

Disclosures relating to sustainable investments and sustainability risks

2018/0179(COD) - 18/04/2019 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 508 votes to 24, with 19 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council on disclosures relating to sustainable investments and sustainability risks and amending Directive (EU) 2016/2341.

The European Parliament's position adopted at first reading under the ordinary legislative procedure amended the Commission proposal as follows:

Transparency obligations for the publication of sustainability information

The amended Regulation lays down the obligation on the financial market participants and financial advisers which provide investment advice or insurance advice with regard to IBIPs respectively, regardless the design of the financial products and the target market, to publish written policies on the integration of sustainability risks and ensure the transparency of the integration of sustainability risks.

The Regulation shall maintain the requirements for financial market participants and financial advisors to act in the best interests of investors by exercising due diligence before making the investment. It would also require financial market participants to integrate into their procedures and continuously assess not only all relevant financial risks, but also all sustainability risks that could have a significant negative impact on the financial performance of an investment and an advisory, respectively.

Therefore, under the proposed Regulation, financial market participants and financial advisors shall specify in their policies how they integrate these risks and publish these policies. Where they do not take into account the adverse impacts of investment decisions on sustainability factors, they shall publish on their website clear information on why they do not, including, where appropriate, information on whether and when they intend to take these negative impacts into account.

The proposed Regulation also requires financial market participants to:

- include in their remuneration policies information on how their remuneration policies are consistent with the integration of sustainability risks and publish this information on their website;
- include in the published pre-contractual information how sustainability risks are integrated into their investment decisions and the result of the assessment of the likely impact of sustainability risks on the performance of financial products;
- publish information on how environmental or social characteristics are respected when a financial product promotes, among other characteristics, environmental or social characteristics, or a combination of these characteristics;
- publish, where a financial product aims to reduce carbon emissions, information including the low-carbon exposure target for achieving the long-term global warming targets set by the Paris Climate Agreement;

- publish information on the methodologies used to assess, measure and monitor the environmental or social characteristics or impact of the sustainable investments selected for the financial product, including data sources;
- describe, in particular in the periodic reports, the overall sustainability impact of the financial product, using relevant sustainability indicators.

Competent authorities

Each Member State shall ensure that the competent authorities designated in accordance with sectoral legislation, also monitor compliance with requirements placed by this Regulation on financial market participants and financial advisers. The competent authorities shall have all the supervisory and investigatory powers that are necessary for the exercise of their functions under this Regulation.

Exemptions

This Regulation shall not apply to insurance intermediaries which provide insurance advice with regard to IBIPs and investment firms which provide investment advice that are enterprises irrespective of their legal form, including natural persons or self-employed persons, provided that they employ fewer than three persons.