainability-related indicator(s);

(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[*4], ~~with the exception of investments in use of proceeds instruments issued by companies:~~

~~(i) in accordance with Article 3 of Regulation (EU) 2023/2631 of the European Parliament and of the Council[*5]; or~~

~~(ii) where the proceeds do not fund any underlying activities as referred to in Article 12(1), points (a), (b) and (d), of Delegated Regulation (EU) 2020/1818, provided that the issuer of the use of proceeds instruments is not excluded under Article 12(1), point (c), of that Regulation.~~

(c) they exclude investments in companies that **derive revenues from the exploration, extraction, distribution, mining and refining of hard coal and lignite, oil fuels or gaseous fuels, except where such companies**

(i) ~~develop new projects for the exploration, extraction, distribution or refining of hard coal and lignite, oil fuels or gaseous fuels; or~~ **allocate at least ~~[~~20%~~]~~ of total capital expenditures to Taxonomy-aligned economic activities in accordance with the first sub-paragraph of Section 1.1.2.2. of Annex I ~~to~~of Delegated Regulation (EU) 2021/2178, and**

(ii) ~~develop new projects for, or do not have a plan to phase out from, the exploration, mining, extraction, distribution, refining or exploitation of hard coal or lignite for power generation.~~**have in place a ~~[~~time-bound and measurable~~]~~ strategy to reduce their Scope 1 and Scope 2 greenhouse gas emissions.**

(d) they identify and disclose the principal adverse impacts of their investments on sustainability factors, and explain any actions taken to address those impacts.

Financial market participants ~~may choose to~~ shall comply ~~in full or in part~~ with the disclosure requirement described under the first subparagraph point (d) by using **appropriate** sustainability-related indicators.

For the purpose of point (d) of the first subparagraph, ~~point (d),~~ financial market participants shall use at least ~~[two]~~ three indicators listed in the delegated act to be adopted by the Commission referred to in Article 19b(~~a~~b)(a)(i) which are most relevant to the transition-related objective(s) of the financial product. Where financial market participants demonstrate that none of those ~~these~~ indicators are relevant to the financial product, they may use alternative sustainability-related indicators. For financial products that include investments in companies that derive revenues from the exploration, extraction and refining of hard coal and lignite, oil fuels or gaseous fuels, financial market participants shall, in addition to these three indicators, use an indicator on the proportion of investments in companies active in the fossil fuel sector listed in the same delegated act.

The conditions described in the first subparagraph shall be considered to be met for financial products **whose investment strategy meets** ~~that replicate or are managed in reference to an EU climate transition benchmark that complies with~~ the requirements laid down in S~~s~~ections **1 and** ~~section~~ 2 of Delegated Regulation (EU) 2020/1818, **and for financial products whose investment strategy meets** ~~or an EU Paris-aligned benchmark that complies with~~ the requirements **laid down in ~~s~~Sections 1 and** ~~laid down in section~~ 3 of Chapter II of ~~that~~ **that** Delegated Regulation **~~(EU) 2020/1818~~.**

The conditions described under **point (a) of** the first subparagraph, ~~point (a)~~ shall be considered met for financial products with a proportion of investments in taxonomy-aligned economic activities, as defined in Article 1, point (2), of Delegated Regulation (EU) 2021/2178[*6], equal or higher than 15%.

Point (a) of t~~T~~he first subparagraph, ~~point (a)~~ shall not include investment in issuances by public sector bodies, with the exception of ~~the use of proceeds instruments issued by public sector bodies~~:

(a) **'European Green Bond' or 'EuGB' issued by public sector bodies** in accordance with Article 3 of Regulation (EU) 2023/2631; ~~or~~

(b) **use of proceeds instruments issued by public sector bodies** where the proceeds do not fund any underlying activities excluded under Article 12(1), points (a)~~,~~ **and** (b) ~~and (d)~~, of Delegated Regulation (EU) 2020/1818 or companies excluded under Article 12(1), point (c), of that Regulation; or

(c) for financial products referred to in Article 2(12), points (c), (d), (e) and (g), general-purpose issuances by public sector bodies ~~[~~established in the Union~~]~~ provided that the financial market participant demonstrates, based on formalised and documented methodologies, that such investment is aligned with the financial product's transition-related objective(s) and ~~[,when counted towards the threshold under the first subparagraph, point (a),]~~ that these investments contributing to reach the threshold referred to in paragraph 1, first subparagraph, point (a), does not represent more than 25% of the portfolio. ~~, [and does not constitute more than 60% of the portfolio.~~

~~[Point (c) of the fifth subparagraph shall only apply to financial products referred to in Article 2(12), points (c), (d), (e), and (g).]~~

Financial market participants that rely on point (c) of the fifth subparagraph shall reflect the basis of that assessment in the reports referred to in Article 10.

Points (b) and (c) of the ~~The~~ first subparagraph, ~~points (b) and (c),~~ shall not apply to investments in use of proceeds instruments issued by companies:

(a) as 'European Green Bond' or 'EuGB' in accordance with Article 3 of Regulation (EU) 2023/2631; or

(b) where the proceeds do not fund any underlying activities as referred to in Article 12(1), points (a) and (b) ~~and (d),~~ of Delegated Regulation (EU) 2020/1818 or the first subparagraph, poi~~r~~nt (c) of this paragraph, provided that the issuer of the use of proceeds instruments is not excluded under Article 12(1), point (c), of Delegated Regulation (EU) 2020/1818.

2. Investments by financial products as referred to in paragraph 1, first subparagraph, point (a), shall include any **~~or a combination~~** of the following **or a combination thereof**:

(a) investments in portfolios **whose investment strategy and allocation meet~~s~~ the requirements laid down in S~~s~~ections 1 and ~~section~~ 2 of Delegated Regulation (EU) 2020/1818 and in portfolio whose investment strategy meets the requirements laid down in S~~s~~ections 1 and ~~section~~ 3 of Chapter II of that ~~Delegated~~ Regulation (EU); ~~2020/1818.~~** ~~replicating or managed in reference to an EU climate transition benchmark or EU Paris-aligned benchmark ('EU climate benchmarks');~~

(b) investments in taxonomy-aligned economic activities as defined in Article 1, point (2), of Commission Delegated Regulation (EU) 2021/2178, including:

(i) transitional economic activities as referred to in Article 10(2) of Regulation (EU) 2020/852;

(ii) taxonomy-eligible economic activities becoming taxonomy-aligned in accordance with point (b) of the first sub-paragraph of Section 1.1.2.2. of Annex I to ~~of~~ Delegated Regulation (EU) 2021/2178.

(c) investments in undertakings or economic activities with a credible transition plan as regards at least one sustainability factor at the level of the undertaking or at activity level respectively, proportionate to the size of the undertaking;

(d) investments in undertakings or economic activities with credible science-based targets that are supported by information ensuring integrity, transparency and accountability;

(e) investments accompanied with a credible sustainability-related engagement strategy, targeting specific changes with defined milestones and measured with reference to those targets and milestones, and integrating escalation actions in case the expected changes do not happen, in combination with any of those referred to in points (a) to (d) or (h);

(f) investments pursuant to Article 9(2) in combination with any of those referred to in points (a) to (e);

(g) investments with a credible transition target set at the level of the portfolio, such as reduction of portfolio emissions over time;

(h) other investments in undertakings, economic activities or other assets**, where the criteria used ensure** that **such investments** credibly contribute to the transition,

and provided proper justification is included in the disclosures required pursuant to paragraph 3**, in particular as regards points (c) and (e) of that paragraph**. ~~[~~**For investments in private or real assets, referred to in points 29 and 30 of Article 2 respectively, the credible contribution to the transition may be demonstrated by documented, asset-class-appropriate evidence and methodologies, in accordance with the disclosure requirements laid down in paragraph 3.**~~]~~

Where the financial product aims at meeting a clear and measurable transition towards the climate change mitigation objective, the credible transition plans, science-based targets and sustainability-related engagement strategy referred to in the first subparagraph points (c) to (e), the credible transition target set at the level of the portfolio referred to in letter (g) and the credible contribution referred to in letter (h), shall be compatible with the transition to a sustainable economy and with the limiting of global warming in line with the Paris Agreement and the objective of achieving climate neutrality as established in Regulation (EU) 2021/1119.

To ensure credibility of the investment approaches under the first subparagraph, points (c) to (h), financial market participants shall, in line with sector specific legislation:

(i) implement an appropriate, documented and regularly updated due diligence process for investments made on behalf of the financial product that contribute to the transition objective(s) referred to in paragraph 1, first subparagraph, point (a); and

(ii) implement appropriate monitoring processes to assess the progress made and have in place adequate processes to address underperforming investments ~~or~~ and underperformance at the level of the portfolio with regard to the transition objective(s) referred to in under paragraph 1, first subparagraph, point (a).

For investments under Article 7 (2) (c) and (d) the processes under (i) and (ii) of the third subparagraph shall include an examination of those undertakings regarding:

(i) the dedicated governance and resources;
(ii) measurable and time-bound targets with milestones or interim targets; and
(iii) strategy and actions to carry out a transition plan or achieve targets, including implementation and monitoring.

Financial market participants shall review the processes mentioned in the third subparagraph with appropriate frequency at least once a year and adapt them whenever necessary.

3. For the financial products referred to in paragraph 1, first subparagraph, financial market participants shall disclose the following information:

(a) a statement that the financial product meets the conditions laid down in paragraph 1;

(b) a description of the transition-related objective(s) to which the financial product contributes;

(c) a description of:

(i) the transition-related strategy of the financial product to comply with paragraph 1, first subparagraph, point (a);

(ii) the applicable choice and relative share of investments referred to in paragraph 2;

(iii) any applicable phase-in period **necessary** ~~to~~ **for the implementation of the investment strategy of the product and** ~~for the product to~~ reach the threshold referred to **in** paragraph 1, first subparagraph, point (a), ~~following the period necessary to implement the investment strategy,~~ in line with information set out in pre-contractual disclosures. **Without prejudice to applicable sectorial legislation, the phase-in period shall not exceed [three] years**~~;~~.

(d) where the product pursues an environmental objective, a statement on whether, and the extent to which, the financial market participant meets the requirement referred to in paragraph 1, first subparagraph, point (a), by investing in accordance with paragraph 2, first subparagraph, point (b)**;**~~.~~

(e) the sustainability-related indicator(s) used by the financial market participant referred to in paragraph 1, first subparagraph, point (a), for measuring compliance with the strategy and progress toward the objective, together with information on actions to address any underperforming assets in terms of the objective and chosen indicator(s);

(f) a statement that the financial market participant complies with paragraph 1, first subparagraph, point**s** (b) **and (c)** ~~and~~ any additional applicable exclusions of investments determined by the financial market participant for the financial product **and the information referred to in paragraph 1, first subparagraph, point (d)**;

(g) data sources used to inform points (b) to (~~e~~**f**).

The information referred to in the first subparagraph shall be disclosed in the manner laid down in Article 6(3).

4. For financial products with a transition objective falling within the meaning of Article 2, point (26), the information to be disclosed shall also contain:

(a) the intended impact(s) in terms of specified environmental or social objectives, underpinned by a pre-set impact theory; and

(b) provisions to measure, manage, and report on the desired impact pursuant to point (a), including in terms of investments by the financial product and the contribution of investors in the financial product.

Article 8

ESG basics category: criteria and disclosures

1. Financial market participants shall not claim that their financial products, other than those referred to in Articles 7 and 9, integrate sustainability factors in their investment

strategy beyond the consideration of sustainability risks, unless those financial products meet the following conditions:

(a) they have a 70% threshold linked to the proportion of investments integrating the sustainability factors in accordance with the binding elements of the investment strategy of the financial product, measured using appropriate sustainability-related indicator(s);

(b) they exclude investments in companies as referred to in Article 12(1), points (a), (b), (c) and (d), of Delegated Regulation (EU) 2020/1818, with the exception of investments in use of proceeds instruments issued by companies:

(i) in accordance with Article~~s~~ 3 of Regulation (EU) 2023/2631; or

(ii) where the proceeds do not fund any underlying activities excluded under Article 12(1), points (a), (b) and (d), of Delegated Regulation (EU) 2020/1818, provided that the issuer of the use of proceeds instruments is not excluded under Article 12(1), point (c); of that Delegated Regulation.

Investments referred to in the first subparagraph, point (a), may include investments in general-purpose debt issuances by public sector bodies when financial products meet the following conditions:

(a) the assessment of whether those investments integrate sustainability factors for the purposes of this paragraph is based on formalised and documented methodologies; and

(b) they ensure that those investments ~~do not contradict~~ are in line with the sustainability-related claims made by the product.

2. Investments by financial products as referred to in paragraph 1, first subparagraph, point (a), shall include any or a combination of the following:

(a) investments with an ESG rating as defined by Regulation **(EU)** 2024/3005 that outperforms the average rating of the investment universe or the reference benchmark;

(b) investments that outperform the average investment universe or reference benchmark on ~~a~~ **at least two** specific appropriate sustainability indicator**s**;

~~(c) investments that favour undertakings or economic activities with a proven positive track record in terms of processes, performance or outcomes related to sustainability factors;~~

(d) ~~a combination of~~ investments pursuant to Article 7(2) or Article 9(2) ~~of this Regulation~~ **in combination with any investments** ~~and the investments~~ referred to in points (a), (b) and (c) of this paragraph;

(e) other investments **in undertakings, economic activities or other assets, where the criteria used ensure** ~~integrating~~ **the integration** of sustainability factors beyond the consideration of sustainability risks**, which give preference among others to undertakings or economic activities demonstrating a proven positive track record in terms of processes, performance or outcomes related to sustainability factors, provided proper justification is included in the disclosures required pursuant to paragraph 3, in particular as regards points (c) and (e) of that paragraph. For investments in private or real asset**

referred to in points 29 and 30 of Article 2 respectively, such as unlisted equity and debt, infrastructure, real estate, and forestry holdings, the integration of sustainability factors and, where relevant, proven positive track record may be demonstrated by documented, asset-class-appropriate evidence and methodologies, in accordance with the disclosure requirements laid down in paragraph 3.

3. For financial products as referred to in paragraph 1, financial market participants shall disclose the following information:

(a) a statement that the financial product meets the conditions of paragraph 1;

(b) a description of the sustainability factors that the financial product integrates;

(c) a description of:

(i) the strategy of the financial product to comply with paragraph 1, first subparagraph, point (a);

(ii) the applicable choice and relative share of investments referred to in paragraph 2;

(iii) any applicable phase-in period **necessary to implement the investment strategy of the product and** reach the threshold referred to in paragraph 1, first subparagraph, point (a)~~, following the period necessary to implement the investment strategy,~~ in line with information set out in pre-contractual disclosures. **Without prejudice to applicable sectorial legislation, the phase-in period shall not exceed ~~[~~3~~]~~ years~~;~~**

(d) the sustainability-related indicator(s) used by the financial market participant referred to in paragraph 1, first subparagraph, point (a), for measuring compliance with the strategy and progress toward the objective, together with information on actions to address any underperforming assets in terms of the objective and chosen indicator(s);

(da) the key assumptions of the methodology referred to in paragraph 1, second subparagraph, point (a);

(e) a statement that the financial product complies with paragraph 1, first subparagraph, point (b), and any additional exclusion of investments determined by the financial market participant for the financial product;

(f) data sources used to inform points (b) to (~~d~~**e**).

The information referred to in the first subparagraph **of this paragraph** shall be disclosed in the manner laid down in Article 6(3).

Article 9

Sustainable category: criteria and disclosures

1. Financial market participants shall not claim that their financial products invest in sustainable undertakings, sustainable economic activities, or other sustainable assets, or contribute to sustainability, unless those financial products meet the following conditions:

(a) they have a 70% threshold linked to the proportion of investments to meet a clear and measurable objective related to sustainability factors, including environmental **or** ~~and~~ social objectives, in accordance with the binding elements of the investment strategy of the financial product, measured using appropriate sustainability-related indicator**(**s**)**;

(b) they exclude investments in companies referred to in Article 12(1) of Delegated Regulation (EU) 2020/1818;

(c) they exclude investments in companies that:

(i) develop new projects for the exploration, extraction, distribution or refining of hard coal and lignite, oil fuels or gaseous fuels; or

(ii) develop new projects for, or do not have a plan to phase-out from, the exploration, mining, extraction, distribution, refining or exploitation of hard coal or lignite for power generation~~;s~~

(d) they identify and disclose the principal adverse impacts of their investments on sustainability factors, and explain any actions taken to address those impacts.

Financial market participants ~~may choose to~~ shall comply ~~in full or in part~~ with the disclosure requirement described under the first subparagraph point (d) by using **appropriate** sustainability-related indicators.

For the purpose of point (d) of the first subparagraph, ~~point (d),~~ financial market participants shall use at least ~~[two]~~ three indicators referred to in Article 19b(~~c~~b)(a)(i) which are most relevant to the sustainability-related objective(s) of the financial product. Where financial market participants demonstrate that none of these indicators are relevant to the financial product, they may use alternative sustainability-related indicators.

The conditions described in the first subparagraph shall be considered to be met for financial products **whose investment strategy and allocation meet**~~s that replicate or are managed in reference to an EU climate transition benchmark that complies with~~ the requirements laid down in Section**s 1 and ~~Section~~ 3** ~~2~~ of Delegated Regulation (EU) 2020/1818.

The conditions described under the first subparagraph, point (a) shall be considered met for financial products with a proportion of investments in taxonomy-aligned economic activities, as defined in Article 1, point (2), of Delegated Regulation (EU) 2021/2178, equal or higher than 15%.

The financial products referred to in the first subparagraph, point (a), shall not include investments in issuances by public sector bodies, with the exception of: ~~use of proceeds instruments issued by public sector bodies:~~

(a) **"European Green Bond" or "EUGB" issued by public sector bodies** in accordance with Article 3 of Regulation (EU) 2023/2631; **or**

(b) **use of proceeds instruments issued by public sector bodies** where the proceeds do not fund:

(i) any underlying activities excluded under Article 12(1), points (a) and (b), and (d) to (g), of Delegated Regulation (EU) 2020/1818 or ~~in~~**under** the first subparagraph, point (c); or

(ii) companies excluded under Article 12(1), point (c), of Delegated Regulation (EU) 2020/1818.

The first subparagraph, points (b) and (c), shall not apply to investments in use of proceeds instruments issued by companies:

(a) **as "European Green Bond" or "EUGB"** in accordance with Article 3 of Regulation (EU) 2023/2631; or

(b) where the proceeds do not fund any underlying activities as referred to in Article 12(1), points (a) and (b), and (d) to (g), of Delegated Regulation (EU) 2020/1818 or the first **sub**paragraph, point (c) **of this paragraph**, provided that the issuer of the use of proceeds instruments is not excluded under Article 12(1), point (c), of Delegated Regulation (EU) 2020/1818.

2. Investments by financial products as referred to in paragraph 1, **first subparagraph,** point (a), shall include any or a combination of the following:

(a) investments in portfolios **whose investment strategy meets the requirements laid down in Section 1 and Section 3 of Delegated Regulation (EU) 2020/1818;** ~~replicating or managed in reference to an EU Paris-aligned benchmark~~;

(b) investments in taxonomy-aligned economic activities as defined in Article 1, point (2), of Delegated Regulation (EU) 2021/2178;

(c) investments in instruments issued in accordance with Articles 3 of Regulation (EU) 2023/2631;

(d) investments, including co-investments, that finance the same undertaking, project or portfolio identified in financing and investment operations benefiting from a Union budgetary guarantee or financial instruments under Union programmes pursuing environmental or social objectives;

(e) investments in comparable assets to those referred to in points (a) to (c), provided that a proper justification of their high level of performance in terms of sustainability standards is included in the disclosures required pursuant to paragraph 3;

(f) investments in European social entrepreneurship funds (EuSEF) as referred to in Regulation (EU) No 346/2013of the European Parliament and of the Council[*7];

(g) other investments in undertakings, economic activities, or assets, **where the criteria used ensure** that **such investments** contribute to an environmental objective or a social objective **and** provided that a proper justification is included in the disclosures required pursuant to paragraph 3**, in particular as regards points (c) and (e) of that paragraph**. ~~[~~**For investments in private or real assets as referred to in paragraphs 29 and 30 of Article 2 respectively, such as unlisted equity and debt, infrastructure, real estate, and forestry holdings, the contribution to the environmental or social objective may be demonstrated by documented, asset-class-appropriate evidence and methodologies, in accordance with the disclosure requirements laid down in paragraph 3.**~~]~~

3. For financial products ~~as~~ referred to in paragraph 1, financial market participants shall disclose the following information ~~in the manner laid down in Article 6(3)~~:

(a) a statement that the financial product meets the conditions of paragraph 1;

(b) a description of the sustainability-related objective(s) to which the financial product contributes;

(c) a description of:

(i) the strategy of the financial product to comply with paragraph 1, **first subparagraph,** point (a);

(ii) the applicable choice and relative share of investments referred to in paragraph 2;

(iii) any applicable phase-in period for the product to reach the threshold referred to in paragraph 1, **first subparagraph,** point (a), following the period necessary to implement the investment strategy, in line with information set out in pre-contractual disclosures. **Without prejudice to applicable sectorial legislation, the phase-in period shall not exceed [3] years;** ~~.~~

(d) where the product pursues an environmental objective, a statement on whether, and the extent to which, the financial market participant meets the requirement referred to in paragraph 1**, first subparagraph,** point (a) by investing in accordance with paragraph 2 point (b);

(e) the sustainability-related indicator(s) used by the financial market participant referred to in paragraph 1, **first subparagraph,** point (a), for measuring compliance with the strategy and progress toward the objective, together with information on actions to address any underperforming assets in terms of the objective and chosen indicator(s);

(f) a statement that the financial market participant complies with paragraph 1, **first subparagraph,** points (b) and (c), ~~and~~ any additional applicable exclusion of investments determined by the financial market participant for the financial product **and the information referred to in paragraph 1, first subparagraph, point (d);**

(g) data sources used to inform points (b) to (~~e~~**f**).

The information referred to in the first subparagraph shall be disclosed in the manner laid down in Article 6(3).

4. For financial products with a sustainability objective falling within the meaning of Article 2, point (26), the information to be disclosed shall also include:

(a) the intended impact(s) in terms of specified environmental or social objectives, underpinned by a pre-set impact theory; and

(b) provisions to measure, manage and report on the desired impact pursuant to point (a), including in terms of investments by the financial product and the contribution of investors in the financial product.

[*4] Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks (OJ L 406, 3.12.2020, p. 17, ELI: http://data.europa.eu/eli/reg_del/2020/1818/oj).

[*5] Regulation (EU) 2023/2631 of the European Parliament and of the Council of 22 November 2023 on European Green Bonds and optional disclosures for bonds marketed as environmentally sustainable and for sustainability-linked bonds (OJ L, 2023/2631, 30.11.2023, ELI: http://data.europa.eu/eli/reg/2023/2631/oj).

[*6] Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation (OJ L 443, 10.12.2021, p. 9, ELI: http://data.europa.eu/eli/reg_del/2021/2178/oj).

[*7] Regulation (EU) No 346/2013 of the European Parliament and of the Council of 17 April 2013 on European social entrepreneurship funds (OJ L 115, 25.4.2013, p. 18, ELI: http://data.europa.eu/eli/reg/2013/346/oj).';

(9) the following Article 9a is inserted:

'Article 9a

Financial products that claim ***to invest in*** ~~*that they combine financial products that are categorised as*~~ *sustainability-related* ***financial*** *products* ***or make other sustainability-related investments***

1. Financial products that claim that they **invest in or** combine ~~financial products that are categorised as~~ sustainability-related financial products shall be deemed to be **sustainability-related financial products**~~compliant with the requirements of Articles 7, 8 or 9~~ **if:**

   (a) they meet the 70% threshold of investments referred to in paragraph 1**, first subparagraph,** point (a) of ~~those~~ Articles **7, 8 or 9** by way of investments in **sustainability-related financial**~~categorised~~ products or other investments that meet the requirements of **those** 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.

   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 Articles 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 ~~[~~**referred to in Article 2(12), points (c), (d), (e) and (g)**~~]~~**, non-categorised financial products referred to in Article 2(12), point (b) that are funds of funds as referred to in Article 7(3)(a) of Directive (EU) 2011/61 and non-categorised financial products referred to in Article 2(12), point (f) with a fund of funds structure as referred to in Article 78(7)(b)(iii) of Directive (EU) 2009/65,** that claim **under Article 6a(1)** that they invest in~~, are exposed to or are constituted of two or more underlying~~ **sustainability-related** financial products ~~as referred to in~~**or make other investments that meet the requirements of** Article~~s 7, 8 and 9~~**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 ~~referred to in Articles 7, 8 and 9~~ **and other investments that meet the requirement of Articles 7, 8 and 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 Article~~s~~ 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 PRIIPs offering investment options, the information to be disclosed pursuant to the first subparagraph shall also include:

(a) a list of the investment options available, including the indication of their relevant category or non-categorisation where applicable;

(b) for each investment option that is a sustainability-related financial product, or other investments that meet the requirements of Articles 7(2), 8(2) or 9(2), the information referred to in Article 7(3), Article 8(3), Article 9(3) and Article 7(4) where applicable.

For the purposes of the first subparagraph, financial market participants may rely on the information referred to in Article**s** 7(3), ~~Article~~ 8(3) and Article 9(3).

Where the information about the investment options referred to in point (e) of this paragraph cannot be disclosed pursuant to Article 6(3) in a single and concise manner consistent with the 10% limit referred to in Article 6a(1), this

information may be disclosed by form of references or weblinks to the respective documentation where that information can be found.

3. **For the purposes of this Article, w**~~W~~here 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, the financial market participants** ~~**they**~~ may rely on the information provided by those entities.';

(10) Article 10 is replaced by the following:

'Article 10

Transparency on websites on sustainability-related financial products

Financial market participants shall publish and maintain on their websites the following information for each financial product referred to in Articles 8(1) and ~~Article~~ 9(1):

(a) the information referred to in Article**s** 7(3), ~~Article~~ 7(4), ~~Article~~ 8(3), ~~Article~~ 9(3) **and** ~~Article~~ 9(4);

(b) the information referred to in Article 11**;**

(c) whether estimates are used and whether data and/or estimates used are provided by data providers.

The information to be disclosed pursuant to this Article shall be clear, succinct and understandable to investors. It shall be published in a way that is accurate, fair, clear, not misleading, simple, and concise and in a prominent easily accessible area of the website.

The information referred to in subparagraph 1 may be disclosed by form of weblinks to the respective documentation referred to in Articles 6(3) or ~~Article~~ 11(2).';

(11) Article 11 is amended as follows:

(a) the title is replaced by the following:

'Transparency in periodic reports on sustainability-related financial products';

(b) paragraph 1 is replaced by the following:

'1. Financial market participants shall describe on an annual basis in the periodic reports for each financial product referred to in Article 7(1), first subparagraph, Article 8(1), first subparagraph, and Article 9(1):

(a) the extent to which the applicable objectives are met, or sustainability factors are integrated, in particular by way of reference to the indicator(s) referred to in Article 7(3), point (d), Article 8(3), point (d), or Article 9(3), point (d);

(b) for financial products falling within the meaning of Article 2, point (26), the information referred to in Article 7(4), point (b), or Article 9(4), point (b).';

(c) in paragraph 2, points (h) and (i) are deleted;

(d) paragraphs 4 and 5 are deleted;

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(12) Article 12 is replaced by the following:

'Article 12

Review of disclosures

Financial market participants shall ensure that any information published in accordance with Article 3 or 10 is kept up to date. A financial market participant that amends such information shall explain such amendment on the same website as the website on which the information has been published.';

(13) the following Article 12a is inserted:

'Article 12a

Data and estimates

In complying with Articles 7 to 11, financial market participants:

(a) shall ensure that:

(i) the use of data**, including estimates,** provided by external data providers, other than open source or research freely available to the public, is based on formalised and documented arrangements;

(ii) the use of estimates that are not based on data provided by external data providers is based on formalised and documented methodologies;

(b) shall **disclose** ~~provide clients upon request with~~:

~~(i) information regarding sustainability-related financial products other than the information disclosed in accordance with Article 7(3) and (4), Article 8(3), Article 9(3) and (4), and Article 11;~~

(i**a**) **a description of how data and estimates are used and sourced, the name and contact details of the data providers and, where applicable and available, an overview of the methodology used by those data providers;**

~~(ii) where data or estimates are soureed from data providers, the name, contact details and, where applicable and available, the methodology used by data providers;~~

(iii) **an overview of** the methodology, the main assumptions and the precautionary principles regarding the treatment of missing datapoints underlying estimations where those are not based on data provided by external data providers.';

(14) Article 13 is **amended as follows** ~~**replaced by the following**~~:

(a) the title is replaced by the following:

~~***Article 13***~~

'Marketing communications and naming rules'

(b) paragraph 1 is replaced by the following:

1. Notwithstanding stricter sectoral legislation, in particular Directives 2009/65/EC of the European Parliament and of the Council[*8], Directive 2014/65/EU, Directive (EU) 2016/97, and Regulation (EU) No 1286/2014, financial market participants shall ensure that their marketing communications do not contradict the information to be disclosed pursuant to this Regulation.

(c) paragraph 2 is replaced by the following:

2. Financial market participants may only include sustainability-related claims in the names and in the marketing communications of financial products referred to in Article 7(1), Article 8(1) and Article 9(1).

   The claims in the names and in the marketing communications referred to in the first subparagraph shall be clear, fair, not misleading, and consistent with the sustainability features of those financial products.

(d) the following paragraphs 3 to 5 are inserted:

3. Financial market participants may not include sustainability-related claims in the names and in the marketing communications of financial products referred to in Article 6~~(a)~~.

   By way of derogation from paragraph 2 and the first sub-paragraph, f~~F~~inancial market participants may include sustainability-related claims in the marketing communications of financial products referred to in Article 9a**(2)** provided those claims are clear, fair and not misleading, and consistent with the information disclosed in accordance with ~~of~~ Article 9a(~~1~~**2**), points (a) to (c) **and do not convey that they are sustainability-related financial products**.

4. Financial products other than those referred to in Article 2, point (26), shall not use the term 'impact' in their name.

5. Where a financial market participant issues and discloses to third parties an ESG rating, as defined in Article 3, point (1), of Regulation (EU) 2024/3005 of the European Parliament and of the Council[*9], as part of its marketing communications, it shall include on its website the same information as that required by point 1 of Annex III to that Regulation and it shall disclose in those marketing communications a link to those website disclosures.

[*8] Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (recast) (OJ L 302, 17.11.2009, pp. 32, ELI: http://data.europa.eu/eli/dir/2009/65/oj).

[*9] Regulation (EU) 2024/3005 of the European Parliament and of the Council of 27 November 2024 on the transparency and integrity of Environmental, Social and Governance (ESG) rating activities, and amending Regulations (EU) 2019/2088 and (EU) No 2023/2859 (OJ L, 2024/3005, 12.12.2024, ELI: http://data.europa.eu/eli/ reg/2024/3005/oj).';

(15) Article 14 is amended as follows:

(a) paragraph 1 is replaced by the following:

‘1. Member States shall ensure that the competent authorities defined, designated or specified in accordance with sectoral legislation, in particular the sectoral legislation referred to in Article 6(3) of this Regulation, and in accordance with Directive 2013/36/EU, monitor the compliance of financial market participants with the requirements of this Regulation. The competent authorities shall have all the supervisory and investigatory powers that are necessary for the exercise of their functions under this Regulation.’;

(b) the following paragraph 3 is added:

‘3. Without prejudice to Article 17(**2**~~3~~), Member States shall ensure that competent or other national authorities do not apply requirements additional to those set out in Articles 3, 6, 10, 11 and 13 as regards information requirements, and in Articles 7, 8 and 9 as regards the criteria and transparency regarding financial products that are categorised as sustainability-related financial products.’;

(16) Article 15 is replaced by the following:

‘Article 15

Transparency by IORPS

IORPs shall publish and maintain the information referred to in Articles 3, 6 and 10 of this Regulation in accordance with Article 36(2), point (f), of Directive (EU) 2016/2341.’;

(17) Article 17 is replaced by the following:

‘Article 17

Exemptions

1. Financial market participants may choose not to apply this Regulation to financial products of the closed-ended type which ~~were created and distributed before~~ **are closed to new investors and would no longer be offered to investors after** [*the date of application of this Regulation*].

1a. Financial market participants may choose not to apply Articles 6a, 7, 8, 9 and 13(3) to financial products referred to in point (b) of Article 2(12) which are made available exclusively to professional clients referred to in Section I of Annex II of Directive 2014/65/EU.

2. This Regulation is without prejudice to voluntary sustainability-related labelling schemes for financial products with features that exceed those in Articles 7, 8 and 9 in terms of specified objectives, investment approaches, governance or transparency requirements.’;

(18) Article 18 is replaced by the following:

'Article 18

Report

The ESAs shall take stock of the extent of financial products referred to in Articles 7, 8 and 9 made available or managed by financial market participants. By [~~24~~**36** months after the date of application of this Regulation] and every ~~two~~**three** years thereafter, the ESAs shall submit a report to the Commission on best practices. That report shall be made public and be transmitted to the European Parliament and to the Council.';

(19) Article 18a is amended as follows:

(a) paragraph 1 is amended as follows:

(i) the first subparagraph is replaced by the following:

'From [[~~18~~**36]** *months after the date of application of this Regulation*], when making public any information referred to in Articles 3 and 10 of this Regulation, financial market participants shall submit that information at the same time to the relevant collection body referred to in paragraph 3 of this Article for the purpose of making it accessible on the European single access point (ESAP) established under Regulation (EU) 2023/2859 of the European Parliament and of the Council.[*10]';

(ii) in the second subparagraph, point (b), points (i), (ii) and (iii) are replaced by the following:

'(i) all the names of the financial market participant to which the information relates;

(ii) for legal persons, the legal entity identifier of the financial market participant, as specified pursuant to Article 7(4), point (b), of Regulation (EU) 2023/2859;

(iii) for legal persons, the size of the financial market participant by category, as specified pursuant to Article 7(4), point (d), of Regulation (EU) 2023/2859;';

(b) paragraph 2 is replaced is by the following:

'2. For the purposes of paragraph 1, point (b)(ii), financial market participants that are legal persons shall obtain a legal entity identifier.

[*10] Regulation (EU) 2023/2859 of the European Parliament and of the Council of 13 December 2023 establishing a European single access point providing centralised access to publicly available information of relevance to financial services, capital markets and sustainability (OJ L, 2023/2859, 20.12.2023, ELI: http://data.europa.eu/eli/reg/2023/2859/oj).';

(20) Article 19 is replaced by the following:

'Article 19

Review

By [~~*36*~~**0** *months after the date of application of this Regulation*], the Commission shall review the application of this Regulation and shall in particular consider:

(a) practices regarding the categorisation of products in accordance with Articles 7, 8 and 9;

(b) practices regarding the use of data and estimates pursuant to Article 12a and whether these practices and the functioning of this Regulation are inhibited by data availability or quality issues;

(c) adjusting the proportion of investments in taxonomy-aligned economic activities needed to comply with the option under Article 7(1), third subparagraph, and Article 9(1), third subparagraph.'~~;~~

(d) ~~[~~the inclusion of structured products in the scope of this Regulation.~~]~~';

(e) increasing the threshold laid down in Article 7(1)(c)(i) and the appropriateness of introducing a mandatory periodic increase

(21) the following Articles ~~19a, 19b and 19c~~ are inserted:

'Article 19a

Transitional provisions

~~*[2 options: delete entirely or amend as follows]*~~

Financial market participants **may**~~shall~~ apply Articles **6a,** 7, 8, 9, 10 ~~and~~ 11 **and 13** of this Regulation ~~as amended by Regulation [PP: please insert reference to this amending regulation]~~ to financial products referred to in Article 2(12), points (c), (d), (e) ~~,~~**and** (g)~~ and (h)~~ by [12 months after the date of application of this Regulation].

Between ~~[~~the date of application of this Regulation~~]~~ and ~~[~~12 months after the date of application of this Regulation~~]~~ financial market participants that choose to exercise the option referred to in the first subparagraph shall continue to apply the requirements of this Regulation and Commission Delegated Regulation (EU) 2022/1288 applicable before [the date of application of this Regulation] to those financial products.

Financial market participants that exercise the option referred to in the first subparagraph shall duly inform clients invested in those financial products of this fact.

Article 19b

Empowerments

The Commission shall be empowered to adopt a delegated act in accordance with Article 19c to supplement:

(a) paragraphs 1, 2, 3 and 4 of Article 7 to specify:

(a) the conditions for investments to contribute to the transition-related objective, and more in particular to specify:

(i) **the two lists of** indicator(s) building on the indicators referred to in Annex I to Commission Delegated Regulation (EU) 2022/1288[*11] and Commission Delegated Regulation (EU) 2023/2772 [*to be adapted to the new CSRD delegated act*][*12], **the first one** for voluntary use by financial market participants when complying with paragraph 1, first subparagraph, point (a) **and the second one for use by financial market participants when complying with paragraph 1, first subparagraph,** ~~and~~ point (d) **including an indicator on the proportion of investments in companies active in the fossil fuel sector**;

(ii) any limited permitted deviations from the exclusions referred to in paragraph 1, first subparagraph, point (b), including for the purposes of hedging **and delayed divestment from illiquid assets**;

(iii) the methodologies to calculate the threshold referred to in paragraph 1, first subparagraph, point (a), including the shares of investments referred to in paragraph 1, first subparagraph, to which the chosen indicator(s) may apply, and any applicable phase-in period for the product to reach the threshold referred to in paragraph 1, first subparagraph, point (a);

(iv) the conditions for investments referred to in paragraph 2 to qualify as contributing to the transition-related objective.

(b) the details of the **content and** presentation of the information to be disclosed pursuant to paragraph 3, which shall not exceed two pages, and the information to be disclosed pursuant to paragraph 4, which shall not exceed one page.~~;~~;

(b) paragraphs 1, 2 and 3 of Article 8 to specify:

(a) the conditions for investments to integrate sustainability factors, and in particular to specify:

(i) indicator(s) building on the indicators referred to in Annex I to Commission Delegated Regulation (EU) 2022/1288 and Commission Delegated Regulation (EU) 2023/2772 [*to be adapted to the new CSRD delegated act*] for voluntary use by financial market participants when complying with paragraph 1, first subparagraph, point (a);

(ii) any limited permitted deviations from the exclusions referred to in paragraph 1, first subparagraph, point (b), including for the purposes of hedging **and delayed divestment from illiquid assets**;

(iii) the methodologies to calculate the threshold referred to in paragraph 1, first subparagraph, point (a), including the shares of investment referred to in paragraph 1 to which the chosen indicator(s) may apply, and any applicable phase-in period for the product to reach the threshold referred to in paragraph 1, first subparagraph, point (a);

(iv) the conditions for the investment approaches referred to in paragraph 2 to qualify as integrating sustainability factors~~;~~.

(b) the details of the **content and** presentation of the information to be disclosed pursuant to paragraph 3, which shall not exceed two pages.~~;~~;

(c) paragraphs 1, 2, 3 and 4 of Article 9 to **specify**:

(a) ~~specify~~ the conditions for investments to contribute to the sustainability-related objective, and in particular:

(i) **the two lists of** indicator(s) building on the indicators referred to in Annex I to Commission Delegated Regulation (EU) 2022/1288[*11] and Commission Delegated Regulation (EU) 2023/2772 [*to be adapted to the new CSRD delegated act*][*12], **the first one** for voluntary use by financial market participants when complying with paragraph 1, first subparagraph, point (a) **and the second one for use by financial market participants when complying with paragraph 1, first subparagraph,** ~~and~~ point (d);

(ii) any limited permitted deviations from the exclusions referred to in paragraph 1, point (b), including for the purposes of hedging **and delayed divestment from illiquid assets**;

(iii) **the** methodologies ~~on how~~ to calculate the threshold referred to in point (a) of paragraph 1 including the shares of investment referred to in paragraph 1 to which the chosen indicator(s) may apply, and any applicable phase-in period for the product to reach the threshold referred to in paragraph 1, point (a);

(iv) the conditions for investment approaches referred to in paragraph 2 to qualify as contributing to the sustainability-related objective;~~.~~

(b) ~~specify~~ the details of the **content and** presentation of the information to be disclosed pursuant to paragraph 3, which shall not exceed two pages, and the information to be disclosed pursuant to paragraph 4, which shall not exceed one page;~~.~~

(d) paragraph 1 of Article 11 by specifying the details of the presentation of the information to be disclosed, which shall not exceed two pages.

Article 19c

Exercise of the delegation

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.

2. The power to adopt delegated acts referred to in Article 19b shall be conferred on the Commission for an indeterminate period **of time** from [date of entry into force of this Regulation].

3. The delegations of powers referred to in Article 19b may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the *Official Journal of the European Union* or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.

4. Before adopting a delegated act, the Commission shall gather all necessary expertise, including through the consultation of the experts of the Member State Expert Group on Sustainable Finance referred to in Article 24 of Regulation (EU) 2020/852, and where appropriate **of** the E**SAs**~~uropean Supervisory Authorities~~, ~~and~~ in accordance with the principles and procedures laid down in the Interinstitutional Agreement **of 13 April 2016** on Better Law-Making ~~of 13 April 2016~~.

5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.

6. A delegated act adopted pursuant to Article 19b shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a period of ~~two~~ **three** months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by ~~two~~ **three** months at the initiative of the European Parliament or of the Council.

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*11 Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of 'do no significant harm', specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports (OJ L 332, 27.12.2022, p. 1, ELI: http://data.europa.eu/eli/reg_del/2022/1288/oj).

*12 Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards (OJ L, 2023/2772, 22.12.2023, ELI: http://data.europa.eu/eli/reg_del/2023/2772/oj).';

Article 2

Amendments to Regulation (EU) No 1286/2014

Article 8 of Regulation (EU) No 1286/2014 is amended as follows:

(1) in paragraph 3, point (c), point (ii) is replaced by the following:

'(ii) its objectives and the means for achieving them, in particular whether the objectives are achieved by means of direct or indirect exposure to the underlying investment assets, including a description of the underlying instruments or reference values, including a specification of the markets the PRIIP invests in, as well as how the return is determined';

~~(2)~~ in paragraph 3, the following point**s** ~~(ca) and (cb)~~ **are** inserted:

'(ca) for a PRIIP that is a sustainability-related financial product as defined in Article 2, point (25), of Regulation (EU) 2019/2088 of the European Parliament and of the Council*, 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;~~.~~

(cb) for a PRIIP that does not fall under the scope of Regulation (EU) 2019/2088, any information on whether and how it considers sustainability factors or contributes to a sustainability objective in accordance with point (c)(ii) shall ~~should~~ be accompanied by the following statement:

"This financial product does not fall under the scope of Regulation (EU) 2019/2088 and thus cannot be categorised as sustainability-related financial product under that Regulation.'.

*** Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (OJ L 317, 9.12.2019, p. 1, ELI: http://data.europa.eu/eli/reg/2019/2088/oj).';**

(2)~~(3)~~ paragraph 4 is deleted.

Article 3

Repeal of Commission Delegated Regulation (EU) 2022/1288

~~[~~**Without prejudice to where a financial market participant chooses to exercise the option referred to in Article 19a, first subparagraph,**~~]~~ Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 is repealed.

Article 4

Entry into force and application

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

It shall apply from [~~*18*~~***24*** *months after entry into force*].

Notwithstanding the second paragraph, Article 1(1), points (a) to (e) and (f) of Article 1(2), Article 1(4), Article 1(5), points (b) and (c)(ii) of Article 1(6), point (c) of Article 1(11), Article 12, point (b) of Article 1(14), point (a) of Article 1(15) and Article 1(19) shall apply immediately following the entry into force of this Regulation.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the European Parliament	*For the Council*
The President	*The President*