

JC 2021 22

15 March 2021

Joint Consultation Paper

Taxonomy-related sustainability disclosures

Draft regulatory technical standards with regard to the content and presentation of sustainability disclosures pursuant to Article 8(4), 9(6) and 11(5) of Regulation (EU) 2019/2088

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1. Responding to this Consultation

The European Supervisory Authorities (ESAs) welcome comments on this consultation paper setting out the proposed Regulatory Technical Standards (hereinafter “RTS”) on content and presentation of disclosures pursuant to Article 8(4), 9(6) and 11(5) of Regulation (EU) 2019/2088 (hereinafter *Sustainable Finance Disclosure Regulation* “SFDR”).

The consultation package includes:

- The Consultation Paper
- The draft amending RTS on product related environmental disclosures and their relevant Annexes.
- Template for comments

The ESAs invite comments on any aspect of this paper. Comments are most helpful if they:

- indicate the specific point to which a comment relates;
- contain a clear rationale;
- provide evidence to support the views expressed/rationale proposed; and
- describe any alternative regulatory choices that the ESAs should consider.

The ESAs also invite specific comments on the questions on the draft RTS as listed in Section 4, and any input on the preliminary impact assessment in Section 5.

Submission of responses

The consultation paper is available on the websites of the three ESAs. Comments on this consultation paper should be sent using the response form, via the ESMA website under the heading ‘Your input/Consultations’. Please send your comments in the provided response form by 12 May 2021.

Contributions not provided in the response form or after the deadline will not be processed.

Publication of responses

All contributions received will be published following the close of the consultation, unless you request otherwise in the respective field in the template for comments. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure. A confidential response may be requested from us in accordance with ESAs rules on public access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by ESAs Board of Appeal and the European Ombudsman.

Data protection

The protection of individuals with regard to the processing of personal data by the ESAs is based on Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing

Regulation (EC) No 45/2001 and Decision No 1247/2002/EC as implemented by the ESAs in the implementing rules adopted by their Management Board. Further information on data protection can be found under the Legal notice section of the EBA website, the Legal notice section of the EIOPA website and the Legal notice section of the ESMA website.

2. Executive Summary

Reasons for publication

Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (Taxonomy Regulation) was published in the Official Journal on 22 June 2020.

The Taxonomy Regulation (TR) empowers the ESAs, by amending the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial service sector (SFDR), to develop further RTS on “taxonomy-related product disclosures”.

The deadlines for the taxonomy-related product disclosures RTS range from 1 June 2021 to 1 June 2022. Article 8, 9, 11 RTS on pre-contractual and periodic product disclosures for environmental taxonomy products are due to be delivered to the European Commission by 1 June 2021 for the “climate change mitigation” and “climate change adaptation” environmental objectives and 1 June 2022 for the “sustainable use and protection of water and marine resources”, “transition to a circular economy”, “pollution prevention and control” and “protection and restoration of biodiversity and ecosystems” environmental objectives.

General background

1. Article 25 of the Taxonomy Regulation (TR) amends SFDR, adding new RTS empowerments for the JC to develop additional disclosure obligations for products making use of the environmental taxonomy:
 - (i) Article 8(4) SFDR: To develop additional disclosure rules on the pre-contractual information for Article 8 products using the environmental taxonomy (so-called “light green” products – i.e. that promote environmental characteristics), divided into technical standards for climate objectives and other environmental objectives.
 - (ii) Article 9(6) SFDR: To develop additional disclosure rules on the pre-contractual information for Article 9 products (so-called “dark green” products – i.e. that invest in an “economic activity that contributes to an environmental objective”) making use of the environmental taxonomy, divided into technical standards for climate objectives and other environmental objectives.
 - (iii) Article 11(5) SFDR: To develop additional disclosure rules on the periodic information for both Article 8 and Article 9 products making use of the environmental taxonomy, divided into technical standards for climate objectives and other environmental objectives.
 2. The disclosure requirements added in Articles 8(2a), 9(4a), and 11(1)(c)-(d) SFDR refer to information that has to be published according to Articles 5 and 6 TR. The ESAs issued on 25 February 2021 a [supervisory statement](#) accompanying the SFDR RTS which contains a table of application dates for the various obligations in SFDR.
 3. Article 5 TR sets out the additional disclosures required by Article 9 SFDR products making sustainable investments according to Article 2(17) SFDR in economic activities contributing to environmental objectives:
 - (i) Information on the environmental objective or objectives listed in Article 9 TR to which
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the investment underlying the financial product contributes; and

- (ii) A description of how and to what extent the investments underlying the financial product are in economic activities that qualify as environmentally sustainable under Article 3 TR.
4. Article 6 TR applies Article 5 TR disclosures to Article 8 SFDR products that make sustainable investments.
5. Article 3 TR sets out the key criteria for environmentally sustainable economic activities, where economic activities must:
 - (i) Contribute substantially to one or more environmental objectives;
 - (ii) Not significantly harm any of the environmental objectives;
 - (iii) Comply with the minimum safeguards in Article 18 TR; and
 - (iv) Comply with all the technical screening criteria under Articles 10(3) (substantial contribution to climate change mitigation), 11(3) (substantial contribution to climate change adaptation), 12(2) (substantial contribution to sustainable use of and protection of water and marine resources), 13(2) (substantial contribution to the transition to a circular economy), 14(2) (substantial contribution to pollution prevention and control) or 15(2) (substantial contribution to the protection and restoration of biodiversity and ecosystems) TR.
6. The draft screening criteria for these objectives, to be adopted in a Delegated Act by the Commission, have been published by the Technical Expert Group (TEG) on sustainable finance in their final report [technical annex](#) in March 2020.
7. The European Commission published a draft Delegated Act for consultation on 20 November 2020, with the final text expected to be adopted later in 2021.

Purpose of Consultation Paper and process followed

8. In order to fulfil the taxonomy-related product empowerments, the ESAs have agreed to amend the soon to be finalised [SFDR RTS](#), instead of creating a new ruleset, to minimise duplication and complexity in this area. The ESAs' aim is to have the RTS on disclosures rules function as a "single rulebook" for sustainability disclosures at Level 2 for both the original empowerments in SFDR and the additional ones added by TR.
 9. The ESAs also agreed to create one set of RTS for all the environmental taxonomy-related disclosures (covering the six objectives of Article 9 TR), with two different deadlines for application depending on which sets of environmental objectives the product has an objective. In other words, the application dates would follow the dates set in Article 27 TR, but all the rules would be provided in one text.
 10. The ESAs' draft RTS provide for the content and presentation of additional information to the SFDR product disclosures where the product makes sustainable investments contributing to environmental objectives. This CP proposes a set of amending Articles for products making
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sustainable investments, more specifically investing in activities having environmental objectives in compliance with the TR. The amendments are particularly targeted at Article 9 SFDR products but are also relevant for Article 8 SFDR products that intend to make sustainable investments in environmental objectives in compliance with the TR.

11. Furthermore, as the SFDR RTS included templates for pre-contractual and periodic information, the taxonomy-related product RTS also provide amended templates in which taxonomy-specific elements are required, as set out in amended Annexes II, III, IV, and V of the draft amending RTS below.
12. The ESAs have included, for illustrative purposes, a draft set of consolidated SFDR RTS as an annex to this consultation paper, to show what the changed RTS would look like as amended by the changes proposed by the ESAs. This text is purely for illustrative purposes and has no legal effect. The ESAs do not assume any liability for its contents.
13. The approach taken to amend the SFDR RTS meant that the ESAs were not able to start the work on these amending RTS until the SFDR RTS were in near final form at start of 2021. This has delayed the launch of the Consultation Paper. Bearing in mind the deadline for delivery of the RTS (1 June 2021), the ESAs have provided for an eight-week consultation period instead of the usual three months. Nonetheless, it is likely that the ESAs will issue a final report with draft RTS by late June or early July 2021.

3. Background analysis

Disclosure of the environmental objective(s) contributed to

14. Article 5(a) TR requires that the disclosure starts with information on the environmental objective or objectives set out in Article 9 TR that the investment of the product contributes to.
15. The ESAs propose to treat the Article 9 SFDR products with an environmental objective as a subset of a larger Article 9 SFDR category, and Article 8 SFDR products which make sustainable investments with an environmental objective a subset of a larger Article 8 SFDR category of products which make sustainable investments.
16. In terms of the RTS, for Article 9 SFDR products, the ESAs suggest that the transparency requirement here is inserted into the description of the sustainable investment objective in Article 21(1)(a) RTS. The ESAs suggest that it can be done by amending the text to add a requirement or a derogation that financial products that invest in an economic activity that contributes to one or more environmental objective(s), shall provide a description of that as described in Article 9 TR.
17. For Article 8 SFDR products, given that the disclosures under the ESAs' empowerments for taxonomy RTS are significant, the JC proposes to amend Article 16 RTS (i.e. the DNSH disclosure) to cover the identification of the relevant environmental objectives the sustainable investments contribute to for Article 6 TR product disclosures.

The extent of investments that are taxonomy aligned

18. The disclosures should include information on "how and to what extent" the economic activities the product invests in qualify as environmentally sustainable under the TR.
19. For the purposes of this disclosure, the ESAs propose that the "extent" to which economic activities invested in qualify as environmentally sustainable should be shown as a graphical representation of the share of taxonomy-compliant investments of the financial product. This key performance indicator (KPI) of the extent of the alignment of the investments with the taxonomy should show the taxonomy-aligned investments as a weighted average of all investments.
20. The ESAs believe that the extent of alignment of the investments with the taxonomy is the only comparable element that should be allowed to be displayed by way of graphical representation for Article 8 and Article 9 product disclosures. This is because the Taxonomy is established in law and is widely understood, compared to other sustainability classifications.
21. The ESAs propose a methodology for calculating the KPI that to a material extent takes account of their respective technical advices to the European Commission under Article 8 TR¹.

¹ The technical advice from EIOPA and ESMA provided that all investments shall be included in the denominator. The technical advice from EBA provided that exposures to general governments should not be considered at this stage in either the numerator or the denominator.

The draft RTS include sovereign bonds in the calculation, on the basis that the disclosures are tailored to products specifically targeting taxonomy-aligned investments. Therefore, it is important to disclose the proportion of the product's investments that are directed at funding economic activities that qualify as environmentally sustainable, in relation to the total investments of the product. The current challenges with regard to data availability and the lack of established methodologies to determine the proportion of taxonomy-aligned activities funded by sovereign bonds means they cannot be considered to contribute positively to the extent of taxonomy-aligned activities of Article 5 and 6 TR products for the time being. The potential for determining the extent to which sovereign bonds and non-EEA exposures fund taxonomy-aligned activities will require further research and the development of appropriate methodologies. The future EU green bond standard may help sovereigns issuing such bonds. This methodology should be adjusted if necessary when the Commission adopts the relevant Delegated Act under Article 8(4) TR.

22. The KPI should be calculated by establishing the weighted average taxonomy-aligned activity contribution of investments in the numerator and using all investments as the denominator.
23. The numerator should further be broken down into taxonomy-contributing assets by differentiating between green bonds under the future EU Green Bond Standard, other green bonds, and investments in non-financial and financial undertakings.
24. Green bonds issued under the future EU Green Bond Standard should count for 100% of their value in the numerator as such bonds must use 100% of their proceeds towards environmentally sustainable economic activities.
25. For green bonds issued under other green bond frameworks, the proportion of their value that corresponds to the share of the proceeds of those bonds used for environmentally sustainable economic activities should be included.
26. For non-financial investee companies, the value in the numerator should correspond to the value of the securities invested by the financial product in those companies weighted by the share of turnover, or, where relevant, capital expenditure or operational expenditure contributed to environmentally sustainable economic activities. The financial market participant must choose one of the three types of calculation basis for all non-financial undertaking investee companies the product invests in and explain the reasons for that choice, including how that choice is appropriate for the investors in the product.
27. For financial undertaking investee companies, the value in the numerator should correspond to the share of activities associated with environmentally sustainable activities disclosed by those companies under their Article 8 TR disclosures.
28. The disclosure should be accompanied by narrative explanations including a breakdown of investments by enabling and transitional activities in accordance with Article 5 TR.
29. A simplified example is provided below to illustrate how this KPI could be calculated.
30. An investment fund has EUR 200 million of assets under management. This is the denominator.

31. EUR 50 million are shares and corporate bonds from non-financial undertaking investee companies reporting under the Non-Financial Reporting Directive their taxonomy-aligned economic activities. For the sake of this example, the asset manager has chosen turnover as the calculation method for the taxonomy-alignment of its non-financial undertaking investee companies. On a weighted average basis, those companies report 10% of their turnover contributing to Taxonomy-aligned activities. Therefore, a proxy figure for the taxonomy-alignment of the fund's investments in non-financial undertakings is EUR 5 million, which can be added to the numerator.
32. EUR 50 million are shares and corporate bonds from financial undertaking investee companies reporting under the Non-Financial Reporting Directive their taxonomy-aligned activities under KPIs to be defined by the Delegated Act referred to in Article 8(4) TR. On a weighted average basis those companies report 10% of their activities are associated with environmentally sustainable economic activities. Therefore, a proxy figures for the taxonomy-alignment of the fund's investments in financial undertakings is EUR 5 million, which can also be added to the numerator.
33. Furthermore, the asset manager holds EUR 10 million of green bonds complying with the EU Green Bond Standard, which are added to the numerator for 100% of their value.
34. Finally, the fund holds EUR 20 million of green bonds issued under non-EU green bond frameworks other than the EU Green Bond Standard, where the issuers of those bonds indicate that 50% of the use of proceeds go to environmentally sustainable economic activities. Therefore EUR 10 million can be counted in the numerator.
35. These figures give a total numerator of EUR 30 million. That gives an estimate of 15% for the Taxonomy-alignment of the fund's investments under this proposed KPI (EUR 30 million over EUR 200 million).

How the investments are taxonomy aligned

36. The ESAs believe that in order to disclose “how” investments underlying the financial product are made in economic activities that qualify as environmentally sustainable, it is sufficient to state that the activities financed comply with the four criteria of Article 3 TR. However, it is necessary also to disclose whether that statement has been assessed by a third party.
37. The ESAs propose that this disclosure should come in the form of a statement that the activities invested in by the financial product comply with the four criteria of Article 3 TR, which state that activities must:
 - (i) contribute substantially to one or more of the environmental objectives set out in Article 9 TR in accordance with Article 10-16 TR;
 - (ii) do not significantly harm any of the environmental objectives set out in Article 9 TR in accordance with Article 17 TR;
 - (iii) are carried out in compliance with the minimum safeguards laid down in Article 18

TR; and

(iv) comply with the technical screening criteria that have been established by the European Commission in accordance with Article 10-15 TR.

38. The DNSH statement in the ESAs' proposed taxonomy-related product RTS will supersede the broader 2(17) SFDR DNSH provision for those investments that are in taxonomy-aligned activities and the way this provision was reflected in the in the SFDR product disclosure RTS, by way of derogation. The ESAs believe that if a product states that the activities it invests in do not significantly harm any of the environmental objectives and comply with the minimum safeguards, no further SFDR-specific DNSH disclosure is required in addition for those investments. Recital 19 TR clarifies that investments in taxonomy-compliant activities are sustainable investments in accordance with Article 2(17) SFDR.
39. The disclosures described above would be broadly applicable to Article 9 products. However, the existing SFDR RTS disclosures would continue to apply to Article 9 products pursuing social objectives, as the Taxonomy does not yet cover those objectives, and to Article 9 products pursuing environmental objectives that are not covered by the EU taxonomy. This is because according to Recital 19 TR, Article 9 products pursuing environmental objectives can have investments in economic activities that contribute to an environmental objective as defined under 2(17) SFDR referring to non-taxonomy compliant activities (as indicated by the words "among others" in that Recital).
40. For Article 8 products, the taxonomy compliant investments may only be a sub-set of all investments. Therefore, the derogation to the Article 8 SFDR RTS should apply only to those investments that have sustainable investment as their objective, on the same basis that the current SFDR RTS apply the sustainable investment disclosures only those investments of Article 8 products.
41. Furthermore, new pre-contractual product templates have been provided for Article 5 and 6 TR products derived from the templates provided by the SFDR RTS developed for Article 8 SFDR and Article 9 SFDR products. The templates in these amending RTS showcase Article 5 TR financial products' investments aligned with the taxonomy and for Article 6 TR financial products investments that contain Taxonomy-aligned investments.

Periodic disclosures

42. In line with how the SFDR product disclosure RTS are structured, the periodic disclosure for taxonomy-related products will mirror the pre-contractual disclosures as laid down in those RTS. In other words, where these taxonomy-related product RTS make proposals for derogations to pre-contractual SFDR RTS disclosures for taxonomy-related disclosures, similar derogations are proposed for the periodic disclosures.
43. New periodic product templates have been included for the Article 5 and 6 TR products, in line with the approach taken for pre-contractual templates.

Summary of RTS

Information on environmental objective or environmental objectives to which the investment underlying the financial product contributes

44. The draft RTS under the empowerments in Articles 8(4), 9(5) and 11(5) SFDR require the identification of which environmental objectives the financial product contributes to. This identification will be included in the disclosure of environmental characteristics (where the environmental objectives the activities funded by the sustainable investments contribute to are environmental characteristics) or sustainable investment objectives under the SFDR RTS rules for pre-contractual and periodic disclosures.

45. The draft RTS includes:

- a derogation from the general Article 8 pre-contractual disclosure for products referred to in Article 6 TR that should identify the environmental objective(s) the financial product contributes to;
- a derogation from the general Article 9 pre-contractual disclosure for products referred to in Article 5 TR that should identify the environmental objective(s) the financial product contributes to;
- a derogation from the general Article 11 periodic disclosure for products referred to in Article 6 TR that should identify the environmental objective(s) the financial product has contributed to during the relevant reference period; and
- a derogation from the general Article 11 periodic disclosure for products referred to in Article 5 TR that should identify the environmental objective(s) the financial product has contributed to during the relevant reference period.

Information on how and to what extent investments underlying the financial product are in economic activities that qualify as environmentally sustainable

46. The draft RTS covering how and to what extent investments underlying the financial product are in economic activities that qualify as environmentally sustainable require that the financial product calculates the extent of taxonomy alignment of investments by taking a weighted average of taxonomy-aligned investments divided by all investments. This KPI should be graphically presented and accompanied by narrative explanations of the environmental objectives contributed to and the breakdown between enabling and transitional activities in accordance with Article 5 TR. The rules also propose a statement of compliance with the criteria of Article 3 TR.

47. The draft RTS include:

- a derogation from the general Article 8 pre-contractual disclosure for products referred to in Article 6 TR that (1) specify a graphical representation of taxonomy alignment through a KPI based on a weighted average taxonomy alignment of investments divided by all investments accompanied by narrative explanations and (2) requires a statement declaring that the activities the financial product invests in comply with the Article 3 TR criteria;

- a derogation from the general Article 9 pre-contractual disclosure for products referred to in Article 5 TR that (1) specify a graphical representation of taxonomy alignment through a KPI based on a weighted average taxonomy alignment of investments divided by all investments accompanied by narrative explanations and (2) requires a statement declaring that the activities the financial product invests in comply with the Article 3 TR criteria;
- exemptions for Article 5 and 6 TR products from the website disclosure requirements for “do not significantly harm” to ensure that such products are not required for their taxonomy-aligned investments to also make the more general SFDR RTS DNSH requirements which require taking into account the adverse impact indicators of those RTS;
- a derogation from the general Article 11 periodic disclosure for products referred to in Article 6 TR that show the representation of taxonomy alignment during the reference period and a statement stating that the activities the financial product invests in comply with the Article 3 TR criteria;
- a derogation from the general Article 11 periodic disclosure for products referred to in Article 5 TR that show the representation of taxonomy alignment during the reference period and a statement stating that the activities the financial product invests in comply with the Article 3 TR criteria; and
- annexes with amendments to the templates for the pre-contractual and periodic disclosures for Article 5 TR and Article 6 TR products.

Other changes

48. In proposing the changes to the draft SFDR RTS referred to above, the ESAs have also taken the opportunity to propose some targeted revisions to the pre-contractual, website and periodic disclosures.
49. The additional changes are as follows:
- The order of the sections and certain items in the pre-contractual and periodic disclosures (and templates) have been shifted:
 - the identification of whether a financial product has designated an index as a reference benchmark has been shifted to the investment strategy section in the pre-contractual templates;
 - the identification of further information being available in website disclosures has been moved as the last item in the pre-contractual disclosures; and
 - Article 5-6 TR products that invest in taxonomy-aligned investments are exempted from the website disclosures on contribution and DNSH for sustainable investments.

Questions to stakeholders

50. There are a number of measures contained in the draft RTS where the ESAs would like feedback from stakeholders. The following specific questions and accompanying explanatory text highlight these measures. All references are to the draft RTS within this Consultation Paper.

Question 1: Do you have any views regarding the ESAs' proposed approach to amend the existing SFDR RTS instead of drafting a new set of draft RTS?

Question 2: Do you have any views on the KPI for the disclosure of the extent to which investments are aligned with the taxonomy, which is based on the share of the taxonomy-aligned turnover, capital expenditure or operational expenditure of all underlying non-financial investee companies? Do you agree with that the same approach should apply to all investments made by a given financial product?

Question 3: Do you have any views on the benefits and drawbacks of including specifically operational expenditure of underlying non-financial investee companies as one of the possible ways to calculate the KPI referred to in question 2?

Question 4: The proposed KPI includes equity and debt instruments issued by financial and non-financial undertakings and real estate assets, do you agree that this could also be extended to derivatives such as contracts for differences?

Question 5: Is the use of "equities" and "debt instruments" sufficiently clear to capture relevant instruments issued by investee companies? If not, how could that be clarified? Are any specific valuation criteria necessary to ensure that the disclosures are comparable?

Question 6: Do you have any views about including all investments, including sovereign bonds and other assets that cannot be assessed for taxonomy-alignment, of the financial product in the denominator for the KPI?

Question 7: Do you have any views on the statement of taxonomy compliance of the activities the financial product invests in and whether those statements should be subject to assessment by external or third parties?

Question 8: Do you have any views on the proposed periodic disclosures which mirror the proposals for pre-contractual amendments?

Question 9: Do you have any views on the amended pre-contractual and periodic templates?

Question 10: The draft RTS propose unified pre-contractual and periodic templates applicable to all Article 8 and 9 SFDR products (including Article 5 and 6 TR products which are a sub-set of Article 8 and 9 SFDR products). Do you believe it would be preferable to have separate pre-contractual and periodic templates for Article 5-6 TR products, instead of using the same template for all Article 8-9 SFDR products?

Question 11: The draft RTS propose in the amended templates to identify whether products making sustainable investments do so according to the EU taxonomy. While this is done to clearly indicate whether Article 5 and 6 TR products (that make sustainable investments with environmental objectives) use the taxonomy, arguably this would have the effect of requiring Article 8 and 9 SFDR products making sustainable investments with social objectives to indicate that too. Do you agree with this proposal?

Preliminary impact assessments

51. The ESAs have provided preliminary impact assessments for the empowerments under Articles 8(4), 9(6) and 11(5) SFDR.

Question 12: Do you have any views regarding the preliminary impact assessments? Can you provide more granular examples of costs associated with the policy options?

Next steps

52. The ESAs will be reviewing these draft RTS based on the responses received. They will then be submitted as a final report to the Commission for endorsement and non-objection by the European Parliament and Council before being published in the Official Journal of the European Union.

4. Draft RTS

COMMISSION DELEGATED REGULATION (EU) No .../.. of **XXX**

amending the regulatory technical standards laid down in Commission Delegated Regulation (EU) 2021/XXX as regards the content and presentation of information in relation to environmentally sustainable financial product disclosures in precontractual documents and periodic reports

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector ⁽²⁾, and in particular Article 2a(3), the fourth subparagraph of Article 8(3), the fourth subparagraph of Article 8(4), the fourth subparagraph of Article 9(5), the fourth subparagraph of Article 9(6), the fourth subparagraph of Article 10(2), the fourth subparagraph of Article 11(4) and the fourth subparagraph of Article 11(5) thereof,

Whereas:

- (1) Regulation (EU) 2019/2088 establishes harmonised rules for sustainability-related disclosures by financial market participants and financial advisers. Commission Delegated Regulation (EU) 2021/XXX ⁽³⁾ lays down the content, methodologies and presentation of entity level principal adverse impact disclosures and the content and presentation of financial product level precontractual, website and periodic disclosures.
- (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 ⁽⁴⁾ requires additional information on the degree of taxonomy alignment to be disclosed within the precontractual and periodic disclosures of a financial product investing in an economic activity that contributes to an environmental objective within the meaning of point (17) of Article 2 of Regulation (EU) 2019/2088.
- (3) For that purpose, the extent to which investments underlying a financial product are in economic activities that qualify as environmentally sustainable in accordance with Regulation (EU) 2020/852 (environmentally sustainable economic activities) should be graphically represented using a standardised metric to allow easy comparison for end-investors. The numerator should consist of the proportion of the market value of the investments in investee companies that is the same as the proportion of environmentally sustainable economic activities of those investee companies. For debt instruments for which the terms require the proceeds to be used for environmentally sustainable economic activities, those proceeds should also be included in the numerator. The denominator should consist of all investments of the financial product.

² OJ L 317, 9.12.2019, p. 1.

³ [Insert OJEU reference to Delegated Regulation].

⁴ OJ L 198, 22.6.2020, p. 13.

- (4) To ensure the comparability and consistency of disclosures by financial products, the assessment to determine the taxonomy alignment of investments should follow the same framework as that set out in Article 8 of Regulation (EU) 2020/852, including for non-financial undertakings, that taxonomy-aligned activities are measured by those undertakings' turnover, capital expenditure or operating expenditure. For the assessment of investments in investee companies that are not subject to the disclosures required by Article 8 of Regulation (EU) 2020/852, public reporting of data should be prioritised, followed by privately obtained data, either directly from investee companies or from third parties, in each case provided the information is equivalent to the disclosures made in accordance with that Article.
- (5) For the same reason, financial market participants should also select one taxonomy key performance indicator per financial product to measure the taxonomy alignment of all the investee companies that are non-financial undertakings, so that all non-financial undertakings in which that financial product invests are assessed by their turnover, capital expenditure or operational expenditure consistently. This selection should be explained, including by reference to how suitable it is to inform end investors. Similarly, financial market participants should select one taxonomy indicator per financial product to measure the taxonomy alignment of all investee companies that are financial undertakings of the same type, such as credit institutions, insurance undertakings or asset managers. To ensure consistency over time, the selections should also be the same for both precontractual and periodic disclosures.
- (6) To promote transparency to end investors, it is necessary that the periodic disclosures of how and to what extent the investments underlying the financial product are made in environmentally sustainable economic activities provide a comparison with the targeted proportions of taxonomy-aligned investments featured in precontractual disclosures.
- (7) To avoid duplication and to promote coherence between Regulation (EU) 2019/2088 and Regulation (EU) 2020/852, it is necessary to specify that financial products referred to in Articles 5 and 6 of Regulation (EU) 2020/852 that are aligned with the taxonomy by investing in environmentally sustainable economic activities, do not need to further explain how those sustainable investments contribute to an environmental objective. In particular, they do not need to take into account adverse impact indicators for the purposes of the 'do not significantly harm' disclosures in respect of those sustainable investments.
- (8) To establish comparable disclosures for financial products investing in an economic activity that contributes to one or more of the environmental objectives referred to in Regulation (EU) 2020/852, it is necessary to amend Delegated Regulation (EU) 2021/xxx so that harmonised rules and standardised templates complementing the existing disclosures are contained in a single Regulation.
- (9) This Regulation is based on the draft regulatory technical standards submitted to the Commission by the European Banking Authority, the European Insurance and Occupational Pensions Authority and the European Securities and Markets Authority (European Supervisory Authorities).
- (10) The European Supervisory Authorities have conducted open public consultations on the draft regulatory technical standards on which this Regulation is based, analysed the potential related costs and benefits and requested the opinion of the Banking Stakeholder Group established in accordance with Article 37 of Regulation (EU) No 1093/2010 of the European Parliament and of the Council ⁽¹⁾, the Insurance and Reinsurance Stakeholder Group established in accordance with Article 37 of

^[1] 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).

Regulation (EU) No 1094/2010 of the European Parliament and of the Council ^[2], and the Securities and Markets Stakeholder Group established in accordance with Article 37 of Regulation (EU) No 1095/2010 of the European Parliament and of the Council ^[3].

- (11) For reasons of consistency and in order to ensure the smooth functioning of the financial services sector, it is necessary that this Regulation applies from the same dates as those laid down in Article 20(3)(c) of Regulation (EU) 2019/2088. In particular, this Regulation should apply in respect of the environmental objectives referred to in points (a) and (b) of Article 9 of Regulation (EU) 2020/852, from 1 January 2022, and in respect of the environmental objectives referred to in points (c) to (f) of that Article, from 1 January 2023,

HAS ADOPTED THIS REGULATION:

Article 1
Amendments to Delegated Regulation (EU) 2021/xxx

Delegated Regulation (EU) 2021/xxx is amended as follows:

- (1) Article 1 is replaced with the following:

'Article 1
Definitions

For the purposes of this Regulation, the following definitions apply:

- (1) 'reference period' means, for the purposes of Chapter II, the period from 1 January to 31 December of the preceding year and, for the purposes of Chapter V, the period covered by the periodic report referred to in Article 11(2) of Regulation (EU) 2019/2088;
- (2) 'environmentally sustainable economic activities' means economic activities that meet the criteria set out in points (a) to (d) of Article 3 of Regulation (EU) 2020/852; and
- (3) 'fossil fuel sectors' means sectors of the economy which produce, process, store or use fossil fuels as defined in Article 2(62) of Regulation (EU) 2018/1999 of the European Parliament and of the Council ^[5].';
- (2) the title of Section 1 of Chapter III is replaced with the following:

'Section 1
Pre-contractual information for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088
(Article 8(1) to (2a) of Regulation (EU) 2019/2088)';

^[2] 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).

^[3] 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).

^[5] Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council (OJ L 328, 21.12.2018, p. 1).

(3) Articles 13 and 14 are replaced with the following:

'Article 13

Presentation of pre-contractual information for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088

1. Financial market participants shall present the information disclosed in accordance with Article 8(1) to (2a) of Regulation (EU) 2019/2088 and this Section in an annex to the document referred to in Article 6(3) of Regulation (EU) 2019/2088 in accordance with the template set out in Annex II. They shall include a prominent statement in the main body of the document referred to in Article 6(3) of that Regulation that information related to environmental or social characteristics is available in that annex together with the statement referred to in the third and fourth subparagraphs of Article 6 of Regulation (EU) 2020/852.
2. Financial market participants shall include a statement at the beginning of the annex referred to in paragraph 1 to explain:
 - (a) whether the financial product intends to make any sustainable investments; and
 - (b) that the financial product promotes environmental or social characteristics, but does not have as its objective a sustainable investment.
3. Financial market participants shall present the information referred to in paragraph 1 in summary format in the order and made up of the following sections titled:
 - (a) 'What environmental and/or social characteristics are promoted by this financial product?';
 - (b) 'What investment strategy does this financial product follow?';
 - (c) 'What is the asset allocation planned for this financial product?';
 - (cc) for a financial product which includes sustainable investments, 'To which objectives do the sustainable investments contribute to and how do they not cause significant harm?';
 - (d) 'Does this financial product take into account principal adverse impacts on sustainability factors?';
 - (e) where an index is designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the financial product, 'Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?'; and
 - (f) 'Can I find more product specific information online?'

Article 14

Environmental or social characteristics promoted by the financial product section

1. The section referred to in point (a) of Article 13(3) shall contain a description of the environmental or social characteristics promoted by the financial product and a list of the sustainability indicators used to measure the attainment of each of the environmental or social characteristics promoted by the financial product.

2. For financial products referred to in Article 6 of Regulation (EU) 2020/852, the section referred to in point (a) of Article 13(3) shall also identify the environmental objectives set out in Article 9 of that Regulation to which the sustainable investment underlying the financial product contributes.’;

(4) Article 16 is replaced with the following:

‘Article 16

Asset allocation section for environmental or social characteristics financial products

1. The section referred to in point (c) of Article 13(3) shall contain the following information:
 - (a) a narrative explanation of the investments of the financial product;
 - (b) where the financial product uses derivatives within the meaning of Article 2(1)(29) of Regulation (EU) No 600/2014 of the European Parliament and of the Council ⁽⁶⁾ to attain the environmental or social characteristics promoted by the financial product, a description of how the use of those derivatives attains those characteristics.
2. For the purposes of point (a) of paragraph 1, the narrative explanation shall explain:
 - (a) the minimum proportion of the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product in accordance with the binding elements of the investment strategy, including the minimum proportion of sustainable investments of the financial product where it commits to making sustainable investments;
 - (b) the purpose of the remaining proportion of the investments, including a description of any minimum environmental or social safeguards; and
 - (c) whether a reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the financial product.’;

(5) the following Articles 16a and 16b are inserted:

‘Article 16a

Contribution to sustainable investment objectives and do no significant harm section for financial products that promote environmental or social characteristics

1. The section referred to in point (cc) of Article 13(3) shall contain the following information:
 - (a) for financial products referred to in Article 6 of Regulation (EU) 2020/852:
 - (i) a graphical representation in the form of a pie chart of the minimum taxonomy alignment of investments calculated in accordance with Article 16b;
 - (ii) where the financial product invests in economic activities that are not environmentally sustainable economic activities, a clear explanation of the reasons for doing so; and
 - (iii) a description of the investments underlying the financial product that are in environmentally sustainable economic activities; and

⁶ Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (OJ L 173, 12.6.2014, p. 84).

- (b) for financial products that commit to making one or more sustainable investments, a description of how the sustainable investments contribute to a sustainable investment objective and do not significantly harm any of the sustainable investment objectives, including an explanation of:
 - (i) how the indicators for adverse impacts in Table 1 of Annex I and any relevant indicators in Tables 2 and 3 of Annex I, are taken into account; and
 - (ii) whether the sustainable investment is aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.
2. For the purposes of point (iii) of paragraph (1)(a), the description shall include:
- (a) in respect of investee companies that are non-financial undertakings, whether the taxonomy alignment of investments is measured by turnover, capital expenditure or operational expenditure and the reason for that choice, including how that choice is appropriate for investors in the financial product;
 - (b) where information relating to the taxonomy alignment of investments is not readily available from public disclosures by investee companies, details of how equivalent information was obtained directly from investee companies or from third party providers; and
 - (c) a breakdown of the minimum proportions of investments in the enabling activities referred to in Article 16 of Regulation (EU) 2020/852 and transitional activities referred to in Article 10(2) of that Regulation, in each case expressed as a percentage of all investments of the financial product.
3. By way of derogation from point (b) of paragraph 1, in respect of sustainable investments in environmentally sustainable economic activities of financial products referred to in Article 6 of Regulation (EU) 2020/852, the description referred to in that point in relation to those sustainable investments shall only include:
- (a) a statement that the economic activities invested in by those sustainable investments are environmentally sustainable economic activities;
 - (b) whether the statement has been subject to an assurance provided by an auditor or a review by a third party; and
 - (c) if so, the name of that auditor or third party.

Article 16b

Calculation of the taxonomy alignment of investments

1. The taxonomy alignment of investments shall be calculated in accordance with the following formula:

$$\frac{\textit{market value of all taxonomy-aligned investments of the financial product}}{\textit{market value of all investments of the financial product}},$$

where 'taxonomy-aligned investments of the financial product' shall be the sum of the market values of the following investments of the financial product:

- (a) for debt instruments and equities of investee companies, where a proportion of activities of those investee companies is associated with environmentally sustainable economic activities, the market value of that proportion of those debt instruments or equities;
 - (b) for debt instruments other than those referred to in point (c) where a proportion of the proceeds are required by their terms to be used exclusively on environmentally sustainable economic activities, the market value of the proportion of those proceeds;
 - (c) for green bonds issued under a future EU legal act setting out an EU Green Bond Standard, the market value of those green bonds; and
 - (d) for investments in real estate assets which qualify as environmentally sustainable economic activities, the market value of those investments.
2. For the purposes of point (a) of paragraph 1, the proportion of activities of investee companies associated with environmentally sustainable economic activities shall be calculated on the basis of the most appropriate key performance indicators for the investments of the financial product using the following information:
- (a) for investee companies referred to in Article 8(1) and (2) of Regulation (EU) 2020/852, on the basis of the disclosures made by those investee companies in accordance with that Article; and
 - (b) for other investee companies, on the basis of equivalent information.
3. In the case of investee companies that are non-financial undertakings referred to in Article 8(2) of Regulation (EU) 2020/852 and other non-financial undertakings, the calculation referred to in paragraph 2 shall use the same type of key performance indicator for all non-financial undertakings, which shall be one of the following types:
- (a) turnover;
 - (b) capital expenditure; or
 - (c) operating expenditure.
4. In the case of investee companies that are financial undertakings subject to Article 8(1) of Regulation (EU) 2020/852 and for other financial undertakings, the calculation referred to in paragraph 2 shall use the same type of key performance indicator for all financial undertakings of the same type.;
- (6) Articles 18 and 19 are replaced with the following:

'Article 18

Reference benchmark section for financial products that promote environmental or social characteristics

Where an index is designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the financial product, the section referred to in point (e) of Article 13(3) shall contain the following information:

- (a) an explanation of how the reference benchmark is continuously aligned with each of the environmental or social characteristics promoted by the financial product and with the investment strategy;

- (b) an explanation of how the designated index differs from a relevant broad market index; and
- (c) an indication of where the methodology used for the calculation of the designated index can be found.

Article 19

Website reference section for financial products that promote environmental or social characteristics

The section referred to in point (f) of Article 13(3) shall contain the following statement: “More product-specific information can be found on the website”. The statement shall also contain a hyperlink to the website with the information referred to in Article 32.’;

- (7) the title of Section 2 of Chapter III is replaced with the following:

Section 2

Pre-contractual information for financial products referred to in Article 9(1), (2) and (3) of Regulation (EU) 2019/2088

(Article 9(1) to (4a) of Regulation (EU) 2019/2088);

- (8) Articles 20 to 22 are replaced with the following:

Article 20

Presentation of pre-contractual information for financial products referred to in Article 9(1), (2) and (3) of Regulation (EU) 2019/2088

1. Financial market participants shall present the information disclosed in accordance with Article 9(1) to (4a) of Regulation (EU) 2019/2088 and this Section in an annex to the document referred to in Article 6(3) of Regulation (EU) 2019/2088 in accordance with the template set out in Annex III. They shall include a prominent statement in the main body of the document referred to in Article 6(3) of that Regulation that information related to sustainable investment is available in that annex.
2. Financial market participants shall include a statement at the beginning of the annex referred to in paragraph 1 that the financial product has a sustainable investment objective.
3. Financial market participants shall present the information referred to in paragraph 1 in summary format in the order and made up of the following sections titled:
 - (a) ‘What is the sustainable investment objective of this financial product?’;
 - (b) ‘What investment strategy does this financial product follow?’;
 - (c) ‘What is the asset allocation planned for this financial product?’;
 - (cc) ‘To which objectives do the sustainable investments contribute to and how do they not cause significant harm?’;
 - (d) ‘Does this financial product take into account principal adverse impacts on sustainability factors?’;
 - (e) for a financial product referred to in Article 9(1) of Regulation (EU) 2019/2088, ‘Is a specific index designated as a reference benchmark to meet the sustainable investment objective?’;

- (f) for a financial product referred to in Article 9(3) of Regulation (EU) 2019/2088, ‘Does the financial product have the objective of a reduction in carbon emissions?’; and
- (g) ‘Can I find more product specific information online?’.

Article 21

Sustainable investment objective of the financial product section

1. The section referred to in point (a) of Article 20(3) shall contain a description of the sustainable investment objective of the financial product and a list of the sustainability indicators used to measure the attainment of the sustainable investment objective.
2. For financial products referred to in Article 5 of Regulation (EU) 2020/852, the description referred to in point (a) of Article 20(3) shall also identify the environmental objectives set out in Article 9 of that Regulation to which the sustainable investment underlying the financial product contributes.

Article 22

Investment strategy section for the sustainable objective

The section referred to in point (b) of Article 20(3) shall contain the following information:

- (a) a description of the type of investment strategy used to attain the sustainable investment objective of the financial product, the binding elements of that strategy to select the investments to attain that objective and how the strategy is implemented in the investment process on a continuous basis;
- (b) a short description of the policy used to assess good governance practices of the investee companies and a reference to the website containing further details on the investment strategy referred to in Article 45(d); and
- (c) whether a reference benchmark has been designated for the purpose of meeting the sustainable investment objective of the financial product.’;

(9) Article 23 is amended as follows:

- (a) paragraph 1 is replaced with the following:

‘1. The section referred to in point (c) of Article 20(3) shall contain the following information:

- (a) a narrative explanation of the investments of the financial product; and
- (b) where the financial product uses derivatives within the meaning of Article 2(1)(29) of Regulation (EU) No 600/2014 to attain the sustainable investment objective of the financial product, a description of how the use of those derivatives attains that sustainable investment objective.’; and

- (b) paragraph 3 is deleted;

(10) the following Article 23a is inserted:

Article 23a

Contribution to sustainable investment objectives and do no significant harm section for financial products with the objective of sustainable investment

1. The section referred to in point (cc) of Article 20(3) shall contain the following information:
 - (a) for financial products referred to in Article 5 of Regulation (EU) 2020/852:
 - (i) a graphical representation in the form of a pie chart of the minimum taxonomy alignment of investments calculated in accordance with Article 16b;
 - (ii) where the financial product invests in economic activities that are not environmentally sustainable economic activities, a clear explanation of the reasons for doing so; and
 - (iii) a description of the investments underlying the financial product that are in environmentally sustainable economic activities; and
 - (b) a description of how the sustainable investments contribute to a sustainable investment objective and do not significantly harm any of the sustainable investment objectives, including an explanation of:
 - (i) how the indicators for adverse impacts in Table 1 of Annex I and any relevant indicators in Tables 2 and 3 of Annex I, are taken into account; and
 - (ii) whether the sustainable investment is aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.
2. For the purposes of point (iii) of paragraph (1)(a), the description shall include:
 - (a) in respect of investee companies that are non-financial undertakings, whether the taxonomy alignment of investments is measured by turnover, capital expenditure or operational expenditure and the reason for that choice, including how that choice is appropriate for investors in the financial product;
 - (b) where information relating to the taxonomy alignment of investments is not readily available from public disclosures by investee companies, details of how equivalent information was obtained directly from investee companies or from third party providers; and
 - (c) a breakdown of the minimum proportions of investments in the enabling activities referred to in Article 16 of Regulation (EU) 2020/852 and transitional activities referred to in Article 10(2) of that Regulation, in each case expressed as a percentage of all investments of the financial product.
3. By way of derogation from point (b) of paragraph 1, in respect of sustainable investments in environmentally sustainable economic activities of financial products referred to in Article 5 of Regulation (EU) 2020/852, the description referred to in that point in relation to those sustainable investments shall only include:
 - (a) a statement that the economic activities invested in by those sustainable investments are environmentally sustainable economic activities;

- (b) whether the statement has been subject to an assurance provided by an auditor or a review by a third party; and
- (c) if so, the name of that auditor or third party.’;

(11) Articles 25 to 27 are replaced with the following:

Article 25

Sustainable investment objective attainment with a designated index section

For a financial product referred to in Article 9(1) of Regulation (EU) 2019/2088, the section referred to in point (e) of Article 20(3) shall contain:

- (a) an explanation of how the taking into account of sustainability factors within the methodology of the reference benchmark is continuously aligned with the sustainable investment objective of the financial product;
- (b) an explanation of how the alignment of the investment strategy referred to in Article 22 with the methodology of the index is ensured on a continuous basis;
- (c) an explanation as to why and how the designated index differs from a relevant broad market index; and
- (d) an indication of where the methodology used for the calculation of the designated index can be found.

Article 26

Objective of a reduction in carbon emissions section

1. For a financial product referred to in Article 9(3) of Regulation (EU) 2019/2088, the section referred to in point (f) of Article 20(3) shall contain an explanation that the reference benchmark qualifies as an EU Climate Transition Benchmark or an EU Paris-aligned Benchmark under Chapter 3a of Title III of Regulation (EU) 2016/1011 and an indication of where the methodology used for the calculation of that benchmark can be found.
2. By way of derogation from paragraph 1, where no EU Climate Transition Benchmark or EU Paris-aligned Benchmark in accordance with Regulation (EU) 2016/1011 is available, the section referred to in point (g) of Article 20(3) shall explain that fact and how the continued effort of attaining the objective of reducing carbon emissions is ensured in view of achieving the objectives of the Paris Agreement. The financial market participant shall explain the extent to which the financial product complies with the methodological requirements set out in Commission Delegated Regulation (EU) 2020/1818 ⁽⁷⁾.

Article 27

Website reference section for financial products with the objective of sustainable investment

The section referred to in point (g) of Article 20(3) shall contain the following statement: “More product-specific information can be found on the website”. The statement shall also contain a hyperlink to the website with the information referred to in Article 45.’;

⁷ 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).

(12) in Article 28, in the first subparagraph of paragraph 1, the words ‘Article 8(1) and (2) of that Regulation’ are replaced with ‘Article 8(1) to (2a) of that Regulation’;

(13) in Article 29, in paragraph 1, the words ‘Article 9(1) to (4) of that Regulation’ are replaced with ‘Article 9(1) to (4a) of that Regulation’;

(14) in Article 34, the following paragraph 3 is inserted:

- ‘3. By way of derogation from paragraph 2, that paragraph does not apply to sustainable investments in environmentally sustainable economic activities of financial products referred to in Article 6 of Regulation (EU) 2020/852.’;

(15) Article 47 is replaced with the following:

‘Article 47

No significant harm to the sustainable investment objective website section

1. The section referred to in point (b) of Article 45 shall contain an explanation of how the investments of the financial product do not significantly harm any of the sustainable investment objectives, including:
 - (a) how the indicators for adverse impacts in Table 1 of Annex I, and any relevant indicators in Tables 2 and 3 of Annex I, are taken into account; and
 - (b) whether the sustainable investment is aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.
2. By way of derogation from paragraph 1, that paragraph does not apply to sustainable investments in environmentally sustainable economic activities of financial products referred to in Article 5 of Regulation (EU) 2020/852.’;

(16) Article 58 is amended as follows:

- (a) in paragraph 1, in the first sentence, the words ‘Article 8(1) and (2) of Regulation (EU) 2019/2088’ are replaced with ‘Article 8(1) to (2a) of Regulation (EU) 2019/2088’; and
- (b) in paragraph 2, the following point (cc) is inserted:
 - ‘(cc) for a financial product which included a commitment to make sustainable investments, ‘To which objectives do the sustainable investments contribute to and how do they not cause significant harm?’;’;

(17) Article 59 is replaced with the following:

‘Article 59

Attainment of the environmental or social characteristics promoted by the financial product section

The section referred to in point (a) of Article 58(2) shall contain the following:

- (a) a description of the extent to which the environmental or social characteristics promoted by the financial product were attained during the reference period, including the performance of the sustainability indicators referred to in Article 14 and any derivatives referred to in Article 16(1)(c) used to attain the environmental or social characteristics;
- (b) for financial products referred to in Article 6 of Regulation (EU) 2020/852, an identification of the environmental objectives set out in Article 9 of that Regulation to which the sustainable investment underlying the financial product contributed; and
- (c) where the financial market participant has provided at least one previous periodic report in accordance with this Section for the financial product, a historical comparison between the reference period and previous reference periods.’;

(18) Article 61 is replaced with the following:

‘Article 61

Proportion of sustainability-related investments section for products that promote environmental or social characteristics

The section referred to in point (c) of Article 58(2) shall contain a description of the investments of the financial product, including an explanation of:

- (a) the proportions of the investments of the financial product;
- (b) the purpose of the remainder of the investments during the reference period, including a description of any minimum environmental or social safeguards and whether those investments are used for hedging, relate to cash held as ancillary liquidity or are investments for which there is insufficient data; and
- (c) the proportion of investments during the reference period in different sectors and sub-sectors, including the fossil fuel sectors.’

(19) the following Article 61a is inserted:

‘Article 61a

Contribution to sustainable investment objectives and do no significant harm periodic report section for products that promote environmental or social characteristics

1. The section referred to in point (cc) of Article 58(2) shall contain the following information:
 - (a) for financial products referred to in Article 6 of Regulation (EU) 2020/852, the information referred to in paragraph 2; and
 - (b) for financial products that included a commitment to make sustainable investments, an explanation of how the sustainable investments have contributed to a sustainable investment objective and not harmed significantly any of the sustainable investment objectives during the reference period, including:
 - (i) how the indicators for adverse impacts in Table 1 of Annex I, and any relevant indicators in Tables 2 and 3 of Annex I, were taken into account; and

- (ii) whether the sustainable investment was aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

2. The information referred to in point (a) of paragraph 1 is the following:

- (a) a breakdown of the proportion of each of the environmental objectives set out in Article 9 of Regulation (EU) 2020/852 to which the sustainable investments contributed to;
- (b) a description of the sustainable investments in environmentally sustainable economic activities during the reference period, including:
 - (i) a graphical representation in the form of a pie chart of the taxonomy alignment of the investments during the reference period calculated in accordance with Article 16b where the choice of turnover, capital expenditure or operational expenditure is the same as referred to in paragraph 3 thereof;
 - (ii) the information referred to in points (i) and (ii) of Article 16a(1)(c);
 - (iii) a breakdown of the proportions of investments during the reference period in the enabling activities referred to in Article 16 of Regulation (EU) 2020/852 and transitional activities referred to in Article 10(2) of that Regulation, in each case expressed as a percentage of all investments of the financial product; and
 - (iv) where the financial market participant has provided at least one previous periodic report in accordance with this Section for the financial product, a historical comparison of the taxonomy alignment of the investments of the reference period with previous reference periods; and
- (c) if the financial product invested in economic activities that are not environmentally sustainable economic activities during the reference period, a clear explanation of the reasons for doing so.

3. By way of derogation from point (b) of paragraph 1, the description referred to in that point in relation to sustainable investments in environmentally sustainable economic activities of financial products referred to in Article 6 of Regulation (EU) 2020/852 during the reference period shall only include:

- (a) a statement that the economic activities invested in by those sustainable investments are environmentally sustainable economic activities;
- (b) whether the statement has been subject to an assurance provided by an auditor or a review by a third party; and
- (c) if so, the name of that auditor or third party.;

(20) Article 64 is amended as follows:

- (a) in paragraph 1, the reference to 'Article 9(1) to (4) of Regulation (EU) 2019/2088' is replaced with 'Article 9(1) to (4a) of Regulation (EU) 2019/2088'; and
- (b) in paragraph 2, the following point (cc) is inserted:

- (cc) 'To which objectives do the sustainable investments contribute to and how do they not cause significant harm?';

(21) Article 65 is replaced with the following:

'Article 65

Attainment of the sustainable investment objective of the financial product section

The section referred to in point (a) of Article 64(2) shall contain the following:

- (a) a description of the extent to which the sustainable investment objective was attained during the reference period, including the performance of the sustainability indicators referred to in Article 21 and any derivatives referred to in Article 23(1)(b) used to attain the sustainable investment objective;
- (b) for financial products referred to in Article 5 of Regulation (EU) 2020/852, an identification of the environmental objectives set out in Article 9 of that Regulation to which the sustainable investment underlying the financial product contributed; and
- (c) where the financial market participant has provided at least one previous periodic report in accordance with this Section for the financial product, a historical comparison between the current reference period and previous reference periods.'

(22) Article 67 is replaced with the following:

'Article 67

Proportion of sustainability-related investments for financial products that have a sustainable investment objective section

The section referred to in point (c) of Article 64(2) shall contain a description of the investments of the financial product, including:

- (a) the proportions of the investments of the financial product;
- (b) the purpose of the remainder of the investments during the reference period, including a description of any minimum environmental or social safeguards and whether those investments are used for hedging, relate to cash held as ancillary liquidity or are investments for which there is insufficient data; and
- (c) the proportion of investments during the reference period in different sectors and sub-sectors.'

(23) the following Article 67a is inserted:

'Article 67a

Contribution to sustainable investment objectives and do no significant harm periodic report section for products with the objective of sustainable investment

1. The section referred to in point (cc) of Article 64(2) shall contain the following information:

- (a) for financial products referred to in Article 5 of Regulation (EU) 2020/852, the information referred to in paragraph 2; and

- (b) an explanation of how the sustainable investments have contributed to a sustainable investment objective and not harmed significantly any of the sustainable investment objectives during the reference period, including:
 - (i) how the indicators for adverse impacts in Table 1 of Annex I, and any relevant indicators in Tables 2 and 3 of Annex I, were taken into account; and
 - (ii) whether the sustainable investment was aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.
2. The information referred to in point (a) of paragraph 1 is the following:
- (a) a breakdown of the proportion of each of the environmental objectives set out in Article 9 of Regulation (EU) 2020/852 to which the sustainable investments contributed to;
 - (b) a description of the sustainable investments in environmentally sustainable economic activities during the reference period, including:
 - (i) a graphical representation in the form of a pie chart of the taxonomy alignment of the investments during the reference period calculated in accordance with Article 16b where the choice of turnover, capital expenditure or operational expenditure is the same as referred to in paragraph 3 thereof;
 - (ii) the information referred to in points (i) and (ii) of Article 23a(1)(c);
 - (iii) a breakdown of the proportions of investments during the reference period in the enabling activities referred to in Article 16 of Regulation (EU) 2020/852 and transitional activities referred to in Article 10(2) of that Regulation, in each case expressed as a percentage of all investments of the financial product; and
 - (iv) where the financial market participant has provided at least one previous periodic report in accordance with this Section for the financial product, a historical comparison of the taxonomy alignment of the investments of the reference period with previous reference periods; and
 - (c) if the financial product invested in economic activities that are not environmentally sustainable economic activities during the reference period, a clear explanation of the reasons for doing so.
3. By way of derogation from point (b) of paragraph 1, the description referred to in that point in relation to sustainable investments in environmentally sustainable economic activities of financial products referred to in Article 5 of Regulation (EU) 2020/852 during the reference period shall only include:
- (a) a statement that the economic activities invested in by those sustainable investments are environmentally sustainable economic activities;
 - (b) whether the statement has been subject to an assurance provided by an auditor or a review by a third party; and
 - (c) if so, the name of that auditor or third party.’;

(24) Article 71 is replaced with the following:

'Article 71

Historical comparisons for periodic reports

1. The historical comparisons referred to in Article 59(c), point (iv) of Article 61a(2)(b), Article 65(c) and point (iv) of Article 67a(2)(b) shall compare the current reference period with the previous reference period provided in accordance with those Articles and shall continue to make such historical comparisons for at least five previous reference periods.
2. For the purposes of the historical comparisons referred to in Articles 59(c) and 65(c), financial market participants shall report on the performance of the sustainability indicators consistently over time, including the following information:
 - (a) where quantitative disclosures are made, figures with a relative measure such as impact per euro invested;
 - (b) which indicators are subject to an assurance provided by an auditor or a review by a third party; and
 - (c) the proportion of underlying assets of the financial product referred to in Articles 61 and 67.'; and

(25) Annexes II to V are replaced with Annexes I to IV of this Regulation.

Article 2

Entry into force and application

1. This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.
2. This Regulation shall apply from 1 January 2022 in respect of the environmental objectives referred to in points (a) and (b) of Article 9 of Regulation (EU) 2020/852 and from 1 January 2023 in respect of the environmental objectives referred to in points (c) to (f) of Article 9 of that Regulation.

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

Done at Brussels,

For the Commission
The President

[For the Commission
On behalf of the President]

[Position]

Annex I

ANNEX II

Template precontractual disclosure for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088

Product name/legal identifier: [complete]

Environmental and/or social characteristics

[tick when relevant]

This product:

Promotes environmental or social characteristics, but does not have as its objective a sustainable investment

It does not invest in sustainable investments

It invests partially in sustainable investments

In activities aligned with the EU Taxonomy

In activities not aligned with the EU Taxonomy

Has sustainable investment as its objective. Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

In activities aligned with the EU Taxonomy

In activities not aligned with the EU Taxonomy



What environmental and/or social characteristics are promoted by this financial product?

[for financial products referred to in Article 6 of Regulation (EU) 2020/852, in respect of sustainable investments with environmental objectives, list the environmental objectives set out in Article 9 of that Regulation to which the sustainable investment underlying the financial product contributes]

- **What sustainability indicators are used to measure the attainment of the environmental or social characteristics promoted by this financial product?**

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.



What investment strategy does this financial product follow?

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

Investment strategies guide investment decisions based on factors such as investment objectives and risk tolerance.

- **How is that strategy implemented in the investment process on a continuous basis?**
- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?** *[include question where there is a commitment to reduce the scope of investments by a minimum rate]*

- **What is the policy to assess good governance practices of the investee companies?**

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

Has a reference benchmark been designated for the purpose of attaining the environmental or social characteristics promoted by the financial product? *[tick relevant box]*

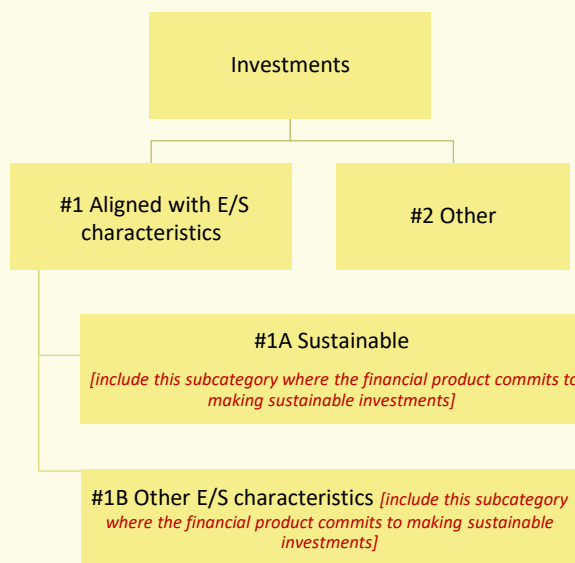
Yes No

- **Where can I find further details on the investment strategy?**



What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

[include the note below where the financial product commits to making sustainable investments]

The category **#1 Aligned with E/S characteristics** covers:

- The Subcategory **#1A Sustainable** covers investments that qualify as sustainable investments:

- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

- **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?** *[include question where derivatives are used to attain the environmental or social characteristics promoted by the financial product]*



To which objectives do the sustainable investments contribute to and how do they not cause significant harm? *[include section where the financial product includes sustainable investments]*



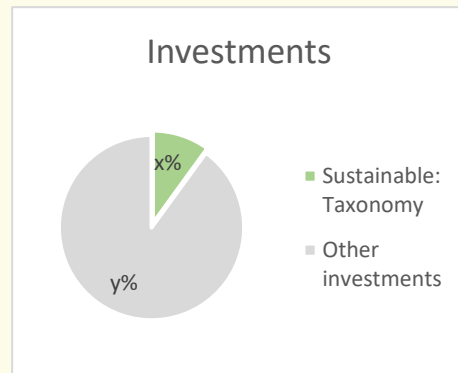
What is the minimum share of investments aligned with the EU Taxonomy?

[include subsection for financial products referred to in Article 6 of Regulation (EU) 2020/852 [where information relating to the taxonomy alignment of investments is not readily available from public disclosures by investee companies, include details of how equivalent information was obtained directly from investee companies or from third party providers]



The symbol refers to investments that finance activities considered sustainable under the EU Taxonomy. The EU Taxonomy is a classification system, establishing a list of environmentally sustainable economic activities.

The graph below shows in green the minimum percentage of investments that are aligned with the EU Taxonomy.



[include statement and question for financial products referred to in Article 6 of Regulation (EU) 2020/852 with sustainable investments in environmentally sustainable economic activities]

The minimum percentage of investments of the financial product that are aligned with the EU Taxonomy are made in environmentally sustainable economic activities.

Was this statement subject to an external review by a third party?

Yes: *[include name of third party]*

No

- **What methodology is used for the calculation of the alignment with the EU Taxonomy and why?** *[indicate methodology chosen for non-financial investee companies and the reasons for that choice including how that choice is appropriate for investors in the financial product]*

- **What is the minimum share of transitional and enabling activities?**



What is the minimum share of sustainable investments that are not aligned with the EU Taxonomy? *[include subsection (i) where the financial product includes sustainable investments with social objectives; or (ii) for financial products referred to in Article 6 of Regulation (EU) 2020/852 where the financial product invests in economic activities that are not environmentally sustainable economic activities]*

- **Why does the financial product invest in economic activities that are not environmentally sustainable?** *[include question for financial products referred to in Article 6 of Regulation (EU) 2020/852 where the financial product invests in economic activities that are not environmentally sustainable economic activities]*

- **How will sustainable investments contribute to a sustainable investment objective and not significantly harm any sustainable investment objective?**

How are indicators for adverse impacts on sustainability factors taken into account?

Are sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:



Does this financial product take into account principal adverse impacts on sustainability factors?

- Yes
- No

Principal adverse impacts are the most significant negative impact of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental or social characteristics that it promotes? *[include this section where an index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the financial product and indicate where the methodology used for the calculation of the designated index can be found]*

[include note where an index has been designated as a reference benchmark]

- **How does the designated index differ from a relevant broad market index?**
- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product and with the investment strategy?**

[include note where an index has been designated as a reference benchmark]

Reference benchmarks are indexes to measure whether financial products attain the environmental or social characteristics that they promote.



Can I find I find more product specific information online?

More product-specific information can be found on the website: *[insert hyperlink to the website]*

Template precontractual disclosure for financial products referred to in Article 9(1), (2) and (3) of Regulation (EU) 2019/2088

Product name/legal identifier: [complete]

Sustainable investment objective

[tick when relevant]

This product:

Promotes environmental or social characteristics, but does not have as its objective a sustainable investment

It does not invest in sustainable investments

It invests partially in sustainable investments

In activities aligned with the EU Taxonomy

In activities not aligned with the EU Taxonomy

Has sustainable investment as its objective. Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

In activities aligned with the EU Taxonomy

In activities not aligned with the EU Taxonomy



What is the sustainable investment objective of this financial product?

[for financial products referred to in Article 5 of Regulation (EU) 2020/852, in respect of sustainable investments with environmental objectives, list the environmental objectives set out in Article 9 of that Regulation to which the sustainable investment underlying the financial product contributes]

- **What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?**

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.



What investment strategy does this financial product follow?

Investment strategies guide investment decisions based on factors such as investment objectives and risk tolerance.

- **What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?**
- **How is that strategy implemented in the investment process on a continuous basis?**
- **What is the policy to assess good governance practices of the investee companies?**
- **Where can I find further details on the investment strategy?**

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

Has a reference sustainable benchmark been designated for the purpose of meeting the sustainable investment objective?

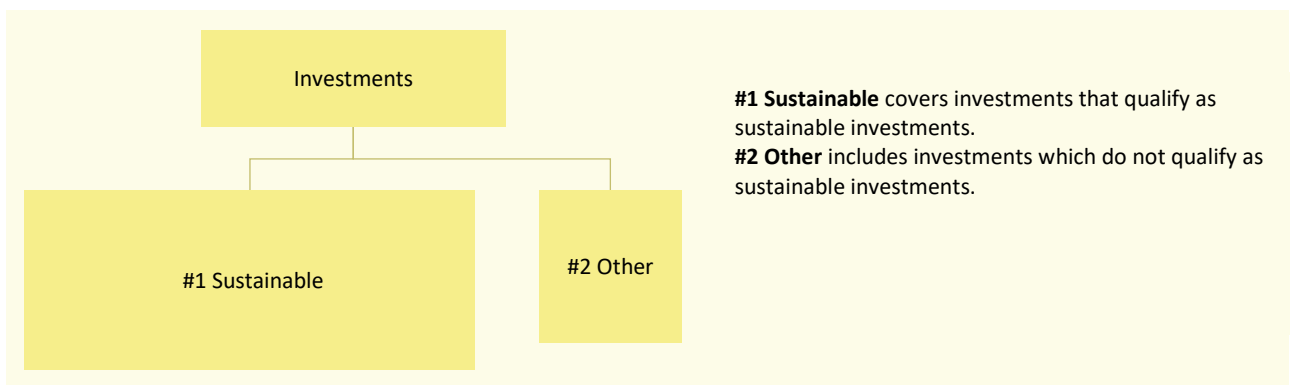
[tick relevant box]

Yes No



What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.



- **How does the use of derivatives attain the sustainable investment objective?** *[include where derivatives are used to attain the sustainable investment objective]*
- **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**
- **How does the proportion and use of such investments not affect the delivery of the sustainable investment objective?**



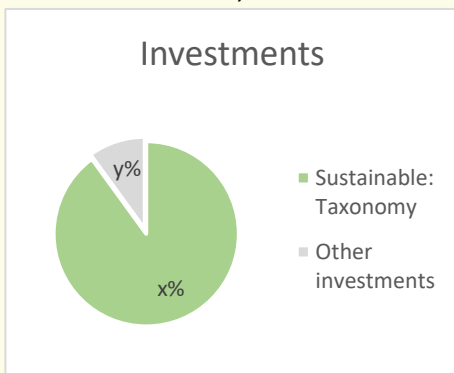
To which objectives do the sustainable investments contribute to and how do they not cause significant harm?



What is the minimum share of investments aligned with the EU Taxonomy?

*[include subsection for financial products referred to in Article 5 of Regulation (EU) 2020/852]
[where information relating to the taxonomy alignment of investments is not readily available from public disclosures by investee companies, include details of how equivalent information was obtained directly from investee companies or from third party providers]*

The graph below shows in green the minimum percentage of investments that are aligned with the EU Taxonomy.



[include statement and question for financial products referred to in Article 5 of Regulation (EU) 2020/852 with sustainable investments in environmentally sustainable economic activities]

The minimum percentage of investments of the financial product that are aligned with the EU Taxonomy are made in environmentally sustainable economic activities.

Was this statement subject to an external review by a third party?

Yes: *[include name of third party]*

No



The symbol refers to investments that finance activities considered sustainable under the EU Taxonomy. The EU Taxonomy is a classification system, establishing a list of environmentally sustainable economic activities.

- **What methodology is used for the calculation of the alignment with the EU Taxonomy and why?** *[indicate methodology chosen for non-financial investee companies and the reasons for that choice including how that choice is appropriate for investors in the financial product]*

- **What is the minimum share of transitional and enabling activities?**



What is the minimum share of sustainable investments that are not aligned with the EU Taxonomy?

[include subsection (i) where the financial product includes sustainable investments with social objectives; or (ii) for financial products referred to in Article 5 of Regulation (EU) 2020/852 where the financial product invests in economic activities that are not environmentally sustainable economic activities]

- **Why does the financial product invest in economic activities that are not environmentally sustainable?** *[include question for financial products referred to in Article 5 of Regulation (EU) 2020/852 where the financial product invests in economic activities that are not environmentally sustainable economic activities]*

- **How will sustainable investments contribute to a sustainable investment objective and not significantly harm any sustainable investment objective?**

— How have the indicators for adverse impacts on sustainability factors been taken into account?

— Are sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:



Does this product take into account principal adverse impacts on sustainability factors?

- Yes
- No

Principal adverse impacts are the most significant negative impact of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

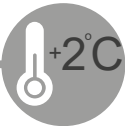


Is a specific index designated as a reference sustainable benchmark to meet the sustainable investment objective? *[include section for financial products referred to in Article 9(1) of Regulation (EU) 2019/2088 and indicate where the methodology used for the calculation of the designated index can be found]*

- How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?
- How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?
- Why and how does the designated index differ from a relevant broad market index?

[include note for financial products referred to in Article 9(1) of Regulation (EU) 2019/2088]

Reference sustainable benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



Does the financial product have the objective of a reduction in carbon emissions? *[include section for financial products referred to in Article 9(3) of Regulation (EU) 2019/2088 and indicate where the methodology used for the calculation of the reference benchmark can be found]*



Can I find I find more product specific information online?

More product-specific information can be found on the website: *[insert hyperlink to the website]*

Annex III

ANNEX IV

Template periodic disclosure for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088

Product name/legal identifier: [complete]

Reference period: [complete]

Environmental and/or social characteristics

[tick when relevant]

This product: Promotes environmental or social characteristics, but does not have as its objective a sustainable investment

- It does not invest in sustainable investments
- It invests partially in sustainable investments
 - In activities aligned with the EU Taxonomy
 - In activities not aligned with the EU Taxonomy
- Has sustainable investment as its objective. Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.
 - In activities aligned with the EU Taxonomy
 - In activities not aligned with the EU Taxonomy



To what extent were the environmental and/or social characteristics promoted by this financial product met? [for financial products referred to in Article 6 of Regulation (EU) 2020/852, in respect of sustainable investments with environmental objectives, list the environmental objectives set out in Article 9 of Regulation (EU) 2020/852 to which the sustainable investment underlying the financial product contributed]

[for financial products referred to in Article 6 of Regulation (EU) 2020/852, in respect of sustainable investments with environmental objectives, list the environmental objectives set out in Article 9 of Regulation (EU) 2020/852 to which the sustainable investment underlying the financial product contributed]

● How did the sustainability indicators perform?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

● ...and compared to previous periods? [include question for financial products where at least one previous periodic report was provided in accordance with Section 1 of Chapter V of Commission Delegated Regulation (EU) 2021/xxx]

REFERENCE PERIOD	[INDICATOR 1]	[INDICATOR 2...]



What were the top investments of this financial product?

Largest investments	Sector	% Assets	Country
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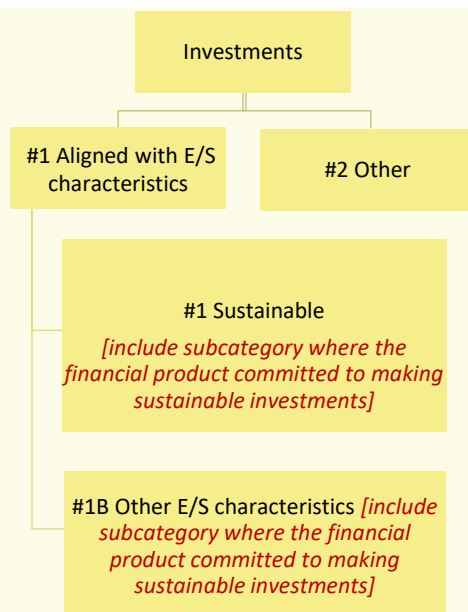
The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is: **[complete]**



What was the proportion of sustainability-related investments?

● What was the asset allocation?

Asset allocation describes the share of investments in specific assets.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

[include text below where the financial product committed to making sustainable investments]

The category **#1 Aligned with E/S characteristics** covers:

- The Subcategory **#1A Sustainable** covers investments that qualify as sustainable investments.

- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

- **What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?**
- **In which economic sectors were the investments made?**



To which objectives did the sustainable investments contribute to and how did they not cause significant harm? *[include section where the financial product included a commitment to make sustainable investments]*

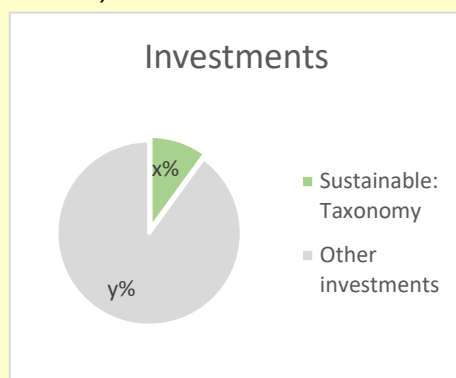


What was the share of investments aligned with the EU Taxonomy? *[include subsection for financial products referred to in Article 6 of Regulation (EU) 2020/852] [where information relating to the taxonomy alignment of investments is not readily available from public disclosures by investee companies, include details of how equivalent information was obtained directly from investee companies or from third party providers]*



The symbol refers to investments that finance activities considered sustainable under the EU Taxonomy. The EU Taxonomy is a classification system, establishing a list of environmentally sustainable economic activities.

The graph below shows in green the percentage of investments that are aligned with the EU Taxonomy.



[include statement and question for financial products referred to in Article 6 of Regulation (EU) 2020/852 with sustainable investments in environmentally sustainable economic activities]

The percentage of investments of the financial product that are aligned with the EU Taxonomy are made in environmentally sustainable economic activities.

Was this statement subject to an external review by a third party?

- Yes: *[include name of third party]*
- No

- **What was the breakdown of the environmental objectives that the sustainable investments contribute to?**
- **What methodology was used for the calculation of the alignment with the EU Taxonomy and why?** *[indicate methodology chosen for non-financial investee companies and the reasons for that choice including how that choice is appropriate for investors in the financial product]*
- **What was the share of transitional and enabling activities?**
- **How did the percentage of investments that are aligned with the EU Taxonomy compare with previous reference periods?** *[include question where at least one previous periodic report was provided in accordance with Section 1 of Chapter V of Commission Delegated Regulation (EU) 2021/xxx]*

REFERENCE PERIOD	PERCENTAGE OF INVESTMENTS ALIGNED WITH EU TAXONOMY



What was the share of sustainable investments that are not aligned with the EU Taxonomy? *[include subsection for (i) financial products referred to in Article 6 of Regulation (EU) 2020/852 where the financial product invested in economic activities that are not environmentally sustainable economic activities; or (ii) financial products that included a commitment to make sustainable investments with social objectives]*

- **Why did the financial product invest in economic activities that are not environmentally sustainable?** *[include question for financial products referred to in Article 6 of Regulation (EU) 2020/852 where the financial product invests in economic activities that are not environmentally sustainable economic activities]*

- **How did sustainable investments contribute to a sustainable investment objective and did not significantly harm any sustainable investment objective?**

- How were the indicators for adverse impacts on sustainability factors taken into account?

- Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Principal adverse impacts are the most significant negative impact of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



What actions have been taken to meet the environmental and/or social characteristics during the reference period?



How did this financial product perform compared to the designated reference benchmark? *[include section where an index has been designated as a reference benchmark for the purpose of the attainment of the environmental or social characteristics promoted by the financial product and indicate where the methodology used for the calculation of the designated index can be found]*

- **How does the reference benchmark differ from a broad market index?**

- **How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?**

- **How did this financial product perform compared with the reference benchmark?**

- **How did this financial product perform compared with the broad market index?**

[include note where an index has been designated as a reference benchmark for the purpose of the attainment of the environmental or social characteristics promoted by the financial product]

Reference benchmarks are indexes used to measure whether the financial product attains the environmental or social characteristics that they promote.

Annex IV

ANNEX V

Template periodic report for financial products referred to in Article 9(1), (2) and (3) of Regulation (EU) 2019/2088

Product name/legal identifier: *[complete]*

Reference period: *[complete]*

Sustainable investment objective

[tick when relevant]

This product: Promotes environmental or social characteristics, but does not have as its objective a sustainable investment

- It does not invest in sustainable investments
- It invests partially in sustainable investments
 - In activities aligned with the EU Taxonomy
 - In activities not aligned with the EU Taxonomy

Has sustainable investment as its objective. Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

- In activities aligned with the EU Taxonomy
- In activities not aligned with the EU Taxonomy



To what extent was the sustainable investment objective of this financial product met?

[for financial products referred to in Article 5 of Regulation (EU) 2020/852, in respect of sustainable investments with environmental objectives, list the environmental objectives set out in Article 9 of Regulation (EU) 2020/852 to which the sustainable investment underlying the financial product contributed]

● **How did the sustainability indicators perform?**

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

● **...and compared to previous periods** *[include question for financial products where at least one previous periodic report was provided in accordance with Section 2 of Chapter V of Commission Delegated Regulation (EU) 2021/xxx]*

REFERENCE PERIOD	[INDICATOR 1]	[INDICATOR 2 ETC]



What were the top investments of this financial product?

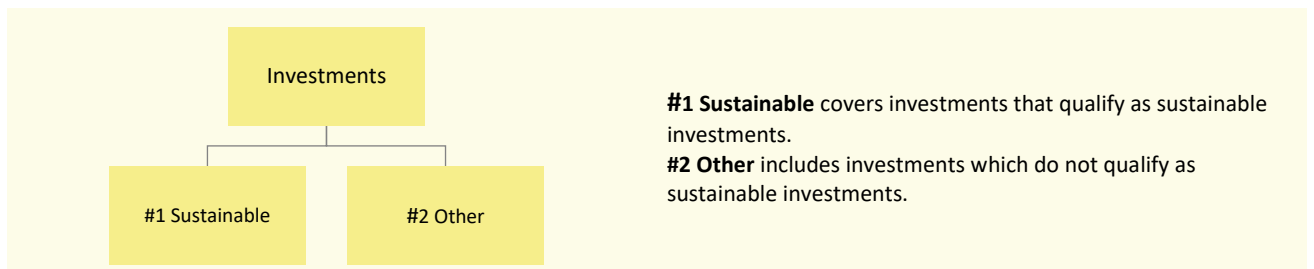
Largest investments	Sector	% Assets	Country

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period, which is: [complete]



What was the proportion of sustainability-related investments?

Asset allocation describes the share of investments in specific assets.



- **What was the asset allocation?**
- **What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?**
- **In which economic sectors were the investments made?**



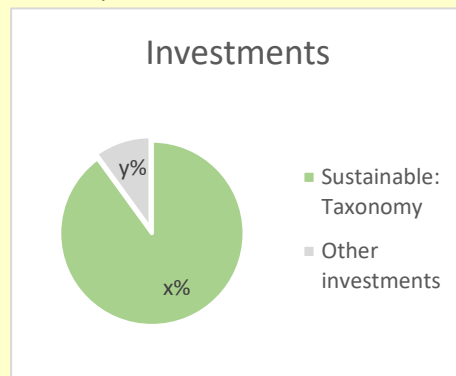
To which objectives did the sustainable investments contribute to and how did they not cause significant harm?



What was the share of investments aligned with the EU Taxonomy?

*[include subsection for financial products referred to in Article 5 of Regulation (EU) 2020/852]
[where information relating to the taxonomy alignment of investments is not readily available from public disclosures by investee companies, include details of how equivalent information was obtained directly from investee companies or from third party providers]*

The graph below shows in green the percentage of investments that are aligned with the EU Taxonomy.



[include statement and question for financial products referred to in Article 5 of Regulation (EU) 2020/852 with sustainable investments in environmentally sustainable economic activities]

The percentage of investments of the financial product that are aligned with the EU Taxonomy are made in environmentally sustainable economic activities.

Was this statement subject to an external review by a third party?

- Yes: *[include name of third party]*
- No



The symbol refers to investments that finance activities considered sustainable under the EU Taxonomy. The EU Taxonomy is a classification system, establishing a list of environmentally sustainable economic activities.

- **What was the breakdown of the environmental objectives that the sustainable investments contribute to?**
- **What methodology was used for the calculation of the alignment with the EU Taxonomy and why?** *[indicate methodology chosen for non-financial investee companies and the reasons for that choice including how that choice is appropriate for investors in the financial product]*
- **What was the share of transitional and enabling activities?**
- **How did the percentage of investments that are aligned with the EU Taxonomy compare with previous reference periods?** *[include question where at least one previous periodic report was provided in accordance with Section 2 of Chapter V of Commission Delegated Regulation (EU) 2021/xxx]*

REFERENCE PERIOD

PERCENTAGE OF INVESTMENTS ALIGNED WITH EU TAXONOMY

REFERENCE PERIOD	PERCENTAGE OF INVESTMENTS ALIGNED WITH EU TAXONOMY



What was the share of sustainable investments that are not aligned with the EU Taxonomy?

[include subsection for (i) financial products referred to in Article 5 of Regulation (EU) 2020/852 where the financial product invested in economic activities that are not

environmentally sustainable economic activities; or (ii) financial products that included a commitment to make sustainable investments with social objectives]

- **Why did the financial product invest in economic activities that are not environmentally sustainable?** *[include question for financial products referred to in Article 5 of Regulation (EU) 2020/852 where the financial product invests in economic activities that are not environmentally sustainable economic activities]*

- **How did sustainable investments contribute to a sustainable investment objective and did not significantly harm any sustainable investment objective?**

How have the indicators for adverse impacts on sustainability factors been taken into account?

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Principal adverse impacts are the most significant negative impact of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



What actions were taken to attain the sustainable investment objective during the reference period?



How did this financial product perform compared to the reference sustainable benchmark? *[include section where an index has been designated as a reference benchmark for the purpose of the attainment of the sustainable investment objective of the financial product and indicate where the methodology used for the calculation of the designated index can be found]*

- **How does the reference benchmark differ from a broad market index?**
- **How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the sustainable investment objective?**
- **How did this financial product perform compared with the reference benchmark?**
- **How did this financial product perform compared with the broad market index?**

[include note where an index has been designated as a reference benchmark for the purpose of the attainment of the sustainable investment objective of the financial product]

Reference sustainable benchmarks are indexes used to measure whether the financial product attains the sustainable investment objective.



How was the objective of a reduction in carbon emissions aligned with the Paris Agreement? *[include section for a financial product referred to in Article 9(3) of Regulation (EU) 2019/2088 and indicate where the methodology used for the calculation of the reference benchmark can be found]*

5. Preliminary Impact Assessments

An assessment of impacts of the proposals in this Consultation Paper has been prepared for the relevant empowerments in the SFDR.

According to ESAs' Regulations, the ESAs conduct analysis of costs and benefits when drafting regulatory technical standards. The analysis of costs and benefits is undertaken according to an Impact Assessment methodology. The draft RTS and its impact assessment are subject to public consultation.

Pre-contractual and periodic disclosures for Article 5-6 TR products (Article 8(4),9(6) and 11(5) SFDR)

1. Problem definition

Article 25 of the Taxonomy Regulation (TR) amends SFDR, adding new RTS empowerments for the JC to develop additional disclosure obligations on precontractual and periodic information for products making use of the environmental taxonomy, divided into technical standards for climate objectives and other environmental objectives.

Baseline scenario

In developing the options below, the baseline scenario is that where there are no harmonised rules for pre-contractual and periodic disclosures for Article 8 or 9 SFDR financial products subject to Articles 5-6 TR.

2. Objectives

Create transparent, comparable disclosures of environmental objectives that the investments pursue and show how and to what extent the economic activities are taxonomy aligned

3. Policy options

Policy issue 1: Relevance of prescribing a mandatory template for pre-contractual and periodic disclosure

Option 1.1: No template

Option 1.2: Non-binding template

Option 1.3: Mandatory template

Policy Option 1: No template	
Pros	Cons

Easier to implement for financial market participants	Reduces comparability of products due to widely differentiated statements and limited detailed information
Allows for flexibility to adapt to products specificities	Potential for circumvention
	Weaker legal basis for end-investors in case of litigation
	Does not allow for comparative research, e.g. by academics and NGOs
Policy option 2: A non-binding template	
Pros	Cons
Expected to enhance comparability while enabling some flexibility and tailoring to the specificities of products	Benefits will depend heavily on the ability of financial market participants to voluntarily use the template
	Some risk might not be considered due to minimal requirements
	Risks of low understanding by end-investors of the information disclosed if no detailed rules on the presentation of information are introduced
	Does not allow for comparative research, e.g. by academics and NGOs
Policy option 3: Mandatory template (Preferred option)	
Pros	Cons
Offers a standardised framework and a level playing field for financial market participants	Rigid framework for firms not allowing sufficient flexibility for bespoke explanations

Allows for full comparability of products for investors	Difficult to integrate in existing national practices
A comprehensible standardised format may improve end-investors engagement	
Allows for comparative research, e.g. by academics and NGOs	

Policy issue 2: KPI disclosure

Option 2.1: KPIs based on revenue, or fees.

Option 2.2: Weighted average turnover/capex/opex-based of the taxonomy aligned investee companies' activities'

Option 2.3: Granular calculation of each activity

Policy option 2.1: KPIs based on revenue, or fees	
Pros	Cons
Availability of a revenue or fee income based KPI	Potential misleading information given that the asset management fees earned by financial market participants may relate to products which combine investments in Taxonomy-aligned assets as well as in other assets
	Less meaningful information for end-investors
	Difficulties in capturing the evolution of allocation to taxonomy-aligned assets.
Policy option 2.2: Weighted average share of turnover/capex/opex-based KPI of the taxonomy aligned investee companies' activities' (preferred option)	
Pros	Cons

Common indicator already in use by financial market participants and therefore easier to adapt it to the taxonomy.	Potential difficulties in comparability of such KPI with the disclosures by non-financial undertakings.
Meaningful indicator for the end-investors	
Policy option 2.3: Granular calculation of each activity	
Pros	Cons
Greatest level of granularity would allow detailed information for investors	Resource intensive and expensive for financial market participants
	Risk of information asymmetry: consumer research shows that most of the information will either not be read, or will be misunderstood, or will be read only after buying the product and behavioural economics warns that consumers may disengage when faced with information overload

Policy issue 3: Taxonomy alignment of economic activities

Option 3.1: Non-binding statement

Option 3.2: Fully binding statement with third party verification

Option 3.3: Granular disclosure of each activity financed by FMP in compliance with Article 3 TR

Policy option 3.1: Non-binding statement	
Pros	Cons
Easy to implement by financial market participants	Potential low engagement of financial market participant
	Low comparability with other products from different financial market participants

	Disparity in the level of information disclosed
	No added value in terms of liability, compared to regular disclosure
Policy option 3.2: Fully binding statement with optional third-party verification (preferred option)	
Pros	Cons
Standardised framework and a level playing field for financial market participants	Time- and cost-intensive for financial market participants
Engagement of the financial market participant in providing accurate information to supervisors and end-investors	
Potential independent verification by a third party	
Policy option 3.3: Granular disclosure of each activity financed by FMP in compliance with Article 3 TR	
Pros	Cons
Greatest level of granularity would allow detailed information for investors	Time consuming and expensive for financial market participants
	Risk of disengagement by end-investors because of information overload

Policy issue 4: Periodic disclosure

Option 4.1: High level periodic disclosures

Option 4.2: Mid-range approach for periodic disclosures

Option 4.3: Granular approach for periodic disclosures

Policy option 4.1: High level periodic disclosures

Pros	Cons
Easier to implement for financial markets participants	Limited information for end-investors
	Potential for circumvention
Policy option 4.2: Common standards and format with pre-contractual disclosure (preferred option)	
Pros	Cons
Allows for a base level of comparability between operators	More resource intensive to implement
Allows for some tailoring of approach to specificities of products	Some risk might not to be considered due to minimal requirements
Policy option 4.3: Granular approach for periodic disclosure	
Pros	Cons
Greatest level of granularity would allow detailed information for investors	Possibly the more resource intensive and expensive for financial market participants
More information provided to supervisors in the context of their supervisory activities.	Extensive disclosure could significantly increase the amount of information provided to end-investors and make the information gathering process more difficult for them

4. Analysis of impact

The ESAs' favoured approach in terms of pre-contractual and periodic disclosure is to focus on the value of the information passed to end-investors and their capacity to compare the information provided. Furthermore, research (e.g. by academics or NGOs) should be assisted by the disclosures which will then again inform future reviews of the SFDR and its RTS.

The ESAs first considered not to impose a template on financial market participants. However, the risk of the reduced comparability of products and potential circumvention and weak legal basis for potential controversies outweighed the great degree of flexibility of the disclosures. The ESAs have

then considered a non-binding template for the pre-contractual and periodic disclosures. The anticipated comparability effect coupled with the flexibility and tailoring of the specificities of products collided yet with the risk of low understanding by the end-investors, the neglect of certain risks due to minimal requirements as well as necessity to depend on the willingness of all financial market participant to voluntarily use such non-binding templates. This has led to the ESAs discarding that option for the preferred option of requiring financial market participants to comply with a mandatory template for disclosure. The ESAs have reached the conclusion that having a level playing field for all participants, a full comparability for the products and a potential higher engagement of end-investors outweighed the disadvantages of the rigid framework and the potential difficulties of integrating such mandatory templates in already existing national practices.

The ESAs' starting point for the KPI disclosure is the investment process itself. Share of investment in taxonomy-aligned activities is therefore the analytical departure point in developing a KPI for this consultation.

The ESAs have considered various alternative possibilities: a KPI based on revenue or return on investment or one just based on the full "extent" of the contribution to each single activity. However, the ESAs believe that the "extent" to which economic activities invested in contribute to be calculated based on a weighted average of investments in taxonomy-compliant activities is preferable in terms of providing investors meaningful information. In taking this approach ESMA also considered how it could impact the comparability across different companies, including non-financial undertakings and financial institutions. The ESAs note that, while in principle the availability of a revenue or fee income-based KPI for financial market participants would seem conducive to comparability with other type of entities, in practice this may result in misleading information given that the fees earned by financial market participants may relate to products which combine investments in Taxonomy-aligned assets as well as in other assets. The ESAs further believe that the extent of taxonomy alignment of investments is the only comparable element that should be allowed for the graphical representation of Article 8 and Article 9 product disclosures.

The ESAs have then considered how to best show that investments are made in taxonomy-aligned economic activities. The first option considered was to allow financial market participants to issue a non-binding statement, ensuring compliance with art. 3 TR. However, the ESAs discarded that option as a non-binding statement would not achieve the objective of allowing a high degree of comparability of disclosures, but in reality would lead to disparities in the level of information provided.

The ESAs preferred option is to have a fully binding statement with the possibility of requiring the disclosure of whether that statement was subject to a review by a third party. This preferred option would engage the financial market participant in providing accurate information to supervisors and end-investors while providing transparency and a level playing field for all participants.

The ESAs further considered the possibility of detailed disclosure of the contribution of each investments to the taxonomy -aligned economic activities by FMPs for compliance with Article 3 TR. This option, while providing a very granular disclosure on such investments, would result in a

significant burden in terms of time and cost for financial market participant while risking at the same time information overload for end-investors, thus not justifying the potential added value.

Considering the policy option selected in relation to the use of a mandatory template for both pre-contractual and periodic disclosure, the ESAs have been considering the extent of the details such a periodic report should contain.

The ESAs considered the option of proposing high-level principles for disclosure but decided to discard it because it would not be aligned with the information provided during the pre-contractual phase. Setting detailed rules on all information was also discarded as it was likely to be resource intensive and expensive for financial markets participants with limited added value for end-investors as compared to the solution consisting in setting common minimum standards.

Setting a minimum of harmonised rules, as the preferred option would then allow a base level of comparability while enabling, to an extent, a tailoring of approach to specificities.

6. Draft consolidated SFDR RTS

COMMISSION DELEGATED REGULATION (EU) No .../..

of **XXX**

supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector with regard to regulatory technical standards specifying the content, methodologies and presentation of information in relation to sustainability indicators and the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, websites and periodic reports

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector ⁽⁸⁾, and in particular Article 2a(3), the third subparagraph of Article 4(6), the second subparagraph of Article 4(7), the fourth subparagraph of Article 8(3), the fourth subparagraph of Article 9(5), the fourth subparagraph of Article 10(2) and the fourth subparagraph of Article 11(4) thereof,

Whereas:

...

HAS ADOPTED THIS REGULATION:

CHAPTER I **DEFINITIONS AND GENERAL PROVISIONS**

Article 1 **Definitions**

For the purposes of this Regulation, the following definitions apply:

- (1) 'reference period' means, for the purposes of Chapter II, the period from 1 January to 31 December of the preceding year and, for the purposes of Chapter V, the period covered by the periodic report referred to in Article 11(2) of Regulation (EU) 2019/2088;
- (2) 'environmentally sustainable economic activities' means economic activities that meet the criteria set out in points (a) to (d) of Article 3 of Regulation (EU) 2020/852; and

⁸ OJ L 317, 9.12.2019, p. 1.

- (3) 'fossil fuel sectors' means sectors of the economy which produce, process, store or use fossil fuels as defined in Article 2(62) of Regulation (EU) 2018/1999 of the European Parliament and of the Council ⁹).

Article 2

General principles for the presentation of information

1. Financial advisers and financial market participants shall provide the information referred to in this Regulation in a manner that is easily accessible, non-discriminatory, free of charge, prominent, simple, concise, comprehensible, fair, clear and not misleading. They shall present and lay out the information in a way that is easy to read, use characters of readable size and use a style that facilitates its understanding.
2. Within the limits of paragraph 1, financial advisers and financial market participants may adapt the font type and size as well as colours of the templates provided in the Annexes.
3. Financial advisers and financial market participants shall provide the information referred to in this Regulation in searchable electronic format, except where the manner referred to in Articles 6(3) and 11(2) of Regulation (EU) 2019/2088 requires the information to be provided on paper.
4. Financial advisers and financial market participants shall keep the information published on their websites in accordance with this Regulation up to date. They shall include the date of publication of the information and clearly identify any updated text with the date of the update. Where that information is presented as a downloadable file, they shall indicate the version history in the file name.
5. Financial advisers and financial market participants shall provide, where available, legal entity identifiers (LEIs) and international securities identification numbers (ISINs) when referring to entities or financial products in the information provided in accordance with this Regulation.

Article 3

Reference benchmarks with basket indexes

Where an index designated as a reference benchmark is made up of a basket of indexes, financial advisers and financial market participants shall provide the information referred to in this Regulation relating to that index in respect of the basket and each index in the basket.

⁹ Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council (OJ L 328, 21.12.2018, p. 1).

CHAPTER II
TRANSPARENCY OF ADVERSE SUSTAINABILITY IMPACTS
(Paragraphs (1), (3), (4) and (5) of Article 4 of Regulation (EU) 2019/2088)

Section 1
Financial market participants

Article 4
Financial market participant principal adverse sustainability impacts statement

1. By 30 June each year, financial market participants shall publish the information referred to in paragraphs 1(a), 2, 3 and 4 of Article 4 of Regulation (EU) 2019/2088 and this Section on their websites in a separate section titled, 'Principal adverse sustainability impacts statement' located in the same part of the website as the section referred to in Article 31.
2. The adverse sustainability impacts statement shall be published in the format set out in Table 1 of Annex I. It shall be in the order and made up of the following sections titled:
 - (a) 'Summary';
 - (b) 'Description of principal adverse sustainability impacts';
 - (c) 'Description of policies to identify and prioritise principal adverse sustainability impacts';
 - (d) 'Engagement policies'; and
 - (e) 'References to international standards'.
3. By way of derogation from paragraphs 1 and 2:
 - (a) for a financial market participant that publishes on its website a statement on due diligence policies with respect to principal adverse impacts of investment decisions on sustainability factors in accordance with this Section for the first time:
 - (i) in respect of the calendar year in which principal adverse impacts are first considered, that financial market participant shall publish the information referred to in paragraphs 1(a), 2, 3 and 4 of Article 4 of Regulation (EU) 2019/2088 and this Section, with the exception of the information that relates to a reference period, on the date on which those impacts are first considered; and
 - (ii) in respect of the following calendar year, the first reference period shall be the period in the preceding year beginning on the date on which principal adverse impacts were first considered and ending on 31 December of that year; and
 - (b) for a financial market participant that does not consider the principal adverse impacts of its investment decisions on sustainability factors, that financial market participant shall publish the information referred to in Article 11.

Article 5
Summary section

1. The section referred to in point (a) of Article 4(2) shall contain the following information:
 - (a) the name of the financial market participant to which the adverse sustainability impacts statement relates;
 - (b) the fact that principal adverse impacts on sustainability factors are considered;
 - (c) the reference period of the statement; and
 - (d) a summary of the principal adverse impacts statement of a maximum length of two sides of A4-sized paper when printed.
2. The section shall be provided in at least:
 - (a) one of the official languages of the home Member State of the financial market participant and, where different, in an additional language customary in the sphere of international finance; and
 - (b) where a financial product of the financial market participant is marketed in a host Member State, one of the official languages of that host Member State.

Article 6
Description of principal adverse sustainability impacts section

1. The section referred to in point (b) of Article 4(2) shall contain a description for the reference period of adverse impacts of investment decisions of the financial market participant on sustainability factors that qualify as principal, including:
 - (a) the indicators related to principal adverse impacts on sustainability factors as set out in Table 1 of Annex I;
 - (b) at least one additional indicator related to principal adverse impacts on a climate or other environment related sustainability factor that qualifies as principal as set out in Table 2 of Annex I;
 - (c) at least one additional indicator related to principal adverse impacts on a social, employee, human rights, anti-corruption or anti-bribery sustainability factor that qualifies as principal as set out in Table 3 of Annex I; and
 - (d) any other indicators used to identify and assess additional principal adverse impacts on a sustainability factor.
2. The section shall also contain a description of the actions taken during the reference period and actions planned or targets set by the financial market participant for the next reference period to avoid or reduce the principal adverse impacts identified.

3. For the purposes of the description referred to in paragraphs 1 and 2, the assessment shall be based on at least the average of four calculations made by the financial market participant on 31 March, 30 June, 30 September and 31 December during the reference period.
4. Where the financial market participant has provided a description of adverse impacts on sustainability factors for a previous reference period in accordance with paragraphs 1 to 3, the statement shall contain a historical comparison of the current reference period with the previous reference period provided in accordance with those paragraphs and shall continue to include further historical comparisons within that statement for at least five previous reference periods.

Article 7

Description of policies to identify and prioritise principal adverse sustainability impacts section

1. The section referred to in point (c) of Article 4(2) shall contain a description of the policies of the financial market participant on the assessment process to identify and prioritise principal adverse impacts on sustainability factors and of how those policies are maintained and applied, including at least the following:
 - (a) the date of approval of the policies by the governing body of the financial market participant;
 - (b) the allocation of responsibility for the implementation of the policies within organisational strategies and procedures;
 - (c) a description of the methodologies to select the indicators referred to in points (b) to (d) of Article 6(1), to identify and assess the principal adverse impacts referred to in points (a) to (d) thereof and, in particular, how those methodologies take into account the probability of occurrence and severity of adverse impacts, including their potentially irremediable character;
 - (d) an explanation of any associated margin of error within those methodologies; and
 - (e) a description of the data sources used.
2. Where information relating to any of the indicators used is not readily available, the section referred to in point (c) of Article 4(2) shall also contain details of the best efforts used to obtain the information either directly from investee companies, or by carrying out additional research, cooperating with third party data providers or external experts or making reasonable assumptions.

Article 8

Engagement policies section

1. The section referred to in point (d) of Article 4(2) shall contain:

- (a) where applicable, brief summaries of engagement policies in accordance with Article 3g of Directive 2007/36/EC of the European Parliament and of the Council ⁽¹⁰⁾; and
 - (b) brief summaries of any other engagement policies relating to reducing principal adverse impacts.
2. The brief summaries referred to in paragraph 1 shall include a description of the indicators for adverse impacts considered in those policies and how those policies adapt where there is no reduction of the principal adverse impacts over more than one reference period.

Article 9

References to international standards section

1. The section referred to in point (e) of Article 4(2) shall contain a description of the adherence of the financial market participant to responsible business conduct codes and internationally recognised standards for due diligence and reporting and, where relevant, the degree of their alignment with the objectives of the Paris Agreement.
2. The description referred to in paragraph 1 shall contain:
 - (a) the adverse impact indicators used in the assessment of principal adverse sustainability impacts referred to in Article 6 to measure that adherence or alignment;
 - (b) the methodology and data used to measure that adherence or alignment, including a description of the scope of coverage, data sources and how the methodology forecasts the future performance of investee companies;
 - (c) where a forward-looking climate scenario is used, an identification of that scenario, including the name and provider of the scenario and when it was designed; and
 - (d) where a forward-looking climate scenario is not used, an explanation of why forward-looking climate scenarios are not considered to be relevant by the financial market participant.

Section 2

Financial advisers

Article 10

Financial adviser adverse sustainability impacts statement

1. Financial advisers shall publish the information referred to in Article 4(5)(a) of Regulation (EU) 2019/2088 on their websites in a separate section titled, 'Adverse sustainability impacts statement'.
2. The statement referred to in paragraph 1 shall contain details on the process to select the financial products they advise on, including the following:

¹⁰ Directive 2007/36/EC of the European Parliament and of the Council of 11 July 2007 on the exercise of certain rights of shareholders in listed companies (OJ L 184, 14.7.2007, p. 17).

- (a) how the information referred to in this Regulation published by financial market participants is used;
- (b) whether the financial adviser ranks and selects financial products based on at least the indicators in Table 1 of Annex I and, where applicable, a description of the ranking and selection methodology used; and
- (c) any criteria or thresholds used to select financial products and advise on them based on those impacts.

Section 3

Financial market participant and financial adviser statement of no consideration of adverse impacts on sustainability factors

Article 11

Financial market participant statement of no consideration of adverse impacts on sustainability factors

1. Financial market participants shall publish the information referred to in Article 4(1)(b) of Regulation (EU) 2019/2088 on their websites in a separate section titled, 'No consideration of sustainability adverse impacts'.
2. The section referred to in paragraph 1 shall include the following:
 - (a) a prominent statement that the financial market participant does not consider the adverse impacts of its investment decisions on sustainability factors; and
 - (b) clear reasons why the financial market participant does not do so with, where relevant, information on whether and, if so, when it intends to consider those adverse impacts by reference to at least the indicators in Table 1 of Annex I.

Article 12

Financial adviser statement of no consideration of adverse impacts on sustainability factors

1. Financial advisers shall publish the information referred to in Article 4(5)(b) of Regulation (EU) 2019/2088 on their websites in a separate section titled 'No consideration of sustainability adverse impacts'.
2. The section referred to in paragraph 1 shall include:
 - (a) a prominent statement that the financial adviser does not consider the adverse impacts of investment decisions on sustainability factors in their investment advice or insurance advice; and
 - (b) clear reasons why the financial adviser does not do so with, where relevant, information on whether and, if so, when it intends to consider such adverse impacts by reference to at least the indicators in Table 1 of Annex I.

CHAPTER III
PRE-CONTRACTUAL PRODUCT DISCLOSURE

Section 1

Pre-contractual information for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088

(Article 8(1) and (2a) of Regulation (EU) 2019/2088)

Article 13

Presentation of pre-contractual information for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088

1. Financial market participants shall present the information disclosed in accordance with Article 8(1) to (2a) of Regulation (EU) 2019/2088 and this Section in an annex to the document referred to in Article 6(3) of Regulation (EU) 2019/2088 in accordance with the template set out in Annex II. They shall include a prominent statement in the main body of the document referred to in Article 6(3) of that Regulation that information related to environmental or social characteristics is available in that annex together with the statement referred to in the third and fourth subparagraphs of Article 6 of Regulation (EU) 2020/852.
2. Financial market participants shall include a statement at the beginning of the annex referred to in paragraph 1 to explain:
 - (a) whether the financial product intends to make any sustainable investments; and
 - (b) that the financial product promotes environmental or social characteristics, but does not have as its objective a sustainable investment.
3. Financial market participants shall present the information referred to in paragraph 1 in summary format in the order and made up of the following sections titled:
 - (a) ‘What environmental and/or social characteristics are promoted by this financial product?’;
 - (b) ‘What investment strategy does this financial product follow?’;
 - (c) ‘What is the asset allocation planned for this financial product?’;
 - (cc) for a financial product which includes sustainable investments, ‘To which objectives do the sustainable investments contribute to and how do they not cause significant harm?’;
 - (d) ‘Does this financial product take into account principal adverse impacts on sustainability factors?’;
 - (e) where an index is designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the financial product, ‘Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?’; and
 - (f) ‘Can I find more product specific information online?’.

Article 14

Environmental or social characteristics promoted by the financial product section

1. The section referred to in point (a) of Article 13(3) shall contain a description of the environmental or social characteristics promoted by the financial product and a list of the sustainability indicators used to measure the attainment of each of the environmental or social characteristics promoted by the financial product.
2. For financial products referred to in Article 6 of Regulation (EU) 2020/852, the section referred to in point (a) of Article 13(3) shall also identify the environmental objectives set out in Article 9 of that Regulation to which the sustainable investment underlying the financial product contributes.

Article 15

Investment strategy for environmental or social characteristics section

The section referred to in point (b) of Article 13(3) shall contain the following information:

- (a) a description of the type of investment strategy used to attain the environmental or social characteristics promoted by the financial product, the binding elements of that strategy to select the investments to attain each of those characteristics and how the strategy is implemented in the investment process on a continuous basis;
- (b) where there is a commitment by the financial market participant to reduce by a minimum rate the scope of investments considered prior to the application of the strategy referred to in point (a), an indication of that rate; and
- (c) a short description of the policy to assess good governance practices of the investee companies and a reference to the website containing further details on the investment strategy referred to in Article 32(d).

Article 16

Asset allocation section for environmental or social characteristics financial products

1. The section referred to in point (c) of Article 13(3) shall contain the following information:
 - (a) a narrative explanation of the investments of the financial product;
 - (b) where the financial product uses derivatives within the meaning of Article 2(1)(29) of Regulation (EU) No 600/2014 of the European Parliament and of the Council ⁽¹¹⁾ to attain the environmental or social characteristics promoted by the financial product, a description of how the use of those derivatives attains those characteristics.
2. For the purposes of point (a) of paragraph 1, the narrative explanation shall explain:
 - (a) the minimum proportion of the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product in accordance

¹¹ Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (OJ L 173, 12.6.2014, p. 84).

with the binding elements of the investment strategy, including the minimum proportion of sustainable investments of the financial product where it commits to making sustainable investments;

- (b) the purpose of the remaining proportion of the investments, including a description of any minimum environmental or social safeguards; and
- (c) whether a reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the financial product.

Article 16a

Contribution to sustainable investment objectives and do no significant harm section for financial products that promote environmental or social characteristics

1. The section referred to in point (cc) of Article 13(3) shall contain the following information:
 - (a) for financial products referred to in Article 6 of Regulation (EU) 2020/852:
 - (i) a graphical representation in the form of a pie chart of the minimum taxonomy alignment of investments calculated in accordance with Article 16b;
 - (ii) where the financial product invests in economic activities that are not environmentally sustainable economic activities, a clear explanation of the reasons for doing so; and
 - (iii) a description of the investments underlying the financial product that are in environmentally sustainable economic activities; and
 - (b) for financial products that commit to making one or more sustainable investments, a description of how the sustainable investments contribute to a sustainable investment objective and do not significantly harm any of the sustainable investment objectives, including an explanation of:
 - (i) how the indicators for adverse impacts in Table 1 of Annex I and any relevant indicators in Tables 2 and 3 of Annex I, are taken into account; and
 - (ii) whether the sustainable investment is aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.
2. For the purposes of point (iii) of paragraph (1)(a), the description shall include:
 - (a) in respect of investee companies that are non-financial undertakings, whether the taxonomy alignment of investments is measured by turnover, capital expenditure or operational expenditure and the reason for that choice, including how that choice is appropriate for investors in the financial product;

- (b) where information relating to the taxonomy alignment of investments is not readily available from public disclosures by investee companies, details of how equivalent information was obtained directly from investee companies or from third party providers; and
 - (c) a breakdown of the minimum proportions of investments in the enabling activities referred to in Article 16 of Regulation (EU) 2020/852 and transitional activities referred to in Article 10(2) of that Regulation, in each case expressed as a percentage of all investments of the financial product.
3. By way of derogation from point (b) of paragraph 1, in respect of sustainable investments in environmentally sustainable economic activities of financial products referred to in Article 6 of Regulation (EU) 2020/852, the description referred to in that point in relation to those sustainable investments shall only include:
- (a) a statement that the economic activities invested in by those sustainable investments are environmentally sustainable economic activities;
 - (b) whether the statement has been subject to an assurance provided by an auditor or a review by a third party; and
 - (c) if so, the name of that auditor or third party.

Article 16b

Calculation of the taxonomy alignment of investments

1. The taxonomy alignment of investments shall be calculated in accordance with the following formula:

$$\frac{\text{market value of all taxonomy-aligned investments of the financial product}}{\text{market value of all investments of the financial product}},$$

where 'taxonomy-aligned investments of the financial product' shall be the sum of the market values of the following investments of the financial product:

- (a) for debt instruments and equities of investee companies, where a proportion of activities of those investee companies is associated with environmentally sustainable economic activities, the market value of that proportion of those debt instruments or equities;
- (b) for debt instruments other than those referred to in point (a) where a proportion of the proceeds are required by their terms to be used exclusively on environmentally sustainable economic activities, the market value of the proportion of those proceeds;
- (c) for green bonds issued under a future EU legal act setting out an EU Green Bond Standard, the market value of those green bonds; and
- (d) for investments in real estate assets which qualify as environmentally sustainable economic activities, the market value of those investments.

2. For the purposes of point (a) of paragraph 1, the proportion of activities of investee companies associated with environmentally sustainable economic activities shall be calculated on the basis of the most appropriate key performance indicators for the investments of the financial product using the following information:
 - (a) for investee companies referred to in Article 8(1) and (2) of Regulation (EU) 2020/852, on the basis of the disclosures made by those investee companies in accordance with that Article; and
 - (b) for other investee companies, on the basis of equivalent information.
3. In the case of investee companies that are non-financial undertakings referred to in Article 8(2) of Regulation (EU) 2020/852 and other non-financial undertakings, the calculation referred to in paragraph 2 shall use the same type of key performance indicator for all non-financial undertakings, which shall be one of the following types:
 - (a) turnover;
 - (b) capital expenditure; or
 - (c) operating expenditure.
4. In the case of investee companies that are financial undertakings subject to Article 8(1) of Regulation (EU) 2020/852 and for other financial undertakings, the calculation referred to in paragraph 2 shall use the same type of key performance indicator for all financial undertakings of the same type.

Article 17

Identification of principal adverse impact consideration section for financial products that promote environmental or social characteristics

The section referred to in point (d) of Article 13(3) shall explain whether the financial product promotes environmental or social characteristics by considering principal adverse impacts on sustainability factors as referred to in Article 7(1)(a) of Regulation (EU) 2019/2088.

Article 18

Reference benchmark section for financial products that promote environmental or social characteristics

Where an index is designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the financial product, the section referred to in point (e) of Article 13(3) shall contain the following information:

- (a) an explanation of how the reference benchmark is continuously aligned with each of the environmental or social characteristics promoted by the financial product and with the investment strategy;
- (b) an explanation of how the designated index differs from a relevant broad market index; and

- (c) an indication of where the methodology used for the calculation of the designated index can be found.

Article 19

Website reference section for financial products that promote environmental or social characteristics

The section referred to in point (f) of Article 13(3) shall contain the following statement: “More product-specific information can be found on the website”. The statement shall also contain a hyperlink to the website with the information referred to in Article 32.

Section 2

Pre-contractual information for financial products referred to in Article 9(1), (2) and (3) of Regulation (EU) 2019/2088

(Article 9(1) to (4a) of Regulation (EU) 2019/2088)

Article 20

Presentation of pre-contractual information for financial products referred to in Article 9(1), (2) and (3) of Regulation (EU) 2019/2088

1. Financial market participants shall present the information disclosed in accordance with Article 9(1) to (4a) of Regulation (EU) 2019/2088 and this Section in an annex to the document referred to in Article 6(3) of Regulation (EU) 2019/2088 in accordance with the template set out in Annex III. They shall include a prominent statement in the main body of the document referred to in Article 6(3) of that Regulation that information related to sustainable investment is available in that annex.
2. Financial market participants shall include a statement at the beginning of the annex referred to in paragraph 1 that the financial product has a sustainable investment objective.
3. Financial market participants shall present the information referred to in paragraph 1 in summary format in the order and made up of the following sections titled:
 - (a) ‘What is the sustainable investment objective of this financial product?’;
 - (b) ‘What investment strategy does this financial product follow?’;
 - (c) ‘What is the asset allocation planned for this financial product?’;
 - (cc) ‘To which objectives do the sustainable investments contribute to and how do they not cause significant harm?’;
 - (d) ‘Does this financial product take into account principal adverse impacts on sustainability factors?’;
 - (e) for a financial product referred to in Article 9(1) of Regulation (EU) 2019/2088, ‘Is a specific index designated as a reference benchmark to meet the sustainable investment objective?’;

- (f) for a financial product referred to in Article 9(3) of Regulation (EU) 2019/2088, ‘Does the financial product have the objective of a reduction in carbon emissions?’; and
- (g) ‘Can I find more product specific information online?’.

Article 21

Sustainable investment objective of the financial product section

1. The section referred to in point (a) of Article 20(3) shall contain a description of the sustainable investment objective of the financial product and a list of the sustainability indicators used to measure the attainment of the sustainable investment objective.
2. For financial products referred to in Article 5 of Regulation (EU) 2020/852, the description referred to in point (a) of Article 20(3) shall also identify the environmental objectives set out in Article 9 of that Regulation to which the sustainable investment underlying the financial product contributes.

Article 22

Investment strategy section for the sustainable objective

The section referred to in point (b) of Article 20(3) shall contain the following information:

- (a) a description of the type of investment strategy used to attain the sustainable investment objective of the financial product, the binding elements of that strategy to select the investments to attain that objective and how the strategy is implemented in the investment process on a continuous basis;
- (b) a short description of the policy used to assess good governance practices of the investee companies and a reference to the website containing further details on the investment strategy referred to in Article 45(d); and
- (c) whether a reference benchmark has been designated for the purpose of meeting the sustainable investment objective of the financial product.

Article 23

Asset allocation section for financial products with the objective of sustainable investment

1. The section referred to in point (c) of Article 20(3) shall contain the following information:
 - (a) a narrative explanation of the investments of the financial product; and
 - (b) where the financial product uses derivatives within the meaning of Article 2(1)(29) of Regulation (EU) No 600/2014 to attain the sustainable investment objective of the financial product, a description of how the use of those derivatives attains that sustainable investment objective.
2. For the purposes of point (a) of paragraph 1 the narrative explanation shall explain:

- (a) the minimum proportion of the investments of the financial product used to attain the sustainable investment objective in accordance with the binding element of the investment strategy; and
- (b) the purpose of the remaining proportion of the investments of the financial product, including a description of any minimum environmental or social safeguards, how their proportion and use does not affect the delivery of the sustainable investment objective on a continuous basis and whether those investments are used for hedging, relate to cash held as ancillary liquidity or are investments for which there is insufficient data.

Article 23a

Contribution to sustainable investment objectives and do no significant harm section for financial products with the objective of sustainable investment

1. The section referred to in point (cc) of Article 20(3) shall contain the following information:
 - (a) for financial products referred to in Article 5 of Regulation (EU) 2020/852:
 - (i) a graphical representation in the form of a pie chart of the minimum taxonomy alignment of investments calculated in accordance with Article 16b;
 - (ii) where the financial product invests in economic activities that are not environmentally sustainable economic activities, a clear explanation of the reasons for doing so; and
 - (iii) a description of the investments underlying the financial product that are in environmentally sustainable economic activities; and
 - (b) a description of how the sustainable investments contribute to a sustainable investment objective and do not significantly harm any of the sustainable investment objectives, including an explanation of:
 - (i) how the indicators for adverse impacts in Table 1 of Annex I and any relevant indicators in Tables 2 and 3 of Annex I, are taken into account; and
 - (ii) whether the sustainable investment is aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.
2. For the purposes of point (iii) of paragraph (1)(a), the description shall include:
 - (a) in respect of investee companies that are non-financial undertakings, whether the taxonomy alignment of investments is measured by turnover, capital expenditure or operational expenditure and the reason for that choice, including how that choice is appropriate for investors in the financial product;

- (b) where information relating to the taxonomy alignment of investments is not readily available from public disclosures by investee companies, details of how equivalent information was obtained directly from investee companies or from third party providers; and
 - (c) a breakdown of the minimum proportions of investments in the enabling activities referred to in Article 16 of Regulation (EU) 2020/852 and transitional activities referred to in Article 10(2) of that Regulation, in each case expressed as a percentage of all investments of the financial product.
3. By way of derogation from point (b) of paragraph 1, in respect of sustainable investments in environmentally sustainable economic activities of financial products referred to in Article 5 of Regulation (EU) 2020/852, the description referred to in that point in relation to those sustainable investments shall only include:
- (a) a statement that the economic activities invested in by those sustainable investments are environmentally sustainable economic activities;
 - (b) whether the statement has been subject to an assurance provided by an auditor or a review by a third party; and
 - (c) if so, the name of that auditor or third party.

Article 24

Identification of principal adverse impact consideration section for financial products with the objective of sustainable investment

The section referred to in point (d) of Article 20(3) shall explain that the financial product contributes to a sustainable investment objective by considering principal adverse impacts on sustainability factors as referred to in Article 7(1)(a) of Regulation (EU) 2019/2088.

Article 25

Sustainable investment objective attainment with a designated index section

For a financial product referred to in Article 9(1) of Regulation (EU) 2019/2088, the section referred to in point (e) of Article 20(3) shall contain:

- (a) an explanation of how the taking into account of sustainability factors within the methodology of the reference benchmark is continuously aligned with the sustainable investment objective of the financial product;
- (b) an explanation of how the alignment of the investment strategy referred to in Article 22 with the methodology of the index is ensured on a continuous basis;
- (c) an explanation as to why and how the designated index differs from a relevant broad market index; and
- (d) an indication of where the methodology used for the calculation of the designated index can be found.

Article 26

Objective of a reduction in carbon emissions section

1. For a financial product referred to in Article 9(3) of Regulation (EU) 2019/2088, the section referred to in point (f) of Article 20(3) shall contain an explanation that the reference benchmark qualifies as an EU Climate Transition Benchmark or an EU Paris-aligned Benchmark under Chapter 3a of Title III of Regulation (EU) 2016/1011 and an indication of where the methodology used for the calculation of that benchmark can be found.
2. By way of derogation from paragraph 1, where no EU Climate Transition Benchmark or EU Paris-aligned Benchmark in accordance with Regulation (EU) 2016/1011 is available, the section referred to in point (g) of Article 20(3) shall explain that fact and how the continued effort of attaining the objective of reducing carbon emissions is ensured in view of achieving the objectives of the Paris Agreement. The financial market participant shall explain the extent to which the financial product complies with the methodological requirements set out in Commission Delegated Regulation (EU) 2020/1818 ⁽¹²⁾.

Article 27

Website reference section for financial products with the objective of sustainable investment

The section referred to in point (g) of Article 20(3) shall contain the following statement: “More product-specific information can be found on the website”. The statement shall also contain a hyperlink to the website with the information referred to in Article 45.

Section 3

Pre-contractual information for financial products with investment options

Article 28

Financial products with one or more underlying investment options that qualify those financial products as those referred to in Article 8 of Regulation (EU) 2019/2088

1. By way of derogation from Articles 13 to 19, where a financial product offers investment options to the investor and one or more of those investment options qualify that financial product as a financial product referred to in Article 8 of Regulation (EU) 2019/2088, in accordance with Article 8(1) to (2a) of that Regulation, financial market participants shall provide a prominent statement in the main body of the document referred to in Article 6(3) of that Regulation (Article 6(3) document) that:
 - (a) the financial product promotes environmental or social characteristics;
 - (b) the attainment of those characteristics is subject to investing in at least one investment option in the list referred to in point (a) of paragraph 2 and holding at least one of those options during the holding period of the financial product; and
 - (c) further information related to those characteristics is available in the annexes referred to in paragraph 3 or, where relevant, through the references referred to in paragraph 5.

¹² 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).

2. The prominent statement referred to in paragraph 1 shall be accompanied by:
 - (a) a list of the investment options referred to in points (a) to (c) of paragraph 3, presented in accordance with the categories referred to in those points; and
 - (b) the proportions of investment options within each of those categories relative to the total number of investment options offered by the financial product.
3. Financial market participants shall also provide the following information in annexes to the Article 6(3) document:
 - (a) for each investment option that qualifies as a financial product referred to in Article 8(1) of Regulation (EU) 2019/2088, the information referred to in Articles 13 to 19;
 - (b) for each investment option that qualifies as a financial product referred to in Article 9(1), (2) or (3) of that Regulation, the information referred to in Articles 20 to 27; and
 - (c) for each investment option that has sustainable investment as its objective and is not a financial product referred to in Article 2(12) of Regulation (EU) 2019/2088, the information on the objective of sustainable investment.
4. Financial market participants shall present the information referred to in point (a) of paragraph 3 in accordance with the template set out in Annex II and the information referred to in point (b) of paragraph 3 in accordance with the template set out in Annex III.
5. By way of derogation from paragraph 3, where a financial product offers a range of investment options to the investor such that the information relating to those investment options cannot be provided in the annexes of the Article 6(3) document in a clear and concise manner due to the number of annexes required, financial market participants may provide the information referred to in paragraph 3 by including in the main body of the Article 6(3) document references to the annexes of the applicable disclosures required by the sectoral acts referred to in Article 6(3) of Regulation (EU) 2019/2088 where that information is contained.

Article 29

Financial products with all underlying investment options having sustainable investment as their objective

1. By way of derogation from Articles 20 to 27, where a financial product offers investment options to the investor and all of those investment options have sustainable investment as their objective, in accordance with Article 9(1) to (4a) of that Regulation, financial market participants shall provide a prominent statement in the main body of the Article 6(3) document that the financial product has as its objective sustainable investment and that the information related to that objective is available in the annexes referred to in paragraph 3 or, where relevant, through the references referred to in paragraph 5.
2. The prominent statement referred to in paragraph 1 shall be accompanied by:
 - (a) a list of the investment options referred to in points (a) and (b) of paragraph 3, presented in accordance with the categories referred to in those points; and

- (b) the proportions of investment options within each of those categories relative to the total number of investment options offered by the financial product.
3. Financial market participants shall also provide the following information in annexes to the Article 6(3) document:
- (a) for each investment option that qualifies as a financial product referred to in Article 9(1), (2) or (3) of that Regulation, the information referred to in Articles 20 to 27; and
 - (b) for each investment option that has sustainable investment as its objective and is not a financial product referred to in Article 2(12) of Regulation (EU) 2019/2088, the information on the objective of sustainable investment.
4. Financial market participants shall present the information referred to in point (a) of paragraph 3 in accordance with the template set out in Annex III.
5. By way of derogation from paragraph 3, where a financial product offers a range of investment options to the investor such that the information relating to those investment options cannot be provided in the annexes of the Article 6(3) document in a clear and concise manner due to the number of annexes required, financial market participants may provide the information referred to in paragraph 3 by including in the main body of the Article 6(3) document references to the annexes of the applicable disclosures required by the sectoral acts referred to in Article 6(3) of Regulation (EU) 2019/2088 where that information is contained.

Article 30

Information on the objective of sustainable investment for financial products with options that do not themselves qualify as financial products

The information on the objective of sustainable investment referred to in Articles 28(3)(c), 29(3)(b), 72(3)(c) and 73(2)(b) shall include:

- (a) a description of the sustainable investment objective;
- (b) a list of the indicators used to measure the attainment of that sustainable investment objective; and
- (c) a description of how the investments do not significantly harm any of the sustainable investment objectives, including:
 - (i) how the indicators for adverse impacts in Table 1 of Annex I and any relevant indicators in Tables 2 and 3 of Annex I, are taken into account; and
 - (ii) whether the sustainable investment is aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

CHAPTER IV
WEBSITE PRODUCT DISCLOSURE
(Article 10(1) of Regulation (EU) 2019/2088)

Article 31

Website sustainability-related product disclosure section

Financial market participants shall publish the information on their websites in accordance with Article 10(1) of Regulation (EU) 2019/2088 and this Chapter in a separate section titled, ‘Sustainability-related disclosures’, in the same part of the website as the other information relating to the financial product, including marketing communications. They shall clearly identify the financial product to which the information in the sustainability-related disclosure section relates and prominently display the environmental or social characteristics or the sustainable investment objective of that financial product.

Article 32

Website product disclosure for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088

For financial products referred to in Article 8(1) of Regulation (EU) 2019/2088, financial market participants shall publish the information referred to in Article 10(1) of that Regulation and Articles 33 to 44 in the order and made up of the following sections titled:

- (a) ‘Summary’;
- (b) ‘No sustainable investment objective’;
- (c) ‘Environmental or social characteristics of the financial product’;
- (d) ‘Investment strategy’;
- (e) ‘Proportion of investments’;
- (f) ‘Monitoring of environmental or social characteristics’;
- (g) ‘Methodologies’;
- (h) ‘Data sources and processing’;
- (i) ‘Limitations to methodologies and data’;
- (j) ‘Due diligence’;
- (k) ‘Engagement policies’; and
- (l) where an index is designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the financial product, ‘Designated reference benchmark’.

Article 33

Summary website section for products that promote environmental or social characteristics

1. The section referred to in point (a) of Article 32 shall contain a summary of the information referred to in that Article that relates to the financial product of a maximum length of two sides of A4-sized paper when printed.
2. The section shall be provided in at least:
 - (a) one of the official languages of the home Member State and, where different and where the financial product is marketed in more than one Member State, in an additional language customary in the sphere of international finance; and
 - (b) where the financial product is marketed in a host Member State, one of the official languages of that host Member State.

Article 34

No sustainable investment objective website section

1. The section referred to in point (b) of Article 32 shall contain the following statement: “This financial product promotes environmental or social characteristics, but does not have as its objective a sustainable investment.”
2. Where the financial product commits to making one or more sustainable investments, the section shall also contain an explanation of how the sustainable investment does not significantly harm any of the sustainable investment objectives, including:
 - (a) how the indicators for adverse impacts in Table 1 of Annex I, and any relevant indicators in Tables 2 and 3 of Annex I, are taken into account; and
 - (b) whether the sustainable investment is aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.
3. By way of derogation from paragraph 2, that paragraph does not apply to sustainable investments in environmentally sustainable economic activities of financial products referred to in Article 6 of Regulation (EU) 2020/852.

Article 35

Environmental or social characteristics of the financial product website section

The section referred to in point (c) of Article 32 shall contain the information referred to in Article 10(1)(a) of Regulation (EU) 2019/2088.

Article 36

Investment strategy for products that promote environmental or social characteristics website section

The section referred to in point (d) of Article 32 shall contain:

- (a) a description of the investment strategy referred to in Article 15; and
- (b) a description of the policy to assess good governance practices of the investee companies referred to in Article 15(c), including with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

Article 37

Proportion of investments for products that promote environmental or social characteristics website section

The section referred to in point (e) of Article 32 shall contain the information referred to in Article 16 and shall distinguish between direct exposures in investee entities and all other types of exposures to those entities.

Article 38

Monitoring of environmental or social characteristics website section

The section referred to in point (f) of Article 32 shall contain a description of how the environmental or social characteristics and the sustainability indicators referred to in Article 14 are monitored throughout the lifecycle of the financial product and the related internal or external control mechanisms.

Article 39

Methodologies for environmental or social characteristics website section

The section referred to in point (g) of Article 32 shall contain a description of the methodologies to measure the attainment of the social or environmental characteristics promoted by the financial product using the sustainability indicators referred to in Articles 14.

Article 40

Data sources and processing for environmental or social characteristics website section

The section referred to in point (h) of Article 32 shall contain a description of:

- (a) the data sources used to attain each of the environmental or social characteristics promoted by the financial product;
- (b) the measures taken to ensure data quality;
- (c) how data is processed; and
- (d) the proportion of data that is estimated.

Article 41

Limitation to methodologies and data for products that promote environmental or social characteristics website section

The section referred to in point (i) of Article 32 shall contain a description of:

- (a) any limitations to the methodologies referred to in point (g), and the data sources referred to in point (h), of Article 32;
- (b) how such limitations do not affect the attainment of the environmental or social characteristics promoted by the financial product; and
- (c) the actions taken to address such limitations.

Article 42

Due diligence for environmental or social characteristics website section

The section referred to in point (j) of Article 32 shall contain a description of the due diligence carried out on the underlying assets of the financial product, including the internal and external controls on that due diligence.

Article 43

Engagement policies for environmental or social characteristics website section

The section referred to in point (k) of Article 32 shall contain a description of the engagement policies implemented where engagement is part of the environmental or social investment strategy, including any management procedures applicable to sustainability-related controversies in investee companies.

Article 44

Designated reference benchmark for products that promote environmental or social characteristics website section

1. The section referred to in point (l) of Article 32 shall contain a description of how the index designated as a reference benchmark is aligned with the environmental or social characteristics promoted by the financial product, including the input data, the methodologies used to select that data, the rebalancing methodologies and how the index is calculated.
2. Where part or all of the information referred to in paragraph 1 is published on the website of the administrator of the reference benchmark, a hyperlink shall be provided to that information.

Article 45

Website product disclosure for financial products referred to in Article 9(1), (2) and (3) of Regulation (EU) 2019/2088

For financial products referred to in Article 9(1), (2) or (3) of Regulation (EU) 2019/2088, financial market participants shall publish the information referred to in Article 10(1) of that Regulation and Articles 46 to 57 in the order and made up of the following sections titled:

- (a) 'Summary';
- (b) 'No significant harm to the sustainable investment objective';
- (c) 'Sustainable investment objective of the financial product';
- (d) 'Investment strategy';
- (e) 'Proportion of investments';
- (f) 'Monitoring of sustainable investment objective';
- (g) 'Methodologies';
- (h) 'Data sources and processing';
- (i) 'Limitations to methodologies and data';
- (j) 'Due diligence';
- (k) 'Engagement policies'; and
- (l) 'Attainment of the sustainable investment objective'.

Article 46

Summary website section for financial products with the objective of sustainable investment

1. The section referred to in point (a) of Article 45 shall contain a summary of the information referred to in that Article that relates to the financial product of a maximum length of two sides of A4-sized paper when printed.
2. The section shall be provided in at least:
 - (a) one of the official languages of the home Member State and, where different and where the financial product is marketed in more than one Member State, in an additional language customary in the sphere of international finance; and
 - (b) where the financial product is marketed in a host Member State, one of the official languages of that host Member State.

Article 47

No significant harm to the sustainable investment objective website section

1. The section referred to in point (b) of Article 45 shall contain an explanation of how the investments of the financial product do not significantly harm any of the sustainable investment objectives, including:
 - (a) how the indicators for adverse impacts in Table 1 of Annex I, and any relevant indicators in Tables 2 and 3 of Annex I, are taken into account; and

- (b) whether the sustainable investment is aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.
2. By way of derogation from paragraph 1, that paragraph does not apply to sustainable investments in environmentally sustainable economic activities of financial products referred to in Article 5 of Regulation (EU) 2020/852.

Article 48

Sustainable investment objective of the financial product website section

The section referred to in point (c) of Article 45 shall contain the information referred to in Article 10(1)(a) of Regulation (EU) 2019/2088.

Article 49

Investment strategy for financial products with the objective of sustainable investment website section

The section referred to in point (d) of Article 45 shall contain:

- (a) a description of the investment strategy referred to in Article 22; and
- (b) a description of the policy to assess good governance practices of the investee companies referred to in Article 22(b), including with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

Article 50

Proportion of investments for financial products with the objective of sustainable investment website section

The section referred to in point (e) of Article 45 shall contain the information referred to in Article 23 and shall distinguish between direct exposures in investee entities and all other types of exposures to those entities.

Article 51

Monitoring of the sustainable investment objective website section

The section referred to in point (f) of Article 45 shall contain a description of how the sustainable investment objective and the sustainability indicators referred to in Article 21 are monitored throughout the lifecycle of the financial product and the related internal or external control mechanisms.

Article 52

Methodologies for the sustainable objective website section

The section referred to in point (g) of Article 45 shall contain a description of the methodologies to measure the attainment of the sustainable investment objective using the sustainability indicators referred to in Articles 21.

Article 53

Data sources and processing for the sustainable objective website section

The section referred to in point (h) of Article 45 shall contain a description of:

- (a) the data sources used to attain the sustainable investment objective of the financial product;
- (b) the measures taken to ensure data quality;
- (c) how data is processed; and
- (d) the proportion of data that is estimated.

Article 54

Limitation to methodologies and data for the sustainable objective website section

The section referred to in point (i) of Article 45 shall contain a description of:

- (a) any limitations to the methodologies referred to in point (g), and the data sources referred to in point (h), of Article 45;
- (b) how such limitations do not affect the attainment of the sustainable investment objective; and
- (c) the actions taken to address such limitations.

Article 55

Due diligence for the sustainable objective website section

The section referred to in point (j) of Article 45 shall contain a description of the due diligence carried out on the underlying assets of the financial product, including the internal and external controls on that due diligence.

Article 56

Engagement policies for the sustainable objective website section

The section referred to in point (k) of Article 45 shall contain a description of the engagement policies implemented where engagement is part of the sustainable investment objective, including any management procedures applicable to sustainability-related controversies in investee companies.

Article 57

Attainment of the sustainable investment objective website section

1. The section referred to in point (l) of Article 45 shall contain a description of:
 - (a) for a financial product referred to in Article 9(1) of Regulation (EU) 2019/2088, how the index designated as a reference benchmark is aligned with the sustainable investment objective of the financial product, including the input data, the methodologies used to select that data, the rebalancing methodologies and how the index is calculated; and
 - (b) for a financial product referred to in Article 9(3) of Regulation (EU) 2019/2088, a statement that the reference benchmark qualifies as an EU Climate Transition Benchmark or an EU Paris-aligned Benchmark under Chapter 3a of Title III of Regulation (EU) 2016/1011 and a hyperlink to where the methodology used for the calculation of that benchmark can be found.
2. By way of derogation from point (a) of paragraph 1, where the information referred to in that point is published on the website of the administrator of the reference benchmark, a hyperlink shall be provided to that information.
3. By way of derogation from point (b) of paragraph 1, where no EU Climate Transition Benchmark or EU Paris-aligned Benchmark in accordance with Regulation (EU) 2016/1011 is available, the section referred to in point (l) of Article 45 shall explain that fact and how the continued effort of attaining the objective of reducing carbon emissions is ensured in view of achieving the objectives of the Paris Agreement. The financial market participant shall also explain the extent to which the financial product complies with the methodological requirements set out in Commission Delegated Regulation (EU) 2020/1818.

CHAPTER V

PRODUCT DISCLOSURE IN PERIODIC REPORTS

(Article 11(1) of Regulation (EU) 2019/2088)

Section 1

Periodic reports for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088

Article 58

Presentation and content requirements for periodic reports for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088

1. For financial products referred to in Article 8(1) to (2a) of Regulation (EU) 2019/2088, financial market participants shall present the information referred to in Article 11(1) of Regulation (EU) 2019/2088 and this Section in an annex to the document referred to in Article 11(2) of that Regulation in accordance with the template set out in Annex IV. They shall include a prominent statement in the main body of the document referred to in Article 11(2) of that Regulation that information on the environmental or social characteristics is available in that annex.
2. Financial market participants shall present the information referred to in paragraph 1 in the order and made up of the following sections titled:

- (a) 'To what extent were the environmental and/or social characteristics promoted by this financial product met?';
- (b) 'What were the top investments of this financial product?';
- (c) 'What was the proportion of sustainability-related investments?';
- (cc) for a financial product which included a commitment to make sustainable investments, 'To which objectives do the sustainable investments contribute to and how do they not cause significant harm?';
- (d) 'What actions have been taken to meet the environmental and/or social characteristics during the reference period?'; and
- (e) for a financial product that designated an index as a reference benchmark to attain the environmental or social characteristics promoted by the financial product, 'How did this financial product perform compared to the designated reference benchmark?'.

Article 59

Attainment of the environmental or social characteristics promoted by the financial product section

The section referred to in point (a) of Article 58(2) shall contain the following:

- (a) a description of the extent to which the environmental or social characteristics promoted by the financial product were attained during the reference period, including the performance of the sustainability indicators referred to in Article 14 and any derivatives referred to in Article 16(1)(c) used to attain the environmental or social characteristics;
- (b) for financial products referred to in Article 6 of Regulation (EU) 2020/852, an identification of the environmental objectives set out in Article 9 of that Regulation to which the sustainable investment underlying the financial product contributed; and
- (c) where the financial market participant has provided at least one previous periodic report in accordance with this Section for the financial product, a historical comparison between the reference period and previous reference periods.

Article 60

Top investments for products that promote environmental or social characteristics section

1. The section referred to in point (b) of Article 58(2) shall contain a list, in descending order of size, of the 15 investments constituting the greatest proportion of investments of the financial product during the reference period, including the sector and countries of those investments.
2. By way of derogation from paragraph 1, where the number of investments constituting 50 percent of the investments of the financial product during the reference period is less than 15, the section referred to in point (b) of Article 58(2) shall contain a list of those investments, in descending order of size, including the sector and location of those investments.

Article 61

Proportion of sustainability-related investments section for products that promote environmental or social characteristics

The section referred to in point (c) of Article 58(2) shall contain a description of the investments of the financial product, including an explanation of:

- (a) the proportions of the investments of the financial product;
- (b) the purpose of the remainder of the investments during the reference period, including a description of any minimum environmental or social safeguards and whether those investments are used for hedging, relate to cash held as ancillary liquidity or are investments for which there is insufficient data; and
- (c) the proportion of investments during the reference period in different sectors and sub-sectors, including the fossil fuel sectors.

Article 61a

Contribution to sustainable investment objectives and do no significant harm periodic report section for products that promote environmental or social characteristics

1. The section referred to in point (cc) of Article 58(2) shall contain the following information:
 - (a) for financial products referred to in Article 6 of Regulation (EU) 2020/852, the information referred to in paragraph 2; and
 - (b) for financial products that included a commitment to make sustainable investments, an explanation of how the sustainable investments have contributed to a sustainable investment objective and not harmed significantly any of the sustainable investment objectives during the reference period, including:
 - (i) how the indicators for adverse impacts in Table 1 of Annex I, and any relevant indicators in Tables 2 and 3 of Annex I, were taken into account; and
 - (ii) whether the sustainable investment was aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.
2. The information referred to in point (a) of paragraph 1 is the following:
 - (a) a breakdown of the proportion of each of the environmental objectives set out in Article 9 of Regulation (EU) 2020/852 to which the sustainable investments contributed to;
 - (b) a description of the sustainable investments in environmentally sustainable economic activities during the reference period, including:
 - (i) a graphical representation in the form of a pie chart of the taxonomy alignment of the investments during the reference period calculated in accordance with

Article 16b where the choice of turnover, capital expenditure or operational expenditure is the same as referred to in paragraph 3 thereof;

- (ii) the information referred to in points (i) and (ii) of Article 16a(1)(c);
 - (iii) a breakdown of the proportions of investments during the reference period in the enabling activities referred to in Article 16 of Regulation (EU) 2020/852 and transitional activities referred to in Article 10(2) of that Regulation, in each case expressed as a percentage of all investments of the financial product; and
 - (iv) where the financial market participant has provided at least one previous periodic report in accordance with this Section for the financial product, a historical comparison of the taxonomy alignment of the investments of the reference period with previous reference periods; and
- (c) if the financial product invested in economic activities that are not environmentally sustainable economic activities during the reference period, a clear explanation of the reasons for doing so.
3. By way of derogation from point (b) of paragraph 1, the description referred to in that point in relation to sustainable investments in environmentally sustainable economic activities of financial products referred to in Article 6 of Regulation (EU) 2020/852 during the reference period shall only include:
- (a) a statement that the economic activities invested in by those sustainable investments are environmentally sustainable economic activities;
 - (b) whether the statement has been subject to an assurance provided by an auditor or a review by a third party; and
 - (c) if so, the name of that auditor or third party.

Article 62

Actions taken to attain environmental or social characteristics section

The section referred to in point (d) of Article 58(2) shall contain the actions taken within the reference period to attain the environmental or social characteristics promoted by the financial product, including shareholder engagement as defined in Article 3g of Directive 2007/36/EC and any other engagement relating to the environmental or social characteristics promoted by the financial product.

Article 63

Sustainable performance of the index designated as a benchmark for environmental or social characteristics section

1. The section referred to in point (e) of Article 58(2) shall include:
- (a) an explanation of how the index designated as a reference benchmark differs from a relevant broad market index, including at least the performance during the reference period of the sustainability indicators deemed relevant by the financial market participant

to determine the alignment of the index with the environmental or social characteristics promoted by the financial product and the ESG factors referred to in the benchmark statement of the benchmark administrator in accordance with Article 27(2a) of Regulation (EU) 2016/1011;

- (b) a comparison of the performance during the reference period of the financial product with regard to the indicators measuring the sustainability factors of the index referred to in point (a); and
 - (c) a comparison of the performance during the reference period of the financial product with regard to a relevant broad market index.
2. The comparisons referred to in points (b) and (c) shall be presented, where relevant, in the form of a table or graphical representation.

Section 2

Periodic reports for financial products referred to in Article 9(1), (2) and (3) of Regulation (EU) 2019/2088

Article 64

Presentation and content requirements for periodic reports for financial products referred to Article 9(1), (2) and (3) of Regulation (EU) 2019/2088

1. For financial products referred to in Article 9(1) to (4a) of Regulation (EU) 2019/2088, financial market participants shall present the information referred to in Article 11(1) of that Regulation and this Section in an annex to the document referred to in Article 11(2) of that Regulation in accordance with the templates set out in Annex V. Financial market participants shall include a prominent statement in the main body of the document referred to in Article 11(2) of that Regulation that information on sustainable investment is available in that annex.
2. Financial market participants shall present the information referred to in paragraph 1 in the order and made up of the following sections titled:
 - (a) ‘To what extent was the sustainable investment objective of this financial product met?’;
 - (b) ‘What were the top investments of this financial product?’;
 - (c) ‘What was the proportion of sustainability-related investments?’;
 - (cc) ‘To which objectives do the sustainable investments contribute to and how do they not cause significant harm?’;
 - (d) ‘What actions were taken to attain the sustainable investment objective during the reference period?’;
 - (e) for a financial product referred to in Article 9(1) of Regulation (EU) 2019/2088, ‘How did this financial product perform compared to the reference sustainable benchmark?’; and

- (f) for a financial product referred to in Article 9(3) of Regulation (EU) 2019/2088, ‘How was the objective of a reduction in carbon emissions aligned with the Paris Agreement?’.

Article 65

Attainment of the sustainable investment objective of the financial product section

The section referred to in point (a) of Article 64(2) shall contain the following:

- (d) a description of the extent to which the sustainable investment objective was attained during the reference period, including the performance of the sustainability indicators referred to in Article 21 and any derivatives referred to in Article 23(1)(b) used to attain the sustainable investment objective;
- (e) for financial products referred to in Article 5 of Regulation (EU) 2020/852, an identification of the environmental objectives set out in Article 9 of that Regulation to which the sustainable investment underlying the financial product contributed; and
- (f) where the financial market participant has provided at least one previous periodic report in accordance with this Section for the financial product, a historical comparison between the current reference period and previous reference periods.

Article 66

Top investments for financial products that have a sustainable investment objective section

1. The section referred to in point (b) of Article 64(2) shall contain a list, in descending order of size, of the 15 investments constituting the greatest proportion of investments of the financial product during the reference period, including the sector and countries of those investments.
2. By way of derogation from paragraph 1, where the number of investments constituting 50 percent of the investments of the financial product during the reference period is less than 15, the section referred to in point (b) of Article 64(2) shall contain a list of those investments, in descending order of size, including the sector and countries of those investments.

Article 67

Proportion of sustainability-related investments for financial products that have a sustainable investment objective section

The section referred to in point (c) of Article 64(2) shall contain a description of the investments of the financial product, including:

- (a) the proportions of the investments of the financial product;
- (b) the purpose of the remainder of the investments during the reference period, including a description of any minimum environmental or social safeguards and whether those investments are used for hedging, relate to cash held as ancillary liquidity or are investments for which there is insufficient data; and
- (c) the proportion of investments during the reference period in different sectors and sub-sectors.

Article 67a

Contribution to sustainable investment objectives and do no significant harm periodic report section for products with the objective of sustainable investment

1. The section referred to in point (cc) of Article 64(2) shall contain the following information:
 - (a) for financial products referred to in Article 5 of Regulation (EU) 2020/852, the information referred to in paragraph 2; and
 - (b) an explanation of how the sustainable investments have contributed to a sustainable investment objective and not harmed significantly any of the sustainable investment objectives during the reference period, including:
 - (i) how the indicators for adverse impacts in Table 1 of Annex I, and any relevant indicators in Tables 2 and 3 of Annex I, were taken into account; and
 - (ii) whether the sustainable investment was aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.
2. The information referred to in point (a) of paragraph 1 is the following:
 - (a) a breakdown of the proportion of each of the environmental objectives set out in Article 9 of Regulation (EU) 2020/852 to which the sustainable investments contributed to;
 - (b) a description of the sustainable investments in environmentally sustainable economic activities during the reference period, including:
 - (i) a graphical representation in the form of a pie chart of the taxonomy alignment of the investments during the reference period calculated in accordance with Article 16b where the choice of turnover, capital expenditure or operational expenditure is the same as referred to in paragraph 3 thereof;
 - (ii) the information referred to in points (i) and (ii) of Article 23a(1)(c);
 - (iii) a breakdown of the proportions of investments during the reference period in the enabling activities referred to in Article 16 of Regulation (EU) 2020/852 and transitional activities referred to in Article 10(2) of that Regulation, in each case expressed as a percentage of all investments of the financial product; and
 - (iv) where the financial market participant has provided at least one previous periodic report in accordance with this Section for the financial product, a historical comparison of the taxonomy alignment of the investments of the reference period with previous reference periods; and

- (c) if the financial product invested in economic activities that are not environmentally sustainable economic activities during the reference period, a clear explanation of the reasons for doing so.
3. By way of derogation from point (b) of paragraph 1, the description referred to in that point in relation to sustainable investments in environmentally sustainable economic activities of financial products referred to in Article 5 of Regulation (EU) 2020/852 during the reference period shall only include:
- (a) a statement that the economic activities invested in by those sustainable investments are environmentally sustainable economic activities;
 - (b) whether the statement has been subject to an assurance provided by an auditor or a review by a third party; and
 - (c) if so, the name of that auditor or third party.

Article 68

Actions taken to attain the sustainable investment objective section

The section referred to in point (d) of Article 64(2) shall contain the actions taken within the reference period to attain the sustainable investment objective of the financial product, including shareholder engagement as defined in Article 3g of Directive 2007/36/EC and any other engagement relating to the sustainable investment objective.

Article 69

Sustainable performance of the index designated as a benchmark for the sustainable objective section

1. For financial products referred to in Article 9(1) of Regulation (EU) 2019/2088, the section referred to in point (e) of Article 64(2) shall contain the following:
- (a) an explanation of how the index designated as a reference benchmark differs from a relevant broad market index, including at least the performance during the reference period of the sustainability indicators deemed relevant by the financial market participant to determine the alignment of the index with the sustainable investment objective, including the ESG factors referred to in the benchmark statement of the benchmark administrator in accordance with Article 27(2a) of Regulation (EU) 2016/1011;
 - (b) a comparison of the performance during the reference period of the financial product with regard to the indicators measuring the sustainability factors of the index referred to in point (a); and
 - (c) a comparison of the performance during the reference period of the financial product with regard to a relevant broad market index.
2. The comparisons referred to in points (b) and (c) of paragraph 1 shall be made, where relevant, in the form of a table or graphical representation.

Article 70

Objective of a reduction in carbon emissions section

For financial products referred to in Article 9(3) of Regulation (EU) 2019/2088, the section referred to in point (f) of Article 64(2) shall contain a description of the contribution of the financial product during the reference period to achieving the objectives of the Paris Agreement, including in respect of an EU Climate Transition Benchmark or EU Paris-aligned Benchmark, the ESG factors and criteria considered by the benchmark administrator in accordance with Commission Delegated Regulation (EU) 2020/1818.

Section 3

Historical comparisons for periodic reports and investment options

Article 71

Historical comparisons for periodic reports

1. The historical comparisons referred to in Article 59(c), point (iv) of Article 61a(2)(b), Article 65(c) and point (iv) of Article 67a(2)(b) shall compare the current reference period with the previous reference period provided in accordance with those Articles and shall continue to make such historical comparisons for at least five previous reference periods.
2. For the purposes of the historical comparisons referred to in Articles 59(c) and 65(c), financial market participants shall report on the performance of the sustainability indicators consistently over time, including the following information:
 - (d) where quantitative disclosures are made, figures with a relative measure such as impact per euro invested;
 - (e) which indicators are subject to an assurance provided by an auditor or a review by a third party; and
 - (f) the proportion of underlying assets of the financial product referred to in Articles 61 and 67.

Article 72

Financial products with one or more underlying investment options that qualify those financial products as those referred to in Article 8 of Regulation (EU) 2019/2088

1. By way of derogation from Articles 58 to 64, where a financial product offers investment options to the investor and one or more of those investment options qualify that financial product as a financial product referred to in Article 8 of Regulation (EU) 2019/2088, in accordance with Article 11(1), financial market participants shall provide a prominent statement in the main body of the document referred to in Article 11(2) of that Regulation (Article 11(2) document) that:
 - (a) the financial product promotes environmental or social characteristics;
 - (b) the attainment of those characteristics is subject to investing in at least one investment option referred to in paragraph 2 and holding at least one of those options during the holding period of the financial product; and

- (c) further information related to those characteristics is available in the annexes referred to in that paragraph.
2. Financial market participants shall also provide the following information in annexes to the Article 11(2) document:
 - (a) for each investment option invested in that qualifies as a financial product referred to in Article 8(1) of Regulation (EU) 2019/2088, the information referred to in Articles 58 to 64;
 - (b) for each investment option invested in that qualifies as a financial product referred to in Article 9(1), (2) or (3) of that Regulation, the information referred to in Articles 65 to 70; and
 - (c) for each investment option invested in that has sustainable investment as its objective and is not a financial product referred to in Article 2(12) of Regulation (EU) 2019/2088, the information on the objective of sustainable investment.
 3. Financial market participants shall present the information referred to in point (a) of paragraph 2 in accordance with the template set out in Annex IV and the information referred to in point (b) of paragraph 2 in accordance with the template set out in Annex V.

Article 73

Financial products with all underlying investment options having sustainable investment as their objective

1. By way of derogation from Articles 65 to 70, where a financial product offers investment options to the investor and all of those investment options have sustainable investment as their objective, in accordance with Article 11(1) of that Regulation, financial market participants shall provide a prominent statement in the main body of the Article 11(2) document that the financial product has as its objective sustainable investment and that the information related to that objective is available in the annexes referred to in paragraph 2.
2. Financial market participants shall also provide the following information in annexes to the Article 11(2) document:
 - (a) for each investment option invested in that qualifies as a financial product referred to in Article 9(1), (2) or (3) of that Regulation, the information referred to in Articles 65 to 70; and
 - (b) for each investment option invested in that has sustainable investment as its objective and is not a financial product referred to in Article 2(12) of Regulation (EU) 2019/2088, the information on the objective of sustainable investment.
3. Financial market participants shall present the information referred to in point (a) of paragraph 2 in accordance with the template set out in Annex V.

CHAPTER VI
FINAL PROVISION

Article 74

Entry into force and application

1. This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.
2. This Regulation shall apply from 1 January 2022.
3. By way of derogation from paragraph 2, the reporting on Scope 3 GHG emissions in Tables 1 and 2 of Annex I shall apply from 1 January 2023.

(Note: for the purposes of this consolidated version of the SFDR RTS, the Annexes are not reproduced as they are set out in the Annexes of the RTS in Section 4 of this consultation paper.)