

POSITION PAPER ON SFDR REVISION

Policy briefing

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An investor initiative in partnership with
UNEP Finance Initiative and UN Global Compact



United Nations
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About this position paper

On 20 November 2025 the European Commission adopted a [proposal](#) to revise the Sustainable Finance Disclosure Regulation (SFDR). The proposed “SFDR 2.0” introduces a categorisation framework that distinguishes Sustainable, Transition, and ESG Basics financial products, each with defined thresholds, criteria and mandatory exclusions. It also proposes reducing entity and product-level disclosure obligations and clarifies naming and marketing rules for sustainability-related financial products.

The recommendations in this position paper build on PRI’s responses to the [2023](#) and [2025](#) consultations and draw on input from PRI signatories (asset owners, investment managers and service providers) collected through:

- investor group discussions, followed by bilateral interviews with members of PRI’s [Global Policy Reference Group \(GPRG\)](#)
- a survey open to PRI signatories, the aggregated results of which are referenced throughout; and
- feedback on a draft of this paper provided by PRI’s GPRG.

This paper focuses on key topics where PRI, as an international network of investors incorporating environmental, social and governance factors into their investment and ownership decisions, can offer practical insights to support consistent and effective implementation.

About the PRI

The PRI is the leading organisation in advancing responsible investment globally. Set up with United Nations’ support, our unique community contributes to stable financial markets and a more prosperous world for all. We bring together signatories, amplify their voices and provide resources and guidance for complex sustainability challenges. The six Principles were developed by investors, for investors. In implementing them, signatories contribute to developing a more sustainable global financial system.

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To inform this paper, the following group has been consulted: Global Policy Reference Group

While the policy recommendations herein have been developed to be globally applicable, the PRI recognises that the way in which policy reforms are implemented may vary by jurisdiction and according to local circumstances. Similarly, the PRI recognises that there may be circumstances where there are merits to allowing market-led initiatives to precede regulatory requirements.

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Introduction

The Sustainable Finance Disclosure Regulation (SFDR), adopted in 2019 and applicable since 2021, is a cornerstone of the EU’s sustainable finance framework. Its primary goal is to increase transparency about how investors manage sustainability risks in their portfolios and how they identify, assess, and mitigate the potential adverse impacts of their investments on society and the environment. In doing so, SFDR seeks to enhance market transparency, protect investors, and support the reallocation of capital toward sustainable activities.

While SFDR has driven progress towards these goals, implementation has proved challenging. Although originally conceived as a disclosure framework, it has increasingly been used as a de facto product labelling tool. Key concepts, such as “environmental and social characteristics” and “sustainable investment” lack clear definitions, while reporting requirements have been criticised for their complexity and prescriptive nature. In response, the European Commission launched a consultation in 2023 to assess potential reforms. Market feedback highlighted two priorities: simplifying reporting obligations and introducing a product categorisation system with clear minimum criteria.

In November 2025 the Commission tabled a revised SFDR proposal, which would introduce the following key changes:

- **Streamlined disclosures at entity and product levels.** The proposal would remove the requirement to publish a Principal Adverse Impact statement (Article 4) and the obligation to link remuneration policies to sustainability risk integration (Article 5). At product level, pre-contractual and periodic disclosures would be capped to two pages.
- **Three product categories replacing the current Article 8 and 9 regimes:**
 - *Sustainable products*, (Article 9) with clearly defined and measurable objectives.
 - *Transition products*, (Article 7) supporting the decarbonisation and broader sustainability transition of underlying activities).
 - *ESG Basics products*, (Article 8), which would integrate ESG investment approaches without explicit sustainability objectives.

Minimum criteria would apply across all categories including:

- At least 70% portfolio alignment with the stated objective or ESG integration approach;
 - Exclusions based on Climate Transition Benchmark (CTB) or Paris-Aligned Benchmark (PAB) criteria¹, with additional exclusions for coal-related revenues or fossil fuel expansion for Transition and Sustainable products; and
 - Reporting against a standardised set of sustainability indicators to be defined in technical standards.
- **Stricter rules on sustainability-related claims and marketing.** Only categorised products could make ESG or sustainability claims, and use of the term “impact” would be restricted to Transition and Sustainable products meeting defined criteria.

¹ Climate Transition Benchmark exclusions include companies involved in any activities related to controversial weapons; companies involved in the cultivation and production of tobacco; companies that benchmark administrators find in violation of the United Nations Global Compact (UNGC) principles or the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises; companies that are found or estimated by them or by external data providers to significantly harm one or more of the environmental objectives referred to in Article 9 of the Taxonomy Regulation.

Paris Aligned Benchmark exclusions include CTB exclusions and companies that derive 1 % or more of their revenues from exploration, mining, extraction, distribution or refining of hard coal and lignite; companies that derive 10 % or more of their revenues from the exploration, extraction, distribution or refining of oil fuels; companies that derive 50 % or more of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels; companies that derive 50 % or more of their revenues from electricity generation with a GHG intensity of more than 100 g CO₂e/kWh.



- **Enhanced alignment with other EU frameworks**, including the CSRD and EU Taxonomy, to reduce duplicative reporting and improve regulatory coherence. MiFID II would also be amended to reflect the new categorisation system.
- **Greater transparency on the use of data and methodologies**, including mandatory disclosure of data sources and estimates across all product categories, and a new Article 12a formalising requirements on sources and methodologies.

The PRI's signatory base includes investors subject to SFDR requirements. Signatories have a strong understanding of SFDR's purpose and practical experience with its implementation. To provide the Commission with direct practitioner insights on SFDR, PRI surveyed and interviewed signatories to assess how the proposed reforms align with their experience, the fulfilment of SFDR overarching objectives and their needs as responsible investors. Overall, signatories expressed support for many of the proposed changes but also raised concerns about potential unintended costs and consequences for the integration of sustainability considerations into their investment activities.

Key findings from the survey

PRI conducted an online survey from November 2025 to January 2026 to gather PRI signatories' views on potential design features of a revised SFDR. 43 signatories responded to the survey (2 asset owners, 39 investment managers, and 2 service providers). Respondents were geographically diverse, led by the UK (9), the US (7) and Italy (8), followed by France (5) and Germany (3), with other responses from signatories based in Switzerland, Ireland, Luxembourg, Spain, Australia, Belgium and Greece.

The detailed results of the survey are available in the annex.

- 75% of investor respondents are either supportive or very supportive of the revised SFDR proposal.
- While 82% support removing the existing PAI entity-level requirements, 55% think it would be relevant to still include some disclosure of policies related to the management of sustainability risks (processes, governance, etc), ESG integration, stewardship, due diligence at entity-level.
- 64% of respondents support disclosing a very limited set of PAI streamlined indicators at product-level (building on what already exists - i.e. the previous mandatory PAIs, simplifying them and adapting them to the ESRS revised set of indicators).
- 48% of respondents support including a disclaimer for non-categorised funds, while 18% are opposed.
- Though respondents are broadly supportive of the proposed criteria for the product categories (60-74% supportive or very supportive across the three categories), 13% felt that the criteria for the ESG Basics category are too broad.

In the position paper that follows, PRI reflects on these results and offers recommendations intended to support the objectives of the SFDR while balancing the operational needs of investors.



Key recommendations

The PRI welcomes the Commission’s proposed SFDR revision. The introduction of three distinct product categories – particularly the new Transition category – is a significant opportunity to scale up capital in support of the Clean Industrial Deal and the transition to a net-zero economy. Combined with simplified reporting templates, the new categorisation system should ease implementation for financial market participants and provide clearer disclosures for end-users. Restricting sustainability-related claims to categorised funds and clarifying rules on impact-related claims should also enhance investor protection.

The proposal, however, also risks weakening some benefits of the existing SFDR regime. Removing certain disclosures on product impact or performance could reduce investors’ ability to compare and assess sustainability claims. The proposal may also reduce transparency on entity-level engagement practices – information that is particularly valuable to asset owners. Longstanding challenges with the existing regime – gaps in asset class treatment, unclear criteria for ESG Basics (Article 8) products and limited coherence with the wider EU sustainable finance framework – also need addressing.

Drawing on a survey and in-depth interviews with signatories, the PRI has identified the following policy recommendations to help ensure the revised framework delivers clear, comparable information that supports investment decision-making and the core objectives of SFDR: enhancing market transparency, protecting investors, and ultimately, facilitating capital reallocation toward sustainable activities.

1. Maintain disclosure of a limited set of sustainability indicators across product categories

A common, limited set of mandatory PAI indicators would establish baseline comparability, maintain a level playing field and reduce greenwashing, enabling institutional investors to reliably assess and compare sustainability-related adverse impacts across products.

- i. Mandatory indicators should be complemented by a broader voluntary set, allowing investors to select indicators most relevant to a product’s strategy and objectives
- ii. Indicators should be decision-useful – to inform investment decision making, manager selection, engagement, monitoring and/or self-reporting – and applicable across sectors and asset classes.

2. Establish clearer and more robust criteria for “ESG Basics” category

While the ESG Basics category includes clear criteria on thresholds and exclusions, credible and usable criteria for eligible investments are needed to protect end-investors from misleading ESG integration claims and to ensure application across all asset classes.

- i. Clarify criteria for eligible investments to provide greater consistency for private assets
- ii. Define what constitutes “proper justification” for investments integrating ESG factors beyond risk management, to avoid divergent supervisory interpretations across Member States.

3. Maintain minimum meaningful entity-level disclosures

Entity-level transparency on how sustainability risks and impacts are identified and mitigated is essential for investors to assess the credibility and practical implementation of product-level claims.

- i. While removing quantitative entity-level PAI reporting is broadly supported, many institutional investors value qualitative information on how managers identify, prioritise and mitigate the sustainability risks and impacts.
- ii. Minimum disclosures on engagement practices are important for certain asset owners when selecting, appointing and monitoring asset managers; they also support the credibility of product-level claims and enable investors to make informed decisions across all products.
- iii. Ensure coherence with the upcoming SRD II revision to avoid duplicative reporting.



4. Leverage the EU Taxonomy as a credible benchmark

The Taxonomy can help investors assess environmental performance, substantiate claims of environmental contribution, and enhance comparability across products, where data availability permits.

- i. Maintain EU Taxonomy-alignment disclosures for Transition and Sustainable funds with an environmental objective on a comply or explain basis, ensuring flexibility across asset classes and recognising data-availability challenges.
- ii. Apply the 15% safe harbour provision using revenue-based alignment for Sustainable products and capex-based alignment for Transition products, reflecting the static and forward-looking nature of each category's strategy.
- iii. Require funds pursuing Taxonomy-based strategies (i.e. the 15% Taxonomy contribution threshold) to systematically identify and mitigate principal adverse impacts, reinforcing sustainability safeguards for remaining assets.

5. Address specific asset class challenges

Targeted, asset-class-specific guidance helps avoid inconsistent application and ensure that private assets and sovereign exposures are assessed in ways that reflects their distinct investment approaches and data-availability challenges.

- i. Provide targeted technical guidance to support implementation and ensure consistent application across all asset classes, particularly for private assets.
- ii. Recognise methodologies like [ASCOR](#) to allow general-purpose sovereign bonds that support broader sustainability objectives to qualify for the Sustainable and Transition categories; maintaining a level-playing field across financial products, including insurance products.

6. Introduce a disclaimer for non-categorized funds

A clear disclaimer would strengthen investor protection by distinguishing products that consider sustainability solely for risk management purposes from those that pursue sustainability objectives or promote specific ESG characteristics.

- i. The disclaimer should clarify that, although sustainability factors may be considered for risk management purposes, the product does not pursue sustainability objectives and does not promote environmental or social characteristics.

7. Ensure policy consistency across the EU Sustainable Finance legislative framework

Consistent rules across related regulations (EU Climate benchmarks, IDD, MiFID II, ESG ratings) are essential to prevent gaps or regulatory inconsistencies that could hinder implementation and weaken the alignment between SFDR framework and clients' sustainability preferences, as collected under MiFID II.

- i. Clarify that products tracking CTB or PAB must also comply with the mandatory exclusions in the product categories, ensuring consistency and reinforcing the credibility of Sustainable and Transition funds.
- ii. Align and simplify mandatory sustainability preference assessments (under IDD and MiFID II) by extending SFDR scope to all relevant products and clarifying how the different regimes interact
- iii. Assess options to secure proportionate obligations, transparent reporting by data providers, and manageable operational burdens for investors, while recognising that ESG Ratings Regulation applies exclusively to rating products.

8. Enhance interoperability with key international standards and frameworks

Alignment with international reporting standards and coordination with key jurisdictions improves comparability, reduces reporting burdens, and supports cross-border investor decision-making.

- i. Coordinate with the UK FCA to enable cross-referencing between SDR and SFDR disclosures.
- ii. Ensure that SFDR sustainability indicators are aligned with, and can be calculated using, company reporting against international standards (ISSB, TNFD, GRI) and the European Sustainability Reporting Standards (ESRS) to support coherence, comparability, and interoperability across jurisdictions.



Detailed Recommendations

1. Maintain disclosure of a limited set of sustainability indicators across product categories

Summary

Under SFDR 2.0, the Do No Significant Harm (DNSH) principle for sustainable investments is replaced by a set of mandatory exclusions applicable across product categories. Sustainable and Transition products may voluntarily disclose how they identify and mitigate principal adverse impacts. While this approach aims to simplify requirements, voluntary disclosure alone is insufficient to ensure that material adverse impacts are consistently identified and disclosed, and then eventually addressed across products.

To preserve the substance of the DNSH principle and coherence with the EU sustainable finance framework, product-level disclosures should combine:

- **A limited set of mandatory, core indicators** applicable to all categorised products, drawing on the most decision-useful principal adverse impact (PAI) metrics (e.g. GHG emissions and key exposure indicators) to ensure comparability across products and categories.
- **A complementary voluntary set of strategy-contingent indicators**, selected by financial market participants based on materiality and product objectives, to capture adverse impacts relevant to specific investment strategies.

This approach would preserve comparability while allowing disclosures to reflect the full range of potential adverse impacts associated with different products. Moreover, the mandatory PAI indicators set out in revised ESRS 2 Appendix B, together with their corresponding data points, should serve as the basis for the core mandatory indicators, to ensure consistency, comparability, and practical relevance of sustainability reporting across the EU.

The replacement of DNSH with a set of common exclusions, alongside the removal of product-level PAI reporting, risks narrowing the scope of adverse impact assessment to a limited set of activities. Applying adverse impact disclosures on a voluntary basis only for Sustainable and Transition products may also limit investors' ability to compare sustainability performance and practices across products. Maintaining a limited, core set of mandatory indicators would help address these risks.

Evidence from market practice supports this approach. The European Supervisory Authorities (ESA)² have reported steady improvement in the accessibility and quality of product-level PAI disclosures under SFDR, indicating increasing usability for both investors and supervisors. In addition, PRI's latest survey on SFDR 2.0 shows that **64% of respondents support maintaining a limited set of PAI disclosure at the product level**, with strong support for exposure-based indicators – such as exposure to fossil fuels or breaches of international norms – as particularly comparable and decision-useful across investment strategies.

At the same time, respondents highlighted the relevance of more granular indicators - such as GHG emissions, exposure to discrimination incidents, work-related injuries and fatalities, or convictions for corruption, bribery, or discrimination – for specific products, reinforcing the case for voluntary, strategy-contingent indicators alongside a common baseline.

PRI recommendation

SFDR 2.0 should adopt a layered disclosure framework combining: i) mandatory baseline PAI indicators that builds across each product categories (see details below) with ii) materiality-based, strategy-specific voluntary indicators.

² ESMA, *Report on PAI Disclosures under Article 18 SFDR*, JC 2025 26, September 2025, https://www.esma.europa.eu/sites/default/files/2025-09/JC_2025_26_Report_on_PAI_disclosures_under_Article_18_SFDR.pdf.



This would provide consumers of financial products (institutional investors and retail investors) a level of comparability while ensuring that product-level disclosures continue to capture the full range of sustainability-related impacts.

We propose that the Commission takes on board the following principles when designing disclosures on product level indicators in the forthcoming Delegated Act:

- (i) **Ensure that indicators are decision-useful** – to inform investment decision making, manager selection, engagement, monitoring and/or self-reporting – and applicable across sectors and asset classes.
- (ii) **Include existing PAI indicators**, as these indicators have already been tested in the market and integrated into investors’ reporting systems and decision-making processes.
- (iii) **Ensure that the selected indicators are fully aligned with those required under the revised ESRS framework** and consistent with the VSME, to guarantee coherence and avoid duplication.
- (iv) **Define a core set of mandatory indicators (i.e. applicable across all categories) on climate** (e.g. GHG emissions), as there are established, universal and standardised metrics already incorporated into reporting practice. Whilst other systemic sustainability issues, such as nature, and social inequality are equally important, they currently lack the comparable metrics to climate. At such time when they become available, we would recommend their inclusion into this framework, subject to future revision.
- (v) **Adopt a proportionate approach to mandatory indicators on issues beyond climate**, such as nature and social topics. This means that categories with more comprehensive criteria would have fewer mandatory disclosures requirements. This would help to ensure that there is some reporting of systemic risks related to nature and social issues– with available proxies - where product categories are less prescriptive, while more prescriptive categories will (at least partially) address relevant disclosure on these issues through criteria on their investment objectives and strategies.

2. Establish clearer and more robust criteria for “ESG Basics” categories

Summary

The introduction of three new product categories (Sustainable, Transition and ESG Basics) is a welcome development, as it will clarify expectations for funds targeting these different investment strategies. The ESG Basics category aims to capture a wide range of screening or ESG integration-related practices that are currently mostly applied by Article 8 funds.

The proposed category would benefit from more precise “contribution” criteria, grounded in existing ESG integration practice, to clarify the types of investments and approaches permitted. This would help ensure ESG Basics does not become a “catch-all” category by providing clearer expectations to investors. Criteria should also be applicable across all asset classes, including private and sovereign assets.

The introduction of an ESG Basics category reflects a significant and established segment of the European fund market³. It broadly corresponds to funds currently covered by several national sustainability labels (French Label ISR, German FNG, Belgian Towards Sustainability) and provides continuity with the existing Article 8 classification.

³ €751 BN AUM (12/31/2024) according to Novethic. Panorama des labels européens de finance durable - 2025 Edition. 2025. PDF. https://www.novethic.fr/wp-content/uploads/2025/05/Novethic_Panorama_des_labels_europeens_2025.en_.pdf.



However, the design of the ESG Basics category should avoid replicating the shortcomings of Article 8, which has encompassed a wide variety of products with significantly divergent levels of sustainability ambition. Under the current SFDR, insufficiently defined concepts (such as “promotion of environmental or social characteristics”) and the absence of clear thresholds allowed products only applying basic exclusions to be grouped alongside more advanced ESG integration strategies. While the second issue has been addressed through a mandatory set of exclusions, the first remains only partially resolved, as the type of investments allowed listed in Article 8 paragraph c requires further specification and clarification.

The SFDR 2.0 proposed minimum criteria – based on thresholds, exclusions, and eligible investment types - establish a useful baseline. These include:

- Investments with an ESG rating that outperforms the average rating of the investment universe or the reference benchmark.
- Investments that outperform the average investment universe or reference benchmark on a specific sustainability indicator.
- Investments that favour undertakings or economic activities with a proven positive track record in terms of processes, performance or outcomes related to sustainability factors.
- Other investments integrating sustainability factors beyond risk management considerations, provided proper justification.

Nevertheless, while many PRI signatories support the ESG Basic criteria as a whole, the specific criteria for investments to be eligible for this category are also seen as potentially too broad. Respondents highlighted persistent ambiguity around the level of ambition, the distinction from other product categories and the role of stewardship. Additional concerns relate to the strong focus of paragraph c criteria on listed equities, limited applicability to private and alternative assets, and the risk of divergent supervisory interpretations in the absence of clearer technical guidance (see recommendation 5).

PRI recommendations

To strengthen the credibility, consistency and usefulness of the ESG Basics category, the following adjustments should be considered:

- (i) **Clarify investments eligibility criteria beyond listed equities:** Provide clearer guidance on how eligible investment types apply beyond listed equities, including sovereign, private and alternative assets and real estate.
- (ii) **Reduce legal ambiguity:** Clarify the meaning of “proper justification” in Article 8.2 (e)⁴ to prevent divergent supervisory interpretations across Member States.
- (iii) **Tighten eligibility criteria:** Refine Article 8.2 (c)⁵ by excluding references to “processes” alone as evidence of positive sustainability track record, to ensure that eligibility is based on meaningful performance or outcomes rather than procedural safeguards.

⁴ Investments integrating sustainability factors beyond risk management considerations, provided that proper justification is included

⁵ Investments that favour undertakings or economic activities with a proven positive track record in terms of processes, performance or outcomes related to sustainability factors



3. Maintain minimum meaningful entity-level disclosures

Summary

The revised SFDR proposes to significantly reduce entity-level disclosures, removing both the PAI statement (Article 4) and the link to remuneration policies (Article 5), retaining only sustainability risk management policies (Article 3). In addition, all entity-level website disclosures under Article 10 are removed.

The removal of quantitative PAI reporting at entity-level is welcome, as such disclosures are widely regarded by institutional investors as burdensome and of limited decision-usefulness when aggregated at entity level. However, preserving simple, narrative disclosures on due diligence and stewardship policies is important to provide transparency on how investors identify and manage sustainability-related risks and impacts at the portfolio level.

These disclosures could be proportionate and largely based on cross-references to existing, publicly available policies (including those linked to CSRD, SRD II or CSDDD), minimising additional compliance burdens.

Many investors (82% of survey respondents) support the removal of entity-level disclosures, particularly the reporting on PAI indicators. PRI research and engagement with investors on Meaningful Reporting shows that aggregated information on sustainability performance is less decision-useful for institutional investors or end-users at this level, compared with product or asset level information.

However, retaining some qualitative entity-level disclosures under SFDR could be beneficial for several reasons:

- **Decision-usefulness for institutional investors.** Asset owners like pension funds and insurance companies rely on consistent and comparable entity-level information to assess managers against mandates and to inform selection, engagement and monitoring. Public availability of this information, including via websites, is important for investor protection and market transparency.
- **Reduced CSRD coverage.** The Omnibus I Directive significantly reduces the scope of the CSRD by raising reporting thresholds, removing around 90% of firms from scope. As a result, SFDR is likely to remain the primary – if not the only – sustainability disclosure legislation applicable at entity level for most financial market participants.
- **Limited relevance of CSRD for FMPs.** CSRD disclosures are not well adapted to capturing sustainability risks and impacts linked to investment activities. The removal of sector-specific standards for financial market participants under the Omnibus I Directive creates a regulatory gap, reinforcing the need for SFDR to retain minimal disclosure at entity-level.

On what is relevant to disclose at entity-level under SFDR, investor survey responses are mixed:

- In total – 55% would like to see some additional disclosures, either: more granular disclosure on sustainability risk policies, including governance and implementation (19%); broader ESG-related information beyond a narrow sustainability risk approach (19%); or enhanced transparency on engagement and due diligence policies (17%).
- But 38% consider that no additional elements would be required at entity level (beyond sustainability risk management policy).

These results suggest that, although there is broad support for simplification - including the deletion of Article 4 (PAI statement) at entity level - many investors would value retaining some transparency on entity-level that goes beyond sustainability risk management policies (current Article 3). Disclosure requirements must strike a balance between providing meaningful, decision-useful information, while avoiding duplication and



disproportionate burden for preparers. Applying them on a “comply or explain” basis could be a way to encourage transparency and comparability while providing sufficient flexibility for investors.

Focus on stewardship policies

Investors can mitigate the sustainability-related risks and impacts of their investments through essentially three channels: i) capital allocation, ii) stewardship, and iii) policy engagement. Depending on the characteristics of the investment, one of these may be more powerful than another. For example, many ESG funds in Europe are listed equity funds. Capital allocation may have a small influence on price, and therefore a weak and indirect influence on the company. However, investors can have a significant and direct impact through stewardship – namely company engagement and the exercise of ownership rights.

Retaining some transparency on stewardship activities under SFDR is therefore important to understanding how investors are engaging with investee companies to mitigate their adverse impacts.

Such information is particularly useful to certain asset owners in the context of selection, appointment and monitoring of asset managers.

A reduction in the scope of the Corporate Sustainability Reporting Directive (CSRD) and the resulting decrease in data availability would significantly constrain investors’ capacity to assess, compare and monitor corporate sustainability performance. **In such a context, stewardship becomes more important than ever as a means for investors to influence corporate sustainability performances across different portfolio strategies.** Given that system-wide sustainability risks are undiversifiable and cannot be effectively mitigated through portfolio reallocation alone, active ownership constitutes a crucial lever to support the transition to a sustainable economy.

Entity-level stewardship disclosures should build on the existing SFDR’s Article 4, which requires a summary of engagement policies in line with the Shareholder Rights Directive (SRD II), where applicable. At a minimum, such disclosures should cover the following elements:

- The conduct of stewardship activities with investees and/or assets.
- The proportion of total AUM subject to the engagement policy.
- Proxy voting practices, including decision-making processes, disclosure of voting decisions, and communication of voting rationale.
- Examples of stewardship activities undertaken.

Considering the forthcoming revision of the Shareholders’ Rights Directive (SRD2), it is essential to maintain a clear and coherent link with the SFDR, to ensure overall policy consistency and coherence, while avoiding the introduction of additional reporting burdens.

The Commission could assess how reporting and disclosure practices might align with established frameworks, such as the UK Stewardship Code, to improve clarity, robustness, and meaningfulness of disclosures, while minimizing unnecessary reporting burdens and supporting interoperability with other recognised standards.

At the product level, the revised proposal explicitly recognises engagement as a qualifying criterion for Transition products (Article 7(2))⁶. This is a positive development and supports the objectives of transition strategies to improve the sustainability performance of an asset over time.

However, stewardship should not necessarily be limited to Transition funds. All product categories could be required to disclose whether, and how, the entity-level engagement policy is applied at the product level. This could apply to ESG basic funds, where stewardship can be appropriately integrated as part of ESG

⁶ “Investments accompanied with a credible sustainability-related engagement strategy, targeting specific changes with defined milestones and measured with reference to those targets and milestones, and integrating escalation actions in case the expected changes do not happen, in combination with any of those referred to in points (a) to (d) or (h)”.



strategy and supported by active ownership practices that are proportionate and tailored to the characteristics of the relevant asset classes.

This would signal that stewardship is a relevant activity across investment strategies and clarify how it is implemented in practice. Disclosures should remain proportionate and prioritise consistency, comparability, and decision-useful information for investors.

PRI recommendations

- (i) **The PRI recommends that co-legislators expand the scope of Article 3 to include policies on sustainability due diligence, and stewardship**, to ensure that key entity-level information remains available to end-investors.
- (ii) **Entity level disclosures should focus on setting the organisational policies and processes that determine the boundaries for product level decisions**, including how sustainability risks, opportunities and impacts are identified, assessed and managed through due diligence, risk management and stewardship.
- (iii) Drawing on market practice and international standards, including the PRI reporting framework, **this should cover at the minimum:**
 - Responsible Investment policies including the overall approach to ESG issues and issue-specific, guidelines (e.g. climate).
 - Processes for the identification and prioritisation of sustainability risks, opportunities and impacts, and actions taken to mitigate risks and impacts
 - Processes for monitoring controversies and/or incidents linked to investments.
 - % of AUM categorised under Articles 7, 8, 9, and 9a over total AUM
- (iv) **Considering the forthcoming revision of the Shareholders' Rights Directive (SRD2), maintain a clear and coherent link with the SFDR**, to ensure overall policy consistency and coherence.

4. Leverage the EU Taxonomy as a credible benchmark

Summary

The revised SFDR retains references to the EU Taxonomy, but its use is essentially made voluntarily for financial market participants. Funds with environmental objectives can choose to disclose whether, and to what extent, their products are taxonomy aligned. Additionally, as a safe harbour, products with at least 15% of Taxonomy-aligned investments are exempt from meeting the 70% positive contribution threshold for both Sustainable and Transition categories.

Strengthening the role of the EU Taxonomy in SFDR 2.0 can help provide comparability and transparency on environmental performance based on a common benchmark. This can be achieved by:

- Introducing a comply or explain disclosure requirement of taxonomy alignment for both Sustainable and Transition funds with an environmental objective
- Distinguishing turnover-based Taxonomy alignment (for Sustainable funds) from Capex-based alignment (for Transition funds) to ensure the safe harbour provision is adapted to the different strategies
- Requiring funds opting to use the 15% Taxonomy-alignment safe-harbour to identify and mitigate principal adverse impacts in the remaining 55% of the financial product



The EU Taxonomy remains an important component of the revised SFDR framework. Under the existing SFDR, disclosure of Taxonomy alignment is mandatory for products that pursue environmental objectives. In the revised proposal, Taxonomy disclosures become voluntary and incentive-based: products with at least 15% of Taxonomy-aligned investments are considered to meet the 70% positive contribution threshold for Sustainable and Transition categories. This approach seeks to reduce reporting burden while preserving the Taxonomy's role as a benchmark for sustainable investment.

However, relying on voluntary disclosure risks undermining investors and supervisors' ability to assess the environmental sustainability of funds, compare different products, and, when applied to capital expenditure (Capex), support credible transition strategies. What's more relying on limited (15%) Taxonomy alignment to meet the 70% contribution threshold risks leaving a significant share of assets subject only to exclusions.

PRI recommendations

To ensure effective and consistent use of the Taxonomy within the SFDR 2.0, the following measures should be adopted:

- (i) **Introducing a comply or explain disclosure requirement of EU Taxonomy alignment for Transition funds and Sustainable funds with an environmental objective**, to ensure transparency on how investments contribute to environmentally sustainable activities, while maintaining flexibility for FMPs and reinforcing accountability for the information disclosed.
- (ii) **Differentiate Taxonomy metrics by product category**: the 15% safe harbour provision should require revenue-based alignment for Sustainable funds and Capex-alignment for Transition funds where applicable, reflecting the static and forward-looking nature of each category's strategy.
- (iii) **Reinforce sustainability safeguards for the safe harbour provision**: funds pursuing Taxonomy-based strategies (i.e. using the 15% Taxonomy contribution threshold) should be required to systematically identify and mitigate principal adverse impacts, in line with the Do No Significant Harm principle and the approach outlined in Recommendation 1. The safe harbour threshold of 15% alignment should be periodically reviewed to reflect evolving taxonomy-alignment market data.
- (iv) Certain technical elements, **such as the percentage thresholds for the safe harbour across different asset classes, could be defined at Level 2**, allowing for flexibility for different asset classes and future adjustments as the framework evolves.

5. Address specific asset class challenges

Summary

While the new framework is generally well-designed and fit for purpose, challenges remain for specific asset classes:

- (i) The exclusion of general-purpose sovereign bonds from the Sustainable and Transition categories raises significant issues for investors with high sovereign exposures (particularly asset owners).
- (ii) The absence of tailored criteria for private investors within the ESG Basics category limits its relevance for this asset class.

Addressing these gaps through specific amendments and guidance would strengthen the framework's applicability and effectiveness across all investments beyond listed equity.

SFDR 2.0 introduces greater flexibility and more detailed expectations for financial market participants, yet challenges remain regarding its applicability across asset classes.

The treatment of sovereign bonds in the Sustainable and Transition categories remains restrictive: only green bonds, or bonds whose proceeds do not finance activities excluded under Article 12(1)(a)–(b) or issuers



excluded under the criteria of the EU Green Bond Standard⁷ are eligible. This effectively excludes many sovereign bonds, sub sovereigns and supranational bonds that could support sustainability objectives. These assets constitute a significant part of insurance portfolios, as investors operating as insurance undertakings under Solvency II are explicitly required to assess sustainability risks in relation to these investments. Excluding sovereigns from the Sustainable and Transition categories would place the entire burden of driving the transition on corporates, overlooking the critical role and accountability of sovereigns.

PRI recommendations

- (i) **Additional methodologies that apply a credible approach, such as ASCOR⁸, should be recognised to allow sovereign bonds to qualify for the Sustainable and Transition categories.** If sovereigns are not considered in certain categories, it should be explicitly clarified that they are excluded both from the numerator and the denominator when calculating the threshold for category eligibility.
- (ii) As already stated in Recommendation 2 on establishing stricter criteria for ESG Basics category, for investments integrating sustainability factors beyond risk management **the Commission should also clarify what constitutes “proper justification” to ensure consistent interpretation and supervisory practices across national competent authorities.**
- (iii) **Targeted Level 2 guidance will be important to support consistent application across different asset classes and types of financial instruments.**

6. Introduce a disclaimer for non-categorized funds

Summary

Under the revised SFDR, non-categorised funds will no longer be permitted to make ESG or sustainability claims, representing a notable improvement in the alignment of naming and disclosure requirements.

To promote further clarity and investor protection, non-classified funds should carry a simple, clear, mandatory disclaimer, consistent with current Article 6 disclosures, to distinguish them from products meeting the criteria for categorisation. This would safeguard a minimal level playing field relative to categorised funds and provide end-investors with transparent, unambiguous information on the sustainability profile of these products.

Compared to the previous SFDR framework, the introduction of Article 6a provides a framework for financial products that are not categorised as sustainability related. Under SFDR 1.0, the absence of a dedicated regime for such products seems to have created incentives either to refrain entirely from any reference to sustainability considerations or to opt into Article 8 classification on a precautionary basis, according to some interviewed signatories.

Article 6a explicitly allows unclassified products to provide limited information on the integration of sustainability factors, provided that such information is not used in the product name or marketing communications, does not constitute a central element (less than 10% of volume) of the precontractual disclosure, is not included in the Key Investor Information Document (KIID), and does not amount to a claim within the meaning of Articles 7, 8 or 9. This clarification is a positive step towards allowing limited factual transparency for non-categorised products, while the reinforced naming rules appropriately prevent the use of sustainability-related marketing for promotional purposes. Nevertheless, additional safeguards are necessary to ensure clarity and prevent end-investor misperception.

⁷ Article 12(1)(c) of Delegated Regulation (EU) 2020/1818

⁸ASCOR is the first publicly available, independent, and open-source investor framework and database assessing the climate-related opportunities and risks of sovereign bond issuers: <https://www.ascor.org/>



The distinction between “central” and “non-central” information, operationalised through a quantitative threshold based on disclosure volume (e.g. less than 10% of the presentation of the investment strategy), does not necessarily reflect the actual emphasis placed on sustainability factors and may be difficult to apply and supervise consistently. The current approach risks creating an uneven playing field between, on the one hand, products classified under Articles 7, 8 or 9 and subject to extensive and standardised disclosure obligations, and, on the other hand, non-categorised products that either provide limited information under Article 6a or make no reference to sustainability considerations at all. This asymmetry may reduce comparability for investors and does not sufficiently mitigate incentives for strategic under-disclosure.

PRI recommendations

- (i) **Introduce a mandatory and standardised disclaimer for disclosures made under Article 6a to enhance legal certainty, investor understanding and market comparability.** The relevance of such an approach is supported by the results of our signatories’ survey, which show that almost half of respondents (48%) favour the introduction of an explicit disclaimer for non-categorised products, while only 18% oppose it.
- (ii) **The disclaimer should remain simple** and clearly state that the financial product does not fall within any of the sustainability-related categories defined by SFDR⁹. A harmonised disclaimer of this nature would reduce the risk of greenwashing and ensure that limited transparency for non-categorised products does not blur the boundaries established by the SFDR classification framework.

7. Ensure policy consistency across the EU sustainable finance legislative framework

Summary

Investors frequently highlight policy inconsistencies and misaligned sequencing across the sustainable finance regulatory framework as a key challenge in implementing SFDR. SFDR 2.0 addresses some of these issues by establishing clearer, more direct links with the EU Taxonomy and the CSRD.

While this enhanced coherence is welcome, several technical points require further attention:

- (i) A fund tracking a PAB or CTB index may qualify for the Sustainable and Transition categories even though the EU Climate Benchmark exclusions differ from those proposed in Articles 7 and 9 of SFDR.
- (ii) The revised SFDR scope creates a discrepancy with MiFID II and IDD, and alignment of covered financial products would be desirable.
- (iii) The revised SFDR doesn’t properly consider multi-option products offered by insurers which can also be categorized under SFDR 1.0 building on the underlying selection of options.
- (iv) The Omnibus Directive will reduce the availability of sustainability data, making guidance on estimated data and a shared disclosure burden between users and providers essential.

Effective implementation of SFDR 2.0 requires greater alignment with other EU sustainable finance legislation. Several policy inconsistencies warrant further clarification to preserve coherence, credibility and usability.

PRI recommendations

⁹ For example: “*This financial product is not classified as an Article 6, Article 8 Article 9 or Article 9a (2) financial product within the meaning of Regulation (EU) 2019/2088. While sustainability factors may be considered for risk management purposes, the product does not pursue sustainability objectives nor promote environmental or social characteristics.*”



- (i) **Improve alignment with EU Benchmark Regulation:** Under the revised SFDR, products tracking EU Climate Transition Benchmark (CTB) or Paris-Aligned Benchmark (PAB) are deemed to meet the 70% contribution threshold and the mandatory exclusions. However, the benchmark exclusions do not fully align with the mandatory SFDR exclusions required for Sustainable and Transition products. **To ensure consistent sustainability safeguards for these funds, the Commission should clarify that products tracking EU CTBs or PABs should also comply with the additional SFDR mandatory exclusions applicable to Sustainable and Transition products.**
- (ii) **Clarify interaction with MiFID II and IDD:** The SFDR review should be used to align and streamline the rules on mandatory sustainability preference assessments under IDD and MiFID II, reducing legal complexity and enabling financial firms to integrate clients' sustainability preferences more effectively into advisory and distribution processes. The current proposal of the EU Commission would create significant challenges for effective alignment with MiFID II and Insurance Distribution Directive (IDD), as the scope of the SFDR does not match the range of financial products that can be advised or distributed to clients under these frameworks. **This misalignment risks undermining the practical application of clients' sustainability preferences and creating legal uncertainty for market participants.** To ensure that sustainability preferences can effectively rely on SFDR product categories, the scope of SFDR could therefore be extended to cover: (i) structured banking notes, including Euro Medium Term Notes (EMTN), with clear guidance on the treatment of embedded derivatives - an issue that is equally relevant for structured funds already within the scope of SFDR and which should be treated consistently; (ii) portfolio management services and investment mandates, which should be categorised as Article 7, 8 or 9 products where they consist of direct investments in securities, or under Article 9a where they consist of investments in other financial products or a combination of direct and indirect investments; and (iii) insurance-based investment products, including discretionary management mandates, which could fall under Article 9a. Where investment decisions are left to the investor's discretion, appropriate disclosures should be provided to ensure transparency regarding the compatibility of individual investment decisions with the investor's stated sustainability preferences.
- (iii) **The scope of Art. 9a requires clarification,** specifically to confirm the inclusion of Fund of Funds and Multi-Option Products. Also, it should be clarified that the 70% threshold pertains to the classification of the underlying funds. Moreover, the aggregation of Fund of Funds and General Accounts could be enabled through a harmonised cross-category methodology based on the underlying investments or assets, irrespective of the product category in which those assets are held.
- (iv) **Ensure clear and proportionate rules on sustainability data and estimates:** Article 12a¹⁰ introduces transparency requirements on the use of sustainability data and estimates. To support effective implementation, at a minimum, guidance should clarify expectations regarding responsibilities for both investors and data providers, ensuring timely, high-quality, and transparent data while avoiding disproportionate operational burden for investors. As the European [ESG Rating Regulation](#) applies solely to ESG rating products and excludes data products from its scope, a regulatory gap emerges between the objective of Article 12a and the information publicly disclosed by ESG data providers. Given the expected growth in the use of ESG estimates, **SFDR could include a recital emphasizing the need to establish robust standards for ESG data products.** These products are not currently covered under the ESG Ratings Regulation. These standards - developed in line with IOSCO recommendations - should address transparency, governance, systems and controls, and the management of conflicts of interest. Their development could be scheduled as part of the 2029 review of the ESG Rating Regulation. Alternatively, Article 12a could be strengthened with two new paragraphs to extend requirements to ESG data product providers through the adherence to an EU Code of Conduct, aligned with other codes already developed by regulators, especially [ICMA](#) global voluntary Code of Conduct for ESG ratings and data products providers.

¹⁰ (i) Financial market participants should ensure that: a) The use of data from external providers is based on formalised and documented arrangements; b) The use of estimates not sourced from external providers is based on formalised methodologies, including assumptions, precautionary principles, and the applied methodology.



8. Enhance interoperability with leading international standards and frameworks

Summary

International collaboration is essential to establish baseline disclosures and principles that ensure cross-border compatibility of sustainability-related product categories. Rapid developments in sustainability regulation are creating market fragmentation in standards and naming conventions. Close coordination among regulators can promote interoperability, share best practices, and reduce market fragmentation.

PRI recommendations

To support international consistency and reduce market fragmentation, the Commission should continue to promote close regulatory coordination:

- (i) **Coordination with the UK Financial Conduct Authority (FCA) could clarify that Sustainability Disclosure Requirements (SDR) and SFDR pre- and periodic disclosures may be cross-referenced**, allowing financial market participants to use the same dataset for both reporting frameworks.
- (ii) **Sustainability indicators that will be referenced in SFDR technical standards should be aligned with international and EU standards, including ESRS, ISSB, TCFD, TNFD, and GRI**, to ensure coherence, comparability, and interoperability of disclosures across jurisdictions. Information reported by portfolio companies pursuant to these standards should enable investors to calculate and disclose sustainability indicators required by SFDR.



Annex

Legal amendments

Proposed legal text	PRI proposed text
Entity-level disclosures	
<p>Article 3</p> <p>Financial market participants shall publish on their website information about their policies on the integration of sustainability risks in their investment decision-making process.’;</p>	<p>Article 3</p> <p>1. Financial market participants shall publish on their website information about their policies on the integration of sustainability risks, opportunities and impacts in their investment decision-making process, including their overall strategy with regard to environmental, social and governance factors and any relevant issue-specific guidelines.</p> <p>2. Financial market participants shall include in the information provided in accordance with paragraph 1 at least the following:</p> <p>(i) Processes for the identification and prioritisation of sustainability risks, opportunities and impacts, and actions taken to mitigate risks and impacts;(ii) Processes for monitoring controversies and and/or incidents linked to investments;</p> <p>(iii) % of AUM categorised under Articles 7, 8, 9, and 9a over total AUM</p> <p>(iv) brief summaries of engagement policies in accordance with Article 3g of Directive 2007/36/EC.</p> <p>Where the entity does not disclose certain information referred to in points 2, it shall provide clear reasons for why they do not do so, including, where relevant, information as to whether and when they intend to meet the requirement.</p>
Principal Adverse Impact indicators	
<p>Article 7. 1 (d)</p> <p>they identify and disclose the principal adverse impacts of their investments on sustainability factors, and explain any actions taken to address those impacts. Financial market participants may choose to comply in full or in part with the disclosure requirement described under the first subparagraph point (d) by using appropriate sustainability-related indicators.</p>	<p>Article 7. 1 (d)</p> <p>they identify and disclose the principal adverse impacts of their investments on sustainability factors, and explain any actions taken to address those impacts. Financial market participants may choose to comply in full or in part with the disclosure requirement described under the first subparagraph point (d) by using appropriate sustainability-related indicators. The disclosures shall follow a layered approach, consisting of (a) a set of mandatory baseline indicators and (b) additional indicators which are material considering the investment strategy, asset classes or sustainability characteristics or objectives of the financial product</p>
<p>No corresponding provision</p>	<p>At art 8.1 the following paragraph is added:</p> <p>(c) they identify and disclose the principal adverse impacts of their investments on sustainability factors, and explain any actions taken to address those impacts. The disclosures shall follow a</p>



	<p>layered approach, consisting of (a) a set of mandatory baseline indicators and (b) additional indicators which are material considering the investment strategy, asset classes or sustainability characteristics or objectives of the financial product</p>
<p>Article 9. 1 (d)</p> <p>they identify and disclose the principal adverse impacts of their investments on sustainability factors, and explain any actions taken to address those impacts. Financial market participants may choose to comply in full or in part with the disclosure requirement described under the first subparagraph point (d) by using appropriate sustainability related indicators.</p>	<p>Article 9. 1 (d)</p> <p>they identify and disclose the principal adverse impacts of their investments on sustainability factors, and explain any actions taken to address those impacts. Financial market participants may choose to comply in full or in part with the disclosure requirement described under the first subparagraph point (d) by using appropriate sustainability related indicators. The disclosures shall follow a layered approach, consisting of (a) a set of mandatory baseline indicators and (b) additional indicators which are material considering the investment strategy, asset classes or sustainability characteristics or objectives of the financial product</p>
<p>Article 19b (a) (a) (i)</p> <p>indicator(s) building on the indicators referred to in Annex I to Commission Delegated Regulation (EU) 2022/1288*11 and Commission Delegated Regulation (EU) 2023/2772 [to be adapted to the new CSRD delegated act] *12 for voluntary use by financial market participants when complying with paragraph 1, first subparagraph, point (a) and point (d);</p>	<p>Article 19b (a) (a) (i)</p> <p>indicator(s) building on the indicators referred to in Annex I to Commission Delegated Regulation (EU) 2022/1288*11 and Commission Delegated Regulation (EU) 2023/2772 [to be adapted to the new CSRD delegated act] *12 for mandatory and voluntary use by financial market participants when complying with paragraph 1, first subparagraph, point (a) and point (d);</p>
<p>ESG basics category</p>	
<p>Article 8.2 (c)</p> <p>investments that favour undertakings or economic activities with a proven positive track record in terms of processes, performance or outcomes related to sustainability factors</p>	<p>Article 8.2 (c)</p> <p>investments that favour undertakings or economic activities with a proven positive track record in terms of processes, performance or outcomes related to sustainability factors</p>
<p>Taxonomy</p>	
<p>Article 7.3 (d)</p> <p>where the product pursues an environmental objective, a statement on whether, and the extent to which, the financial market participant meets the requirement referred to in paragraph 1 point (a) by investing in accordance with paragraph 2 point (b);</p>	<p>Article 7.3 (d)</p> <p>where the product pursues an environmental objective, a statement on whether, and the extent to which; the financial market participant meets the requirement referred to in paragraph 1 point (a) by investing in accordance with paragraph 2 point (b); where the financial market participant does not meet this requirement, clear reasons for why they do not do so, including, where relevant, information as to whether and when they intend to meet the requirement.</p>



<p>Article 9.3 (d)</p> <p>where the product pursues an environmental objective, a statement on whether, and the extent to which, the financial market participant meets the requirement referred to in paragraph 1 point (a) by investing in accordance with paragraph 2 point (b);</p>	<p>Article 9.3 (d)</p> <p>where the product pursues an environmental objective, a statement on whether, and the extent to which; the financial market participant meets the requirement referred to in paragraph 1 point (a) by investing in accordance with paragraph 2 point (b); where the financial market participant does not meet this requirement, clear reasons for why they do not do so, including, where relevant, information as to whether and when they intend to meet the requirement.</p>
<p>Article 7.1</p> <p>The conditions described under the first subparagraph, point (a) shall be considered met for financial products with a proportion of investments in taxonomy-aligned economic activities, as defined in Article 1, point (2), of Delegated Regulation (EU) 2021/2178*6, equal or higher than 15%</p>	<p>Art. 7.1</p> <p>The conditions described under the first subparagraph, point (a) shall be considered met for financial products with a proportion of investments in taxonomy-aligned economic activities, as defined in Article 1, point (2), of Delegated Regulation (EU) 2021/2178*6, equal or higher than 15% as measured on the basis of capital expenditure (CapEx)</p>
<p>Article 9.1</p> <p>The conditions described under the first subparagraph, point (a) shall be considered met for financial products with a proportion of investments in taxonomy-aligned economic activities, as defined in Article 1, point (2), of Delegated Regulation (EU) 2021/2178*6, equal or higher than 15%</p>	<p>Article 9.1</p> <p>The conditions described under the first subparagraph, point (a) shall be considered met for financial products with a proportion of investments in taxonomy-aligned economic activities, as defined in Article 1, point (2), of Delegated Regulation (EU) 2021/2178*6, equal or higher than 15% as measured on the basis of turnover</p>
<p>Policy consistency with EU Benchmark Regulation</p>	
<p>Article 7. 1</p> <p>The conditions described in the first subparagraph shall be considered to be met for financial products that replicate or are managed in reference to an EU climate transition benchmark that complies with the requirements laid down in Section 2 of Delegated Regulation (EU) 2020/1818, or an EU Paris-aligned benchmark that complies with the requirements laid down in Section 3 of Chapter II of that Delegated Regulation.</p>	<p>Article 7. 1</p> <p>The conditions described in the first subparagraph shall be considered to be met for financial products that replicate or are managed in reference to an EU climate transition benchmark that complies with the requirements laid down in Section 2 of Delegated Regulation (EU) 2020/1818, or an EU Paris-aligned benchmark that complies with the requirements laid down in Section 3 of Chapter II of that Delegated Regulation.</p>
<p>Article 9.1</p> <p>The conditions described in the first subparagraph shall be considered to be met for financial products that replicate or are managed in reference to an EU climate transition benchmark that</p>	<p>Article 9.1</p> <p>The conditions described in the first subparagraph shall be considered to be met for financial products that replicate or are managed in reference to an EU climate transition benchmark that complies with the requirements laid down in Section 2 of Delegated Regulation (EU) 2020/1818, or an EU Paris-aligned benchmark that complies with the</p>



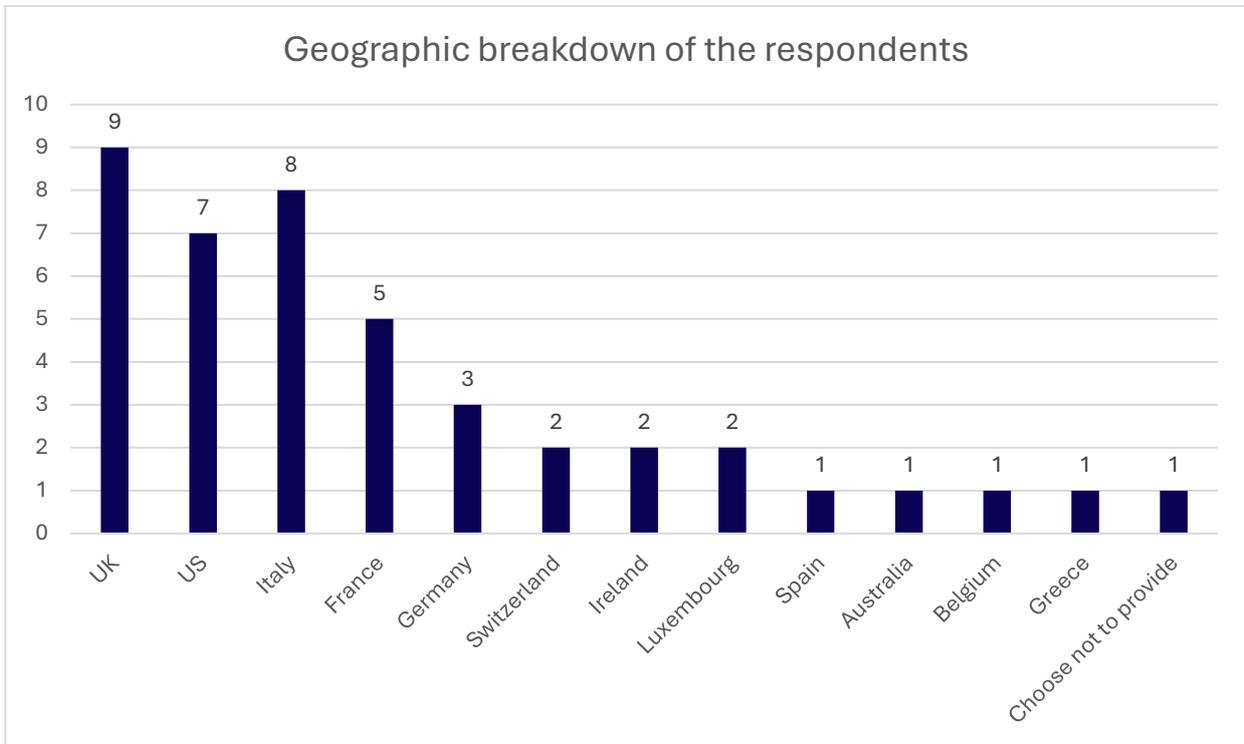
complies with the requirements laid down in Section 2 of Delegated Regulation (EU) 2020/1818, or an EU Paris-aligned benchmark that complies with the requirements laid down in Section 3 of Chapter II of that Delegated Regulation.	requirements laid down in Section 3 of Chapter II of that Delegated Regulation.
Disclaimer for uncategoryed products	
No corresponding provision	At art 6a.1 the following paragraph is added: Where a financial product does not fall within Articles 7,8 or 9, the pre-contractual and periodic disclosures, as well as any marketing communications, shall include a clear and prominent statement that the financial product is not classified as a sustainability-related financial product within the meaning of that Regulation and does not pursue sustainability objectives or promote environmental or social characteristics.



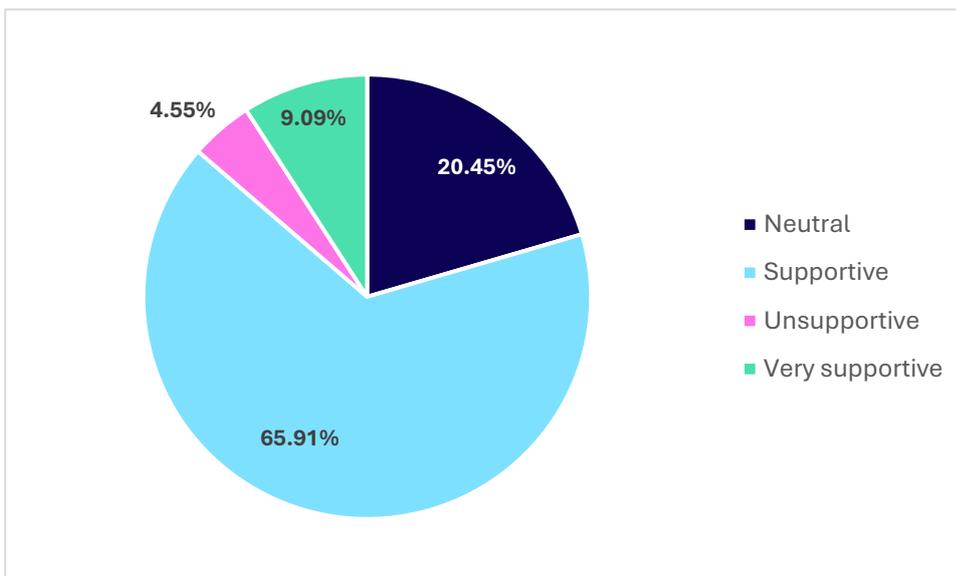
PRI Signatory Survey' s results

Respondents: 44

Type of signatories: 90% AM, 5% AO, 5% SP

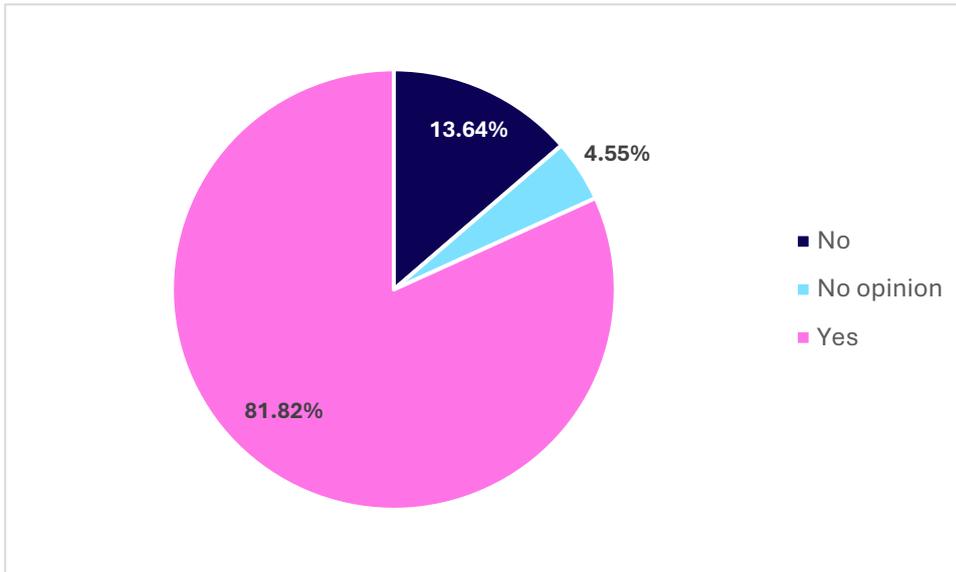


1. Overall, how supportive are you of the SFDR revised text?

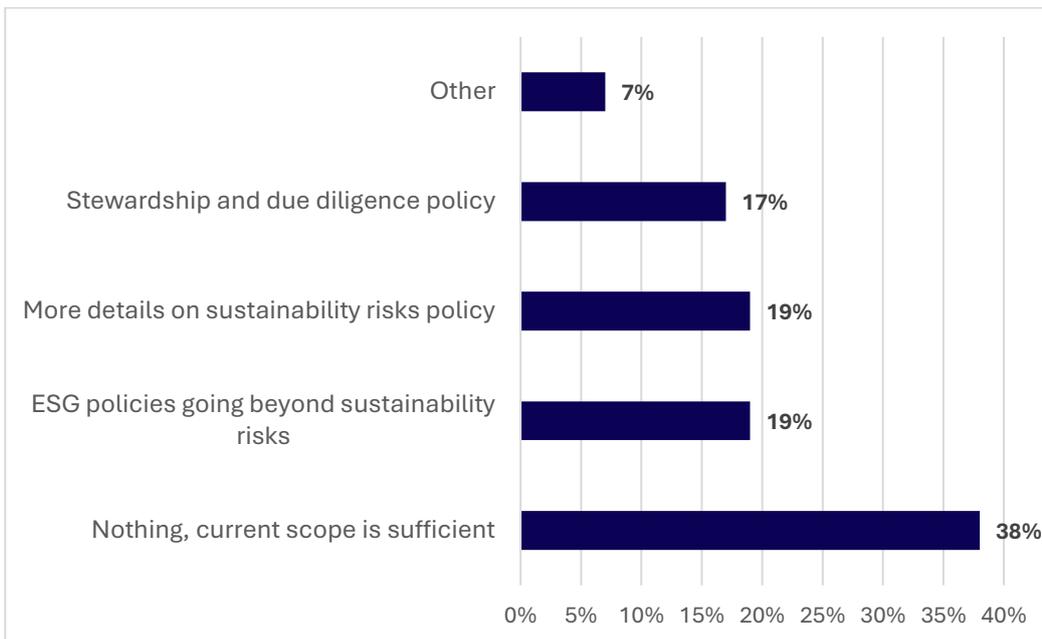




2. Do you support removing entity-level requirements?

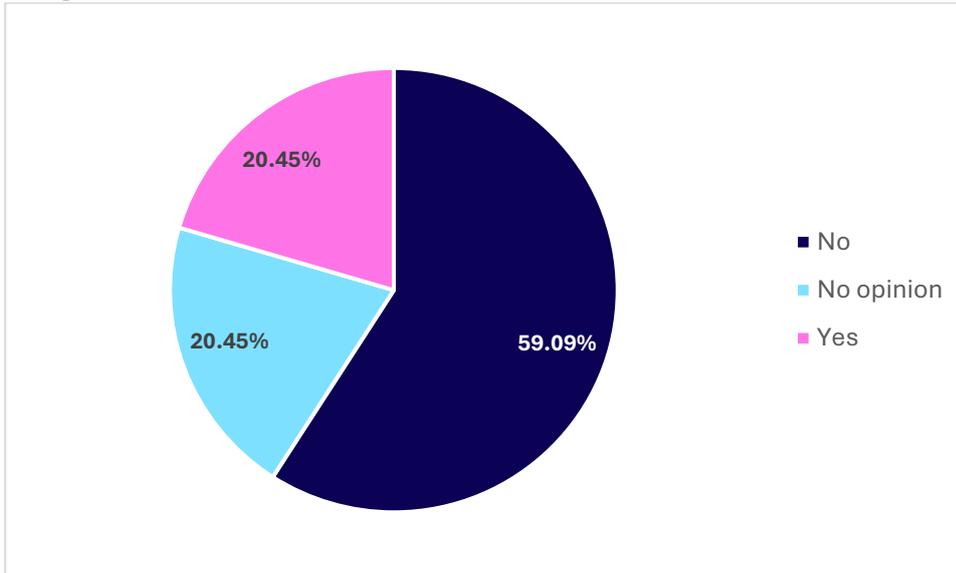


3. What do you think would be relevant to add to entity-level disclosures?

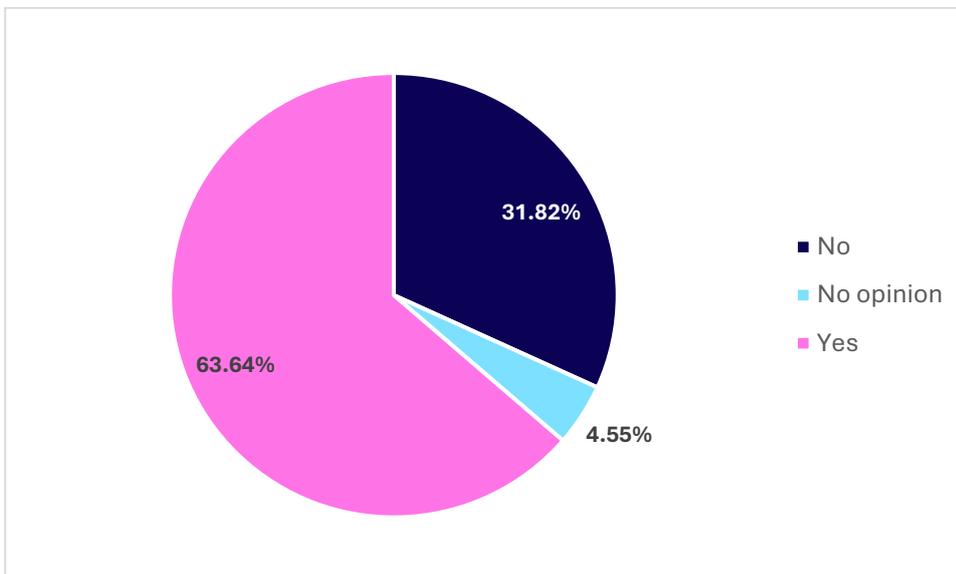




4. Would you agree to add stewardship criteria at entity-level and make it mandatory across all categories?



5. Would you agree to having a very limited but mandatory list of PAI indicators to report on at product level?

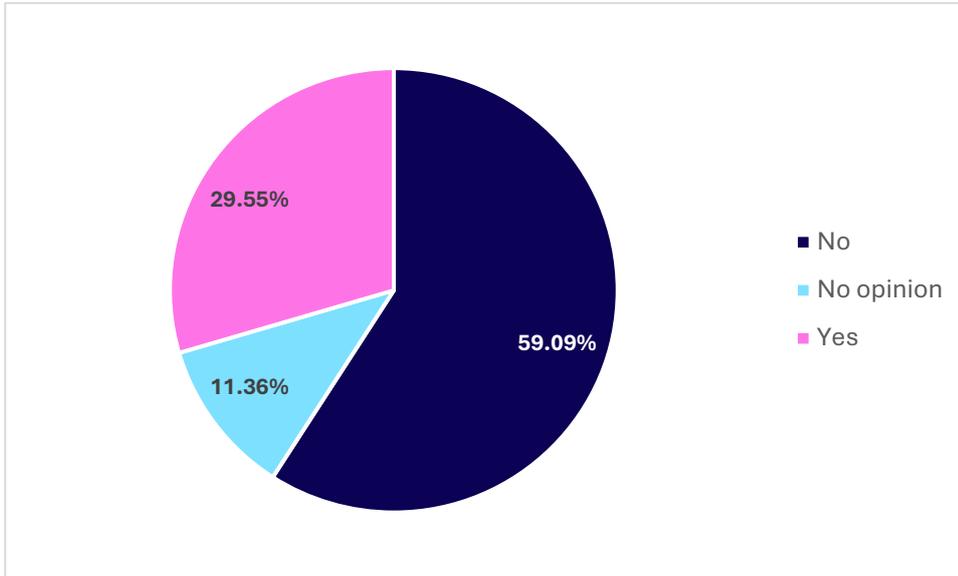


6. If you responded yes, which PAIs would be the most relevant?

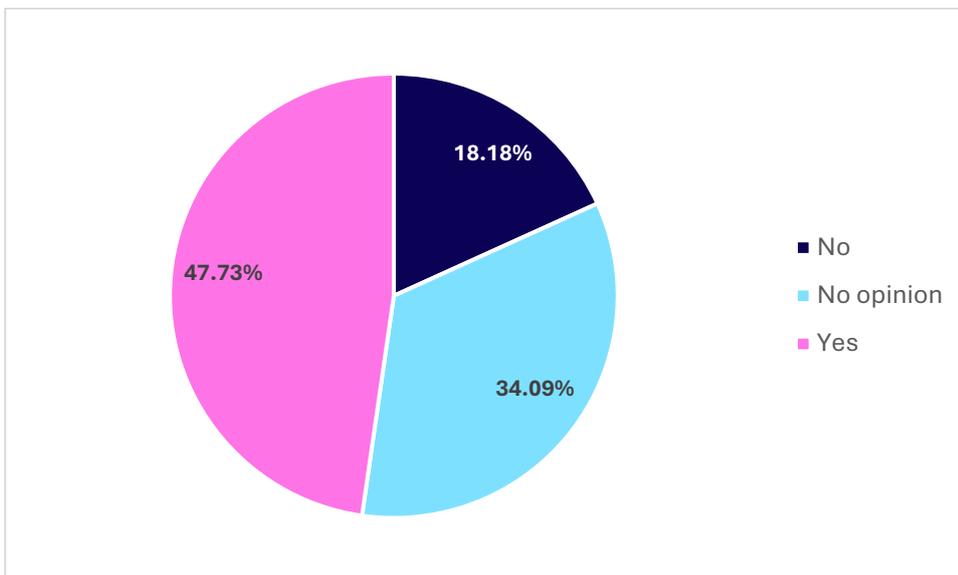
Most relevant indicators for respondents: GHG emissions, exposition to fossil fuels, gender pay gap, board diversity, water usage, energy efficiency, exposure to controversial weapons.



7. Would you agree with introducing a mandatory minimum (low) percentage of Taxonomy alignment for Sustainable funds that pursue an environmental objective?

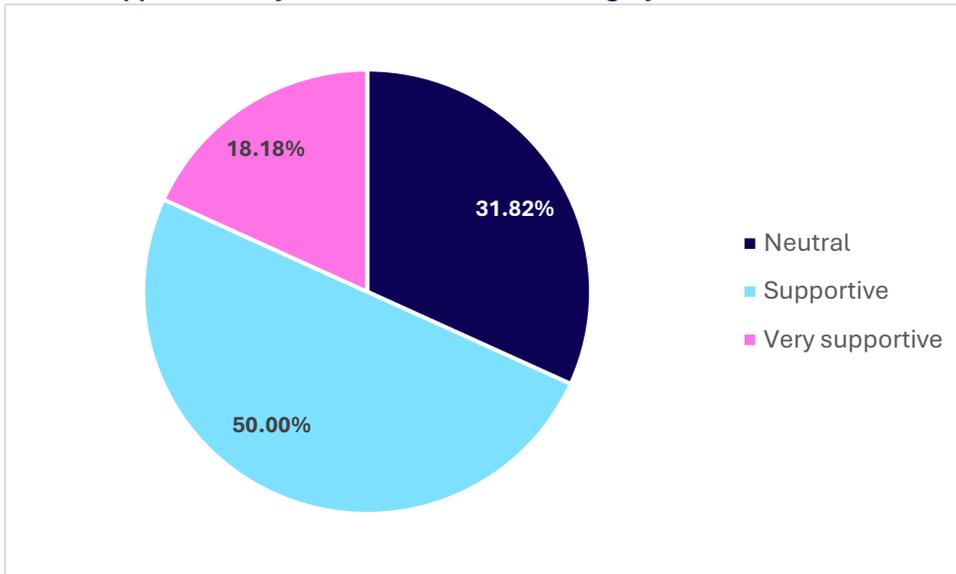


8. Would you agree to request a disclaimer for non-categorised funds?





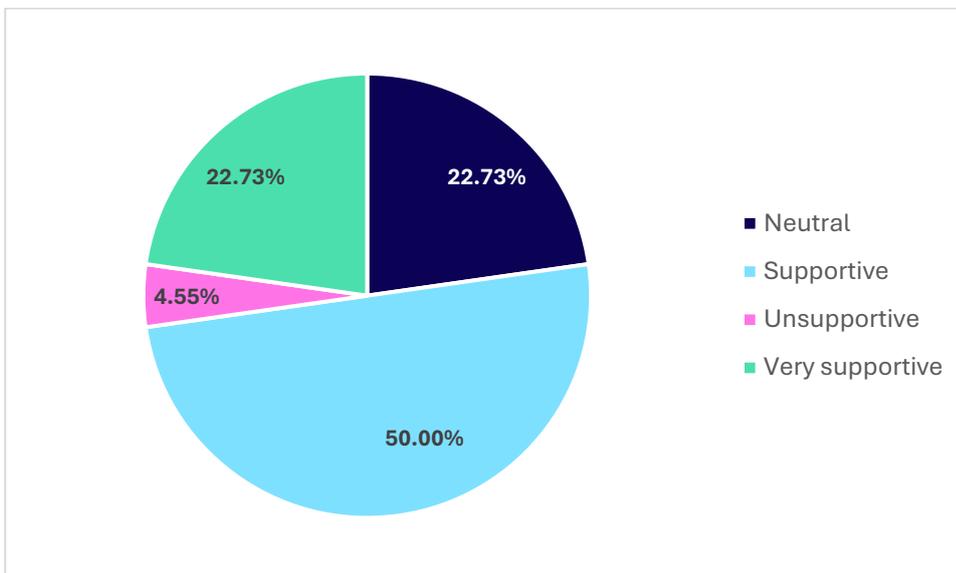
9. How supportive are you of the Sustainable category criteria?



10. Do you have any concerns about the Sustainable category (Art.9) (e.g. on contribution criteria, exclusions, type of investments, naming and marketing)? Please describe them below

Main concerns: minimum taxonomy alignment, definition of sustainable investment, inclusion of stewardship needed, definition of impact should be better defined, issue with sovereign bonds (SFDR should open to other methodologies than EU GBS).

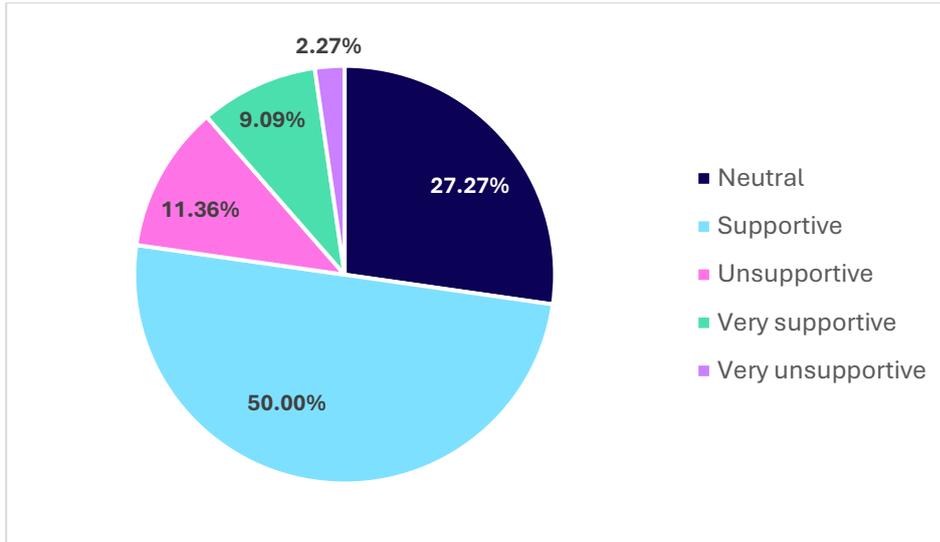
11. How supportive are you of the Transition category criteria (Art.7)?



12. Do you have any concerns about the Transition category (Art. 7) (e.g. on contribution criteria, exclusions, type of investments, naming and marketing)? Please describe them below

Main concerns: lack of third-party data, taxonomy should clear refer to CapEx, data availability after Omnibus, credibility of transition plans and targets.

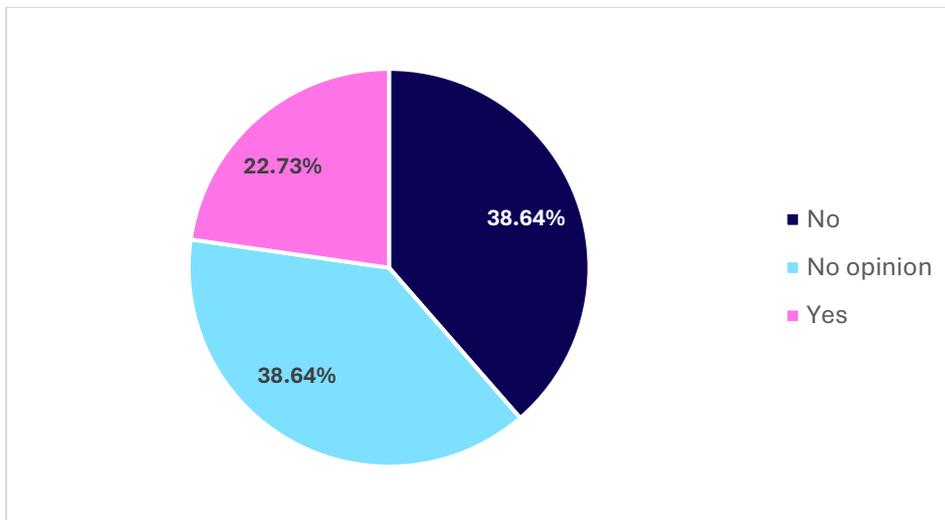
13. How supportive are you of the ESG Basics category criteria?



14. Do you have any concerns about the ESG Basics category (Art. 8) (e.g. on contribution criteria, exclusions, type of investments, naming and marketing)? Please describe them below

Main concerns: too broad of a category, lack of elements to allow comparability, should require stewardship, name “basics” is not good, should be “focus”, too public markets focused, low bar.

15. Do you have any concerns with the recent changes in scope (e.g. financial advisers, portfolio management)?



16. If you responded yes, please describe why

Main concerns: it creates several issues for clients who asked for sustainable mandates classified SFDR art. 8 who won't be any more classified as such, discrepancy between MIFID II and IDD and SFDR.

Please send any questions or comments to policy@unpri.org.

More information on www.unpri.org