



**2018/0179(COD)**

2.8.2018

**\*\*\*I**

## **DRAFT REPORT**

on the proposal for a regulation of the European Parliament and of the Council on disclosures relating to sustainable investments and sustainability risks and amending Directive (EU) 2016/2341 (COM(2018)0354 – C8-0208/2018 – 2018/0179(COD))

Committee on Economic and Monetary Affairs

Rapporteur: Paul Tang

### ***Symbols for procedures***

- \* Consultation procedure
- \*\*\* Consent procedure
- \*\*\*I Ordinary legislative procedure (first reading)
- \*\*\*II Ordinary legislative procedure (second reading)
- \*\*\*III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

### ***Amendments to a draft act***

#### **Amendments by Parliament set out in two columns**

Deletions are indicated in ***bold italics*** in the left-hand column. Replacements are indicated in ***bold italics*** in both columns. New text is indicated in ***bold italics*** in the right-hand column.

The first and second lines of the header of each amendment identify the relevant part of the draft act under consideration. If an amendment pertains to an existing act that the draft act is seeking to amend, the amendment heading includes a third line identifying the existing act and a fourth line identifying the provision in that act that Parliament wishes to amend.

#### **Amendments by Parliament in the form of a consolidated text**

New text is highlighted in ***bold italics***. Deletions are indicated using either the **■** symbol or ~~strikeout~~. Replacements are indicated by highlighting the new text in ***bold italics*** and by deleting or striking out the text that has been replaced.

By way of exception, purely technical changes made by the drafting departments in preparing the final text are not highlighted.

## CONTENTS

	<b>Page</b>
DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION.....	5



## DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

**on the proposal for a regulation of the European Parliament and of the Council on disclosures relating to sustainable investments and sustainability risks and amending Directive (EU) 2016/2341 (COM(2018)0354 – C8-0208/2018 – 2018/0179(COD))**

**(Ordinary legislative procedure: first reading)**

*The European Parliament,*

- having regard to the Commission proposal to Parliament and the Council (COM(2018)0354),
  - having regard to Article 294(2) and Article 114 of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C8-0208/2018),
  - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
  - having regard to Rule 59 of its Rules of Procedure,
  - having regard to the report of the Committee on Economic and Monetary Affairs and the opinion of the Committee on the Environment, Public Health and Food Safety (A8-0000/2018),
1. Adopts its position at first reading hereinafter set out;
  2. Approves its statement annexed to this resolution;
  3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

### **Amendment 1**

#### **Proposal for a regulation Recital 2**

*Text proposed by the Commission*

(2) A common objective of Directive 2009/65/EC of the European Parliament and of the Council<sup>32</sup>, Directive 2009/138/EC of the European Parliament and of the Council<sup>33</sup>, Directive 2011/61/EU of the European Parliament and of the Council<sup>34</sup>, Directive 2014/65/EU of the European Parliament and of the Council<sup>35</sup>, Directive (EU)

*Amendment*

(2) A common objective of Directive 2009/65/EC of the European Parliament and of the Council<sup>32</sup>, Directive 2009/138/EC of the European Parliament and of the Council<sup>33</sup>, Directive 2011/61/EU of the European Parliament and of the Council<sup>34</sup>, Directive 2014/65/EU of the European Parliament and of the Council<sup>35</sup>, Directive (EU)

2016/97 of the European Parliament and of the Council<sup>36</sup>, Directive (EU) 2016/2341 of the European Parliament and of the Council<sup>37</sup>, Regulation (EU) No 345/2013 of the European Parliament and of the Council<sup>38</sup> and Regulation (EU) No 346/2013 of the European Parliament and of the Council<sup>39</sup> is to facilitate the taking-up and pursuit of the activities of undertakings for collective investment in transferable securities (UCITS), alternative investment fund managers (AIFMs), insurance undertakings, investment firms, insurance intermediaries, institutions for occupational retirement provision (IORPs), managers of qualifying venture capital funds (EuVECA managers), and managers of qualifying social entrepreneurship funds (EuSEF managers). Those Directives and Regulations ensure more uniform protection of end-investors and make it easier for them to benefit from a wide range of financial products and services, and at the same time provide for rules that enable investors to make informed investment decisions. While those objectives have been largely achieved, disclosures to end-investors on the integration of sustainability risks and sustainable investment targets in investment decision-making by UCITS management companies, AIFMs, insurance undertakings, investment firms which provide portfolio management, IORPs, pension providers, EuVECA managers and EuSEF managers (financial market participants) and disclosures to end-investors on the integration of sustainability risks in advisory processes by insurance intermediaries which provide insurance advice with regard to insurance-based investment products (IBIPs) and investment firms which provide investment advice (financial advisors) are insufficiently developed because such disclosures are not yet subject to harmonised requirements.

2016/97 of the European Parliament and of the Council<sup>36</sup>, Directive (EU) 2016/2341 of the European Parliament and of the Council<sup>37</sup>, Regulation (EU) No 345/2013 of the European Parliament and of the Council<sup>38</sup> and Regulation (EU) No 346/2013 of the European Parliament and of the Council<sup>39</sup> is to facilitate the taking-up and pursuit of the activities of undertakings for collective investment in transferable securities (UCITS), alternative investment fund managers (AIFMs), insurance undertakings, investment firms, insurance intermediaries, institutions for occupational retirement provision (IORPs), managers of qualifying venture capital funds (EuVECA managers), and managers of qualifying social entrepreneurship funds (EuSEF managers). Those Directives and Regulations ensure more uniform protection of end-investors and make it easier for them to benefit from a wide range of financial products and services, and at the same time provide for rules that enable investors to make informed investment decisions. While those objectives have been largely achieved, disclosures to end-investors on the integration of sustainability risks and sustainable investment targets in investment decision-making by UCITS management companies, AIFMs, insurance undertakings, investment firms which provide portfolio management, IORPs, pension providers, *credit institutions*, EuVECA managers and EuSEF managers (financial market participants) and disclosures to end-investors on the integration of sustainability risks in advisory processes by insurance intermediaries which provide insurance advice with regard to insurance-based investment products (IBIPs) and investment firms which provide investment advice (financial advisors) are insufficiently developed because such disclosures *and the integration of sustainability risks in investment decision-making* are not yet subject to harmonised

requirements.

Or. en

## Amendment 2

### Proposal for a regulation

#### Recital 2 a (new)

*Text proposed by the Commission*

*Amendment*

***(2 a) Banks still hold the key to making finance more sustainable in the European financial landscape. Therefore they should be fully included in the scope of this Regulation. Banks should integrate sustainability risk when making available financial products, in its risk-management and in its corporate loan origination process. The Supervisory Review and Evaluation Process (SREP) should include an assessment of the integration of environmental, social and governance (ESG) factors and risks in the risk-management system of the bank.***

Or. en

## Amendment 3

### Proposal for a regulation

#### Recital 4

*Text proposed by the Commission*

*Amendment*

(4) To ensure a coherent application of this Regulation and that the disclosure obligations laid down in this Regulation are clearly and consistently applied by financial market participants, it is necessary to lay down a harmonised definition of ‘sustainable investments’.

(4) To ensure a coherent application of this Regulation and that the disclosure obligations laid down in this Regulation are clearly and consistently applied by financial market participants, it is necessary to lay down a harmonised definition of ‘sustainable investments’, ‘**sustainability risks**’ and ‘**sustainability preferences**’.

**Amendment 4****Proposal for a regulation****Recital 4 a (new)**

*Text proposed by the Commission*

*Amendment*

***(4 a) A definition of 'sustainability risks' is needed to ensure a minimum level of consistency among national authorities and market participants, and to avoid fragmentation of the market. This also creates legal certainty for investors new to the integration of environmental, social and governance issues. The definition should strike the right balance between commitment and flexibility, which means that its application should, after a transitional period, be mandatory and standardised, but should also be regarded as an evolving tool which can take on board emerging risks and/or risks that have yet to be mapped in a proper way.***

Or. en

**Amendment 5****Proposal for a regulation****Recital 5**

*Text proposed by the Commission*

*Amendment*

(5) Remuneration policies of financial market participants and financial advisors should be consistent with the integration of sustainability risks and, ***where relevant***, sustainable investment targets ***and should be designed to contribute to long-term sustainable growth***. Pre-contractual disclosures should therefore include information on how the remuneration policies of those entities ***are consistent with*** the integration of sustainability risks

(5) Remuneration policies of financial market participants and financial advisors should ***not only*** be consistent with the integration of sustainability risks. ***They should also be used as a mechanism to avoid unwanted sustainability risks and to encourage sustainable investments. Therefore, this Regulation requires that executive directors of financial market participants set out sustainable investment targets of minimum 50 per cent when***



and *are in line, where relevant, with the sustainable investment targets of the financial products and services that the financial market participants make available or financial advisors advise on.*

*establishing performance measurement criteria in view of determining variable remuneration. These targets may for instance be based on achieving objectives in line with the Sustainable Development Goals. On top of that, the remaining targets determining the variable remuneration should avoid sustainability risks. Pre-contractual disclosures should therefore include information on how the remuneration policies of those entities reflect the integration of sustainability risks and how requirements laid down in Article 4a of this Regulation are met.*

Or. en

## Amendment 6

### Proposal for a regulation Recital 7

*Text proposed by the Commission*

(7) Where a financial product or service targets a reduction in carbon emissions, pre-contractual disclosures should include the targeted low carbon emission exposure. *In situations where no Union harmonised carbon benchmark is available, the disclosures should include a detailed explanation of how the continued adherence to that target is ensured.*

*Amendment*

(7) Where a financial product or service targets a reduction in carbon emissions, pre-contractual disclosures should include the targeted low carbon emission exposure, *including information on its alignment with the Paris Agreement and with the relevant EU targets.*

Or. en

## Amendment 7

### Proposal for a regulation Recital 12

*Text proposed by the Commission*

(12) In order to specify how IORPs make investment decisions and assess risks

*Amendment*

(12) In order to specify how IORPs make investment decisions and assess risks

in order to take into account environmental, social and governance risks, ***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 in*** Directive (EU) 2016/2341. Governance and risk-management rules already apply to the investment decisions and the risks assessments in order to ensure continuity and regularity in the performance of IORPs activities. The investment decisions and the assessment of relevant risks, including environmental, social and governance risks, should be made in such a manner as to ensure compliance with the interests of members and beneficiaries. ***The activities and underlying processes of IORPs should ensure that the aim of the delegated acts is achieved. The delegated acts*** should ensure consistency, where relevant, with delegated acts adopted under Directive 2009/65/EC, Directive 2009/138/EC and Directive 2011/61/EU. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, ***including at expert level***, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement on Better Law-Making of 13 April 2016. ***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 take into account environmental, social and governance risks, Directive (EU) 2016/2341 ***should be amended in line with the requirements set out in this Regulation.*** Governance and risk-management rules already apply to the investment decisions and the risks assessments in order to ensure continuity and regularity in the performance of IORPs activities. The investment decisions and the assessment of relevant risks, including environmental, social and governance risks, should be made in such a manner as to ensure compliance with the interests of members and beneficiaries. ***The changes*** should ensure consistency, where relevant, with delegated acts adopted under Directive 2009/65/EC, Directive 2009/138/EC and Directive 2011/61/EU. It is of particular importance that the Commission carry out appropriate ***public*** consultations during its preparatory work, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement on Better Law-Making of 13 April 2016. Equal participation in the preparation of delegated acts should ***be ensured.***

Or. en

## Amendment 8

### Proposal for a regulation Recital 16 a (new)

*Text proposed by the Commission*

*Amendment*

***(16 a) The disclosure rules set out in this Regulation complement the introduction of a full overarching, mandatory due diligence framework for all financial market participants including a duty of care component, to be fully phased-in within a transitional period and taking into account the proportionality principles. By carrying out due diligence in line with the OECD Guidelines, investors will not only be able to avoid negative impacts of their investments on society and the environment, but also avoid financial and reputational risks, respond to expectations of their clients and beneficiaries, and contribute to global goals on climate and sustainable development. In doing so, financial market participants will be obliged to move beyond a merely financial understanding of their investor duties. Furthermore, the framework builds forth on the European Parliament's demand for a mandatory due diligence framework in its Own-Initiative Report on Sustainable Finance (2018/2007(INI)), and on the French Corporate Duty Of Vigilance Law of 27 March 2017, and in particular Articles 1 and 2 thereof.***

Or. en

## Amendment 9

### Proposal for a regulation Recital 18

*Text proposed by the Commission*

*Amendment*

(18) Since the objectives of this

(18) 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 for end-investors, cannot be sufficiently achieved by the Member States but can be better achieved at Union level because of the need to lay down uniform disclosure requirements at Union level the Union may adopt measures, in accordance with principle of subsidiarity as set out in Article 5 of the Treaty on the 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,

Regulation, namely to *integrate environmental, social and governance risks into investment decision-making and* strengthen protection for end- investors and improve disclosures to them, including in cases of cross-border purchases for end-investors, cannot be sufficiently achieved by the Member States but can be better achieved at Union level because of the need to lay down uniform disclosure requirements at Union level the Union may adopt measures, in accordance with principle of subsidiarity as set out in Article 5 of the Treaty on the 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,

Or. en

## Amendment 10

### Proposal for a regulation Article 1 – paragraph 1

#### *Text proposed by the Commission*

This Regulation lays down harmonised rules on the transparency to be applied by financial market participants, insurance intermediaries which provide insurance advice with regard to IBIPs and investment firms which provide investment advice on the integration of sustainability risks in investment decision-making process or advisory process and the transparency of financial products *that have as their targets sustainable investments, including the reduction in carbon emissions.*

#### *Amendment*

This Regulation lays down harmonised rules on the transparency to be applied by financial market participants, insurance intermediaries which provide insurance advice with regard to IBIPs and investment firms which provide investment advice on the integration of sustainability risks in investment decision-making process or advisory process and the transparency of *all* financial products, *whether or not they are investments with a targeted sustainable impact.*

Or. en

## Amendment 11

### Proposal for a regulation

#### Article 2 – paragraph 1 – point a – point i

*Text proposed by the Commission*

(i) an insurance undertaking **which makes available an IBIP**, an AIFM, an investment firm which provides portfolio management, an IORP or a provider of a pension product;

*Amendment*

(i) an insurance undertaking, an AIFM, an investment firm which provides portfolio management, an IORP or a provider of a pension product;

Or. en

## Amendment 12

### Proposal for a regulation

#### Article 2 – paragraph 1 – point a – point iv a (new)

*Text proposed by the Commission*

*Amendment*

**(iv a) credit institution as defined in point (1) of Article 4 (1) of Regulation (EU) No 575/2013;**

Or. en

## Amendment 13

### Proposal for a regulation

#### Article 2 – paragraph 1 – point o – introductory part

*Text proposed by the Commission*

*Amendment*

(o) ‘sustainable investments’ mean **any of the following or a combination of any of the following:**

(o) ‘sustainable investments’ mean:

Or. en

## Amendment 14

### Proposal for a regulation

#### Article 2 – paragraph 1 – point o – point i

*Text proposed by the Commission*

(i) investments in an economic activity that contributes to an environmental objective, including an environmentally sustainable investment as defined in Article 2 of [PO: Please insert reference to Regulation on the establishment of a framework to facilitate sustainable investment];

*Amendment*

(i) investments in an economic activity that contributes to an environmental objective, including an environmentally sustainable investment as defined in Article 2 of [PO: Please insert reference to Regulation on the establishment of a framework to facilitate sustainable investment] ***and in accordance with good governance practices as defined in Article 2(o)(iii), and that does not significantly harm any other environmental or social objective.***

Or. en

## Amendment 15

### Proposal for a regulation

#### Article 2 – paragraph 1 – point o – point ii

*Text proposed by the Commission*

(ii) investments in an economic activity that contributes to a social objective, and in particular an investment that contributes to tackling inequality, an investment fostering social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities;

*Amendment*

(ii) investments in an economic activity that contributes to a social objective, and in particular an investment that contributes to tackling inequality, an investment fostering social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities, ***and in accordance with good governance practices as defined in Article 2 (o)(iii), and that does not significantly harm any other environmental or social objective.***

Or. en

## Amendment 16

### Proposal for a regulation

#### Article 2 – paragraph 1 – point o – point iii

*Text proposed by the Commission*

(iii) investments in companies following good governance practices, and in particular companies with sound management structures, employee relations, remuneration of relevant staff and tax compliance;

*Amendment*

(iii) investments in companies following good governance practices, and in particular companies with sound management structures, employee relations, remuneration of relevant staff and tax compliance, ***and in accordance with an environmental or social objective as outlined in 2 (o) (i) and 2 (o) (ii).***

Or. en

## Amendment 17

### Proposal for a regulation

#### Article 2 – paragraph 1 – point p a (new)

*Text proposed by the Commission*

*Amendment*

***(p a) ‘Due diligence’ means an ongoing process through which investors identify, avoid, mitigate, account for and communicate about how actual or potential adverse ESG factors and risks are integrated in investment decision-making and risk management systems, in line with the OECD (2017) Responsible business conduct for institutional investors: Key considerations for due diligence under the OECD Guidelines for Multinational Enterprises, and subsequent revisions;***

Or. en

## Amendment 18

### Proposal for a regulation

#### Article 2 – paragraph 1 – point p b (new)

*Text proposed by the Commission*

*Amendment*

***(p b) ‘ESG preferences’ means a client’s or potential client’s preferences for environmentally sustainable investments, social investments or good governance investments;***

Or. en

## **Amendment 19**

### **Proposal for a regulation**

#### **Article 2 – paragraph 1 – point q a (new)**

*Text proposed by the Commission*

*Amendment*

***(q a) ‘executive director’ means any member of a unitary board who is engaged in the daily management of the company and any member of a managerial board in a dual board system;***

Or. en

## **Amendment 20**

### **Proposal for a regulation**

#### **Article 2 – paragraph 1 – point s a (new)**

*Text proposed by the Commission*

*Amendment*

***(s a) ‘sustainability risks’ means the financial or non-financial risks on both the short and the long term, linked to environmental, social and governance factors, which include:***

***(i) issues relating to the quality and functioning of the natural environment and natural systems. These include: biodiversity loss; greenhouse gas (GHG) emissions, climate change, renewable energy, energy efficiency, air, water or resource depletion or pollution, waste***



*management, stratospheric ozone depletion, changes in land;*

*(ii) issues relating to the rights, well-being and interests of people and communities. These include: human rights, labour standards in the supply chain, child, slave and bonded labour, workplace health and safety, freedom of association and freedom of expression, a free and independent civil society, the ability of human rights defenders to carry out their activities, human capital management and employee relations; diversity; relations with local communities including free, prior and informed consent, activities in conflict zones, health and access to medicine, HIV/AIDS, consumer protection; and controversial weapons; and*

*(iii) Issues relating to the governance of companies and other investee entities. In the listed equity context these include: board structure, size, diversity, skills and independence, executive pay, shareholder rights, stakeholder interaction, disclosure of information, business ethics, bribery and corruption, tax avoidance, privacy and data protection, internal controls and risk management, and, in general, issues dealing with the relationship between a company's management, its board, its shareholders and its other stakeholders. This category may also include matters of business strategy, encompassing both the implications of business strategy for environmental and social issues, and how the strategy is to be implemented. In the unlisted asset classes governance issues also include matters of fund governance, such as the powers of Advisory Committees, valuation issues, fee structures, etc.;*

Or. en

## Justification

This article is based on the United Nations Principles for Responsible Investment (2017).

### Amendment 21

#### Proposal for a regulation Article 3 – paragraph 1

##### *Text proposed by the Commission*

1. Financial market participants shall **publish** written policies on the integration of sustainability risks in the investment **decision-making process** on their websites.

##### *Amendment*

1. Financial market participants shall **have in place** written policies on the integration of sustainability risks in the **in the areas of governance, asset allocation, investment strategy, risk management, the exercise of shareholder voting and company engagement; and publish them in written form** on their websites.

Or. en

### Amendment 22

#### Proposal for a regulation Article 3 – paragraph 2

##### *Text proposed by the Commission*

2. Insurance intermediaries which provide insurance advice with regard to IBIPs and investment firms which provide investment advice **shall publish written** policies on the integration of sustainability risks in investment **advice or insurance advice on their** websites.

##### *Amendment*

2. Insurance intermediaries which provide insurance advice with regard to IBIPs and investment firms which provide investment advice **have in place** policies on the integration of sustainability risks in **the in the areas of governance, asset allocation, investment strategy, risk management, the exercise of shareholder voting and company engagement and publish them in written form on its** websites.

Or. en

## **Amendment 23**

### **Proposal for a regulation**

#### **Article 3 – paragraph 2 a (new)**

*Text proposed by the Commission*

*Amendment*

**2 a. Credit institutions and insurance undertakings shall have in place policies on the integration of sustainability risks in the risk-management and corporate loan origination process and publish them in written form on their websites.**

Or. en

## **Amendment 24**

### **Proposal for a regulation**

#### **Article 3 – paragraph 2 b (new)**

*Text proposed by the Commission*

*Amendment*

**2 b. Financial markets participants and insurance intermediaries shall have in place due diligence processes that ensure that the identification and management of sustainability risks are sufficiently integrated in investment decision-making, requiring investors to identify, prevent, mitigate and account for ESG factors, taking into account the 2017 OECD Guidelines, and publish them in written form on their websites.**

Or. en

## **Amendment 25**

### **Proposal for a regulation**

#### **Article 3 – paragraph 2 c (new)**

*Text proposed by the Commission*

*Amendment*

**2 c. The Commission is requested to adopt delegated acts under the**

*empowerments defined in the legislation referred to in Article 4 (3) to define:*

*(a) an overarching and mandatory framework with minimum standards for the written policies and the due diligence processes that financial market participants and insurance intermediaries must implement to ensure that adverse sustainability risks created by the financial market participant are integrated in investment decision-making, including the integration of a full range of ESG indicators;*

*(b) minimum guidelines and best practises on the disclosure of sustainability risk referred to in Article 3 of this Regulation.*

Or. en

## **Amendment 26**

### **Proposal for a regulation**

#### **Article 4 – paragraph 1 – point a**

*Text proposed by the Commission*

(a) the procedures and conditions applied for integrating sustainability risks in investment decisions;

*Amendment*

(a) the ***due diligence*** procedures and conditions applied for integrating sustainability risks in investment decisions;

Or. en

## **Amendment 27**

### **Proposal for a regulation**

#### **Article 4 – paragraph 1 – point b**

*Text proposed by the Commission*

(b) the extent to which sustainability risks are expected to have a relevant impact on the returns of the financial products made available;

*Amendment*

(b) the extent to which sustainability risks are expected to have a relevant impact on ***environmental, social and governance issues and on*** the returns of the financial

products made available;

Or. en

### *Justification*

*This requirement covers both the disclosure of the financial impact the product poses to the financial market participants and its clients, and its adverse non-financial impact on the broader society.*

## **Amendment 28**

### **Proposal for a regulation**

#### **Article 4 – paragraph 1 – point c**

##### *Text proposed by the Commission*

(c) how the remuneration policies of financial market participants ***are consistent with*** the integration of sustainability risks and are in line, ***where relevant***, with the ***sustainable investment target of the financial product***.

##### *Amendment*

(c) how the remuneration policies of financial market participants ***reflect*** the integration of sustainability risks and are in line with the ***requirements laid down in Article 4a of this regulation***.

Or. en

## **Amendment 29**

### **Proposal for a regulation**

#### **Article 4 – paragraph 2 – point a**

##### *Text proposed by the Commission*

(a) the procedures and conditions applied for integrating sustainability risks in investment advice or insurance advice;

##### *Amendment*

(a) the ***due diligence*** procedures and conditions applied for integrating sustainability risks in investment advice or insurance advice;

Or. en

## **Amendment 30**

### **Proposal for a regulation**

#### **Article 4 – paragraph 2 – point b**

*Text proposed by the Commission*

*Amendment*

(b) the extent to which sustainability risks are expected to have a relevant impact on the returns of the financial products advised on;

(b) the extent to which sustainability risks are expected to have a relevant impact on ***environmental, social and governance issues and on*** the returns of the financial products advised on;

Or. en

*Justification*

*This requirement covers both the disclosure of the financial impact of the products advised on and the adverse non-financial impact.*

**Amendment 31**

**Proposal for a regulation**

**Article 4 – paragraph 2 – point c**

*Text proposed by the Commission*

*Amendment*

(c) how the remuneration policies of investment firms which provide investment advice and insurance intermediaries which provide insurance advice with regard to IBIPs ***are consistent with*** the integration of sustainability risks and are in line, ***where relevant***, with the ***sustainable investments target of the financial product advised on***.

(c) how the remuneration policies of investment firms which provide investment advice and insurance intermediaries which provide insurance advice with regard to IBIPs ***reflect*** the integration of sustainability risks and are in line with the ***requirements laid down in Article 4a of this Regulation***.

Or. en

**Amendment 32**

**Proposal for a regulation**

**Article 4 a (new)**

*Text proposed by the Commission*

*Amendment*

***Article 4a***

***Integration of sustainability risks in remuneration policies***

***1. Financial market participants shall, regarding the remuneration policy and practices of their executive directors, set out sustainable investment targets of minimum 50 per cent when establishing performance measurement criteria in view of determining variable remuneration.***

***2. The remaining variable remuneration targets shall not work to the detriment of any of the sustainability risks defined in Article 2 of this Regulation.***

Or. en

### **Amendment 33**

#### **Proposal for a regulation Article 5 – title**

*Text proposed by the Commission*

Transparency of *sustainable investments* in pre-contractual disclosures

*Amendment*

Transparency of *sustainability impact* in pre-contractual disclosures

Or. en

### **Amendment 34**

#### **Proposal for a regulation Article 5 – paragraph 1 – point a**

*Text proposed by the Commission*

(a) information on how the designated index is aligned with that target;

*Amendment*

(a) ***A description of the sustainable investment target and*** information on how the designated index is aligned with that target;

Or. en

## Amendment 35

### Proposal for a regulation

#### Article 5 – paragraph 1 – point b a (new)

*Text proposed by the Commission*

*Amendment*

**(b a) Information on how environmental, social and governance considerations, including the transition to a low-carbon economy, are reflected within the methodology of the index.**

Or. en

## Amendment 36

### Proposal for a regulation

#### Article 5 – paragraph 2

*Text proposed by the Commission*

*Amendment*

2. Where a financial product has ***as its target sustainable investments or investments with similar characteristics*** and no index ***has been*** designated as a reference benchmark, the information referred to in Article 4(1) shall include ***an explanation on how that target is reached.***

2. Where a financial product has no index designated as a reference benchmark, the information referred to in Article 4(1) shall include ***a description of its sustainability impact using the indicators of sustainability risk defined in Article 2.***

Or. en

## Amendment 37

### Proposal for a regulation

#### Article 5 – paragraph 3 – subparagraph 1

*Text proposed by the Commission*

*Amendment*

Where a financial product has as its target the reduction in carbon emissions, the information to be disclosed pursuant to Article 4(1) shall include the targeted low carbon emission exposure.

Where a financial product has as its target the reduction in carbon emissions, the information to be disclosed pursuant to Article 4(1) shall include the targeted low carbon emission exposure ***and its alignment with the Paris Agreement and***



*with the relevant EU targets.*

Or. en

## **Amendment 38**

### **Proposal for a regulation**

#### **Article 5 – paragraph 3 – subparagraph 2**

*Text proposed by the Commission*

*Amendment*

*By way of derogation from paragraph 2, where no [EU low carbon benchmark] or [positive carbon impact benchmark] in accordance with Regulation (EU) 2016/1011 is available, the information referred to in Article 4 shall include a detailed explanation of how the continued effort of reaching the target of reducing carbon emissions is ensured.*

*deleted*

Or. en

## **Amendment 39**

### **Proposal for a regulation**

#### **Article 6 – paragraph 1 – subparagraph 1 – point b**

*Text proposed by the Commission*

*Amendment*

(b) information on the methodologies used to assess, measure and monitor the impact of the *sustainable* investments selected for the financial product, including its data sources, screening criteria for the underlying assets and the relevant sustainability indicators used to measure the overall sustainable impact of the financial product;

(b) information on the methodologies used to assess, measure and monitor the *sustainability* impact of the investments selected for the financial product, including its data sources, screening criteria for the underlying assets and the relevant sustainability indicators used to measure the overall sustainable impact of the financial product;

Or. en

## Amendment 40

### Proposal for a regulation

#### Article 6 – paragraph 1 – subparagraph 2

*Text proposed by the Commission*

The information to be disclosed pursuant to the first subparagraph shall be published in a clear way and in a prominent area of the website.

*Amendment*

The information to be disclosed pursuant to the first subparagraph shall be published in a clear, ***understandable and succinct*** way and in a prominent area of the website.

Or. en

## Amendment 41

### Proposal for a regulation

#### Article 10 – paragraph 1 – point -1 (new)

Directive (EU) 2016/2341

Article 19 – paragraph 1 – point a

*Present text*

"(a) the assets shall be invested in the best long-term interests of members and beneficiaries as a whole. ***In the case of a potential conflict of interest, an IORP, or the entity which manages its portfolio, shall ensure that the investment is made in the sole*** interest of ***members and*** beneficiaries;"

*Amendment*

***(-1) In Article 19(1), point (a) is amended as follows:***

"(a) the assets shall be invested in the best long-term interests of members and beneficiaries as a whole. ***Without prejudice to the discretion for trustees or responsible appointees for final choice of investment strategy, and in accordance with due diligence processes laid down in Article 2 of Regulation 2018/179, the "best interest" of beneficiaries is to be determined in active consultation with beneficiaries;***"

Or. en

(<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016L2341&qid=1533195268409&from=EN>)

## Amendment 42

### Proposal for a regulation

#### Article 10 – paragraph 1 – point -1 a (new)

Directive (EU) 2016/2341

Article 19 – paragraph 1 – point b

#### *Present text*

"(b) within the prudent person rule, Member States shall *allow* IORPs to *take into account* the potential long-term impact of investment decisions on environmental, social, and governance factors;"

#### *Amendment*

***(-1 a) In Article 19(1), point (b) is amended as follows:***

"(b) within the prudent person rule, Member States shall *require* IORPs to *implement their due diligence processes as to integrate* the potential long-term impact of investment decisions on environmental, social, and governance factors;"

Or. en

(<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016L2341&qid=1533195268409&from=EN>)

## Amendment 43

### Proposal for a regulation

#### Article 10 – paragraph 1 – point 1

Directive (EU) 2016/2341

Article 19 – paragraph 9

#### *Text proposed by the Commission*

***(1) In Article 19, the following paragraph 9 is added:***

***‘9. The Commission is empowered to adopt, by means of delegated acts in accordance with Article 60a, measures ensuring that:***

***(a) the ‘prudent person’ rule with respect to the consideration of environmental, social and governance risks is taken into account;***

***(b) environmental, social and governance factors in internal investment decisions and risk management processes***

#### *Amendment*

***deleted***

*are included.*

*Those delegated acts shall take into account the size, nature, scale and complexity of the activities of the IORPs and of the risks inherent to these activities and ensure consistency with Article 14 of Directive 2009/65/EC, Article 132 of Directive 2009/138/EC and Article 12 of Directive 2011/61/EU.;*

Or. en

#### **Amendment 44**

##### **Proposal for a regulation Article 10 – paragraph 1 – point 1 a (new)**

*Text proposed by the Commission*

*Amendment*

*(1 a) In Article 28(2), the following new point (ga) is inserted:*

*"(ga) an assessment of sustainability risks as defined in Article 2 of Regulation 2018/0179, an assessment of new or emerging risks, and risks related to the depreciation of assets due to regulatory change."*

Or. en

#### **Amendment 45**

##### **Proposal for a regulation Article 10 – paragraph 1 – point 1 b (new) Directive (EU) 2016/2341 Article 30**

*Present text*

*Amendment*

"Member States shall ensure that every IORP registered or authorised in their territories prepares and, at least every three years, reviews a written statement of

*(1 b) Article 30 is amended as follows:*

"Member States shall ensure that every IORP registered or authorised in their territories prepares and, at least every three years, reviews a written statement of

investment-policy principles. That statement is to be revised without delay after any significant change in the investment policy. Member States shall provide for this statement to contain, at least, such matters as the investment risk measurement methods, the risk-management processes implemented and the strategic asset allocation with respect to the nature and duration of pension liabilities and how the investment policy *takes* environmental, social and governance factors *into account*. The statement shall be made publicly available."

investment-policy principles. That statement is to be revised without delay after any significant change in the investment policy. Member States shall provide for this statement to contain, at least, such matters as the investment risk measurement methods, *including its due diligence processes*, the risk-management processes implemented and the strategic asset allocation with respect to the nature and duration of pension liabilities and how the investment policy *integrates* environmental, social and governance *risks and* factors. *The IORP shall comply with the requirement without prejudice to Regulation 2016/2341*. The statement shall be made publicly available."

Or. en

(<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016L2341&qid=1533195268409&from=EN>)

## Amendment 46

### Proposal for a regulation

#### Article 10 – paragraph 1 – point 2

Directive (EU) 2016/2341

Article 60a

*Text proposed by the Commission*

*Amendment*

(2) *the following Article 60a is inserted:*

*deleted*

*‘Article 60a*

#### *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 19(9) shall be conferred on the Commission for an indeterminate period of time from the date of entry into force of this Regulation.*

3. *The delegation of powers referred*

*to in Article 19(9) 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. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.*

*5. A delegated act adopted pursuant to Article 19(9) shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of 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 three months at the initiative of the European Parliament or the Council..’*

Or. en