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P8_TA (2019)0325**Establishment of a framework to facilitate sustainable investment ***I**

European Parliament legislative resolution of 28 March 2019 on the proposal for a regulation of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment (COM(2018)0353 — C8-0207/2018 — 2018/0178(COD))

(Ordinary legislative procedure: first reading)

(2021/C 108/56)

The European Parliament,

- having regard to the Commission proposal to Parliament and the Council (COM(2018)0353),
 - having regard to Article 294(2) and Article 114 of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C8-0207/2018),
 - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
 - having regard to the opinion of the European Economic and Social Committee of 17 October 2018 ⁽¹⁾,
 - having regard to the opinion of the Committee of the Regions of 5 December 2018 ⁽²⁾,
 - having regard to Rule 59 of its Rules of Procedure,
 - having regard to the joint deliberations of the Committee on Economic and Monetary Affairs and the Committee on the Environment, Public Health and Food Safety under Rule 55 of the Rules of Procedure,
 - having regard to the report of the Committee on Economic and Monetary Affairs and the Committee on the Environment, Public Health and Food Safety (A8-0175/2019),
1. Adopts its position at first reading hereinafter set out;
 2. Calls on the Commission to refer the matter to Parliament again if it replaces, substantially amends or intends to substantially amend its proposal;
 3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

P8_TC1-COD(2018)0178

Position of the European Parliament adopted at first reading on 28 March 2019 with a view to the adoption of Regulation (EU) .../... of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

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

⁽¹⁾ OJ C 62, 15.2.2019, p. 103.

⁽²⁾ OJ C 86, 7.3.2019, p. 24.

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Having regard to the proposal from the European Commission,

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

Having regard to the Opinion of the European Economic and Social Committee ⁽¹⁾,

Having regard to the opinion of the Committee of the Regions ⁽²⁾,

Acting in accordance with the ordinary legislative procedure ⁽³⁾,

Whereas:

- (1) Article 3(3) of the Treaty on European Union aims to establish an internal market that works for the sustainable development of Europe, based among others on balanced economic growth and a high level of protection and improvement of the quality of the environment.
- (2) On 25 September 2015, the UN General Assembly adopted a new global sustainable development framework: the 2030 Agenda for Sustainable Development ⁽⁴⁾ having at its core the Sustainable Development Goals (SDGs) covering three pillars of sustainability: environmental, social and economic/governance. The Commission's Communication of 2016 on the next steps for a sustainable European future ⁽⁵⁾ links the SDGs to the Union policy framework to ensure that all Union actions and policy initiatives, within the Union and globally, take the SDGs on board at the outset. The European Council conclusions of 20 June 2017 ⁽⁶⁾ confirmed the commitment of the Union and the Member States to the implementation of the 2030 Agenda in a full, coherent, comprehensive, integrated and effective manner and in close cooperation with partners and other stakeholders.
- (3) In 2016, the Council concluded on behalf of the Union the Paris Climate Agreement ⁽⁷⁾. Article 2(1)(c) of the Paris Climate Agreement sets the objective to strengthen the response to climate change, among other means by making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.
- (4) Sustainability and the transition to a low-carbon and climate resilient, more resource-efficient and circular economy are key in ensuring long-term competitiveness of the Union's economy. Sustainability has long been at the heart of the European Union project and the Treaties give recognition to its social and environmental dimensions.
- (5) In December 2016, the Commission mandated a High-Level Expert Group to develop an overarching and comprehensive Union strategy on sustainable finance. The report of the High-Level Expert Group published on 31 January 2018 ⁽⁸⁾ calls for the creation of a technically robust classification system at Union level to establish clarity on which activities are 'green' or 'sustainable', starting with climate change mitigation.
- (6) In March 2018, the Commission published its Action Plan 'Financing Sustainable Growth' ⁽⁹⁾ setting up an ambitious and comprehensive strategy on sustainable finance. One of the objectives set out in that Action Plan is to reorient capital flows towards sustainable investment in order to achieve sustainable and inclusive growth. The establishment of a unified classification system ~~for sustainable~~ **and of indicators for identifying the degree of sustainability of activities** ~~is~~ **are** the most important and urgent action envisaged by the Action Plan. The Action Plan recognises that

⁽¹⁾ OJ C 62, 15.2.2019, p. 103.

⁽²⁾ OJ C 86, 7.3.2019, p. 24.

⁽³⁾ European Parliament position of 28 March 2019.

⁽⁴⁾ Transforming our World: The 2030 Agenda for Sustainable Development (UN 2015) available at <https://sustainabledevelopment.un.org/post2015/transformingourworld>.

⁽⁵⁾ COM(2016)0739.

⁽⁶⁾ CO EUR 17, CONCL 5.

⁽⁷⁾ Council Decision (EU) 2016/1841 of 5 October 2016 on the conclusion, on behalf of the European Union, of the Paris Agreement adopted under the United Nations Framework Convention on Climate Change (OJ L 282, 19.10.2016, p. 4).

⁽⁸⁾ EU High-Level Expert Group on Sustainable Finance Final Report, Financing a Sustainable European Economy, available at: https://ec.europa.eu/info/sites/info/files/180131-sustainable-finance-final-report_en.pdf.

⁽⁹⁾ COM(2018)0097.

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the shift of capital flows towards more sustainable activities has to be underpinned by a shared, **holistic** understanding of what 'sustainable' means **the impact of economic activities and investments on environmental sustainability and resource efficiency**. As a first step, clear guidance on activities qualifying as contributing to environmental objectives, should help inform investors about the investments that fund ~~environmentally sustainable~~ economic activities **according to their degree of sustainability**. **Recognising the UN Sustainability Goals and the European Council conclusions of 20 June 2017**, further guidance on the activities contributing to other sustainability objectives, including social **and governance** objectives, ~~may~~ **should also** be developed ~~at a later stage thereby implementing the 2030 Agenda in full, coherent, comprehensive, integrated and effective manner~~. [Am. 80]

- (6a) **While acknowledging the urgency of addressing climate change, a narrow focus on carbon exposure could have negative spill-overs by redirecting investment flows to targets that carry other environmental risks. Hence, adequate safeguards need to be put in place to ensure that the economic activities are not harming other environmental objectives, such as biodiversity and energy efficiency. Investors need comparable and holistic information regarding environmental risks and their impact, in order to assess their portfolios beyond carbon exposure.** [Am. 2]
- (6b) **Given the urgency in several interlinked fields of environmental degradation and resource overconsumption, there is a need to take a systemic approach to exponentially growing negative trends, such as the loss of biodiversity, the global overconsumption of resources, the appearance of new threats including hazardous chemicals and their cocktails, nutrition scarcity, climate change, ozone depletion, ocean acidification, fresh water depletion, and land system change. Hence, it is necessary that the actions to be taken are forward-looking and up-to-scale to the upcoming challenges. The scale of those challenges requires a holistic and ambitious approach and the application of a stringent precautionary principle.** [Am. 3]
- (7) Decision No. 1386/2013/EU of the European Parliament and of the Council⁽¹⁰⁾ called for an increase in private sector funding for environmental and climate-related expenditure, notably through putting in place incentives and methodologies that stimulate companies to measure the environmental costs of their business and profits derived from using environmental services.
- (7a) **The European Parliament Own Initiative Report on Sustainable Finance of 29 May 2018 lays down essential elements of sustainability indicators and taxonomy as an incentive for sustainable investment. Consistency should be ensured among relevant legislation.** [Am. 4]
- (8) Achieving SDGs in the Union requires the channelling of capital flows towards sustainable investments. It is important to exploit fully the potential of the internal market for the achievement of those goals. It is also important to ensure that capital flows channelled towards sustainable investment are not disrupted in the internal market.
- (8a) **The scale of the challenge entails gradually moving the entire financial system to support the economy to function on a sustainable basis. To that end, sustainable finance needs to be brought into the mainstream, and consideration needs to be made of sustainability impact in respect of financial products and services.** [Am. 5]
- (9) Offering financial products which pursue environmentally sustainable objectives is an effective way of ~~channelling~~ **gradually shifting** private investments ~~into~~ **from activities with negative environmental impact and towards more** sustainable activities. National requirements for marketing as sustainable investments financial products, **services** and corporate bonds, **as defined in this Regulation**, in particular requirements set out to allow the relevant market actors to use a national label, aim to enhance investor confidence **and awareness of risks**, to create visibility and to address concerns about 'greenwashing'. Greenwashing refers to the practice of gaining an unfair competitive advantage by marketing a financial product as environment-friendly, when in fact it does not meet basic environmental standards. Currently a few Member States have in place labelling schemes. They build on different taxonomies classifying environmentally sustainable economic activities. Given the political commitments under the Paris Agreement and at Union level, it is likely that more and more Member States will set up labelling schemes or

⁽¹⁰⁾ Decision No. 1386/2013/EU of the European Parliament and of the Council of 20 November 2013 on a General Union Environment Action Programme to 2020 'Living well, within the limits of our planet' (OJ L 354 28.12.2013, p. 171).

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other requirements on market actors in respect of financial products or corporate bonds marketed as environmentally sustainable. In doing so, Member States would be using their own national taxonomies for the purposes of determining which investments qualify as sustainable. If such national requirements are based on different criteria **and indicators** as to which economic activities qualify as environmentally sustainable, investors will be discouraged from investing across borders, due to difficulties in comparing the different investment opportunities. In addition, economic operators wishing to attract investment from across the Union would have to meet different criteria in the various Member States in order for their activities to qualify as environmentally sustainable for the purposes of the different labels. The absence of uniform criteria **and indicators** will ~~thus increase~~ **direct investments in an environmentally ineffective, and in some cases counterproductive, manner and lead to unmet environmental and sustainability targets. That absence thus increases** costs and ~~create~~ **creates** a significant disincentive for economic operators, amounting to an impediment to access cross-border capital markets for sustainable investments. The barriers to access to cross-border capital markets for the purposes of raising funds for sustainable projects are expected to grow further. The criteria **and indicators** for determining ~~whether an~~ **the degree of sustainability of** an economic activity ~~is environmentally sustainable~~ should therefore be **gradually** harmonised at Union level, in order to remove obstacles to the functioning of the internal market and prevent their future emergence. With such harmonisation **of information, of metrics and of criteria**, economic operators will find it easier to raise funding for their ~~green environmentally sustainable~~ activities across borders, as their economic activities can be compared against uniform criteria **and indicators** in order to be selected as underlying assets for environmentally sustainable investments. It will therefore facilitate attracting investment across borders within the Union. [Am. 6]

(9a) *In order for the Union to reach its environmental and climate commitments, private investments need to be mobilised. Achieving this requires long-term planning as well as regulatory stability and predictability for investors. In order to guarantee a coherent policy framework for sustainable investments, it is therefore important that the provisions of this Regulation build upon existing Union legislation.* [Am. 7]

(10) Moreover if market participants do not ~~provide any explanation to investors of~~ **disclose** how the activities they invest in contribute **negatively or positively** to environmental objectives, or if they use different ~~concepts~~ **metrics and criteria for determining the impact** in their explanation of ~~what is a 'sustainable'~~ **the degree of environmental sustainability of an** economic activity, investors will find it disproportionately burdensome to check and compare ~~these~~ different financial products. It has been found that this discourages investors from investing into ~~green~~ **sustainable** financial products. Furthermore, the lack of investor confidence has major detrimental effects on the market for sustainable investment. It has further been shown that national rules or market-based initiatives taken to tackle this issue within national borders will lead to fragmenting the internal market. If financial market participants disclose how the financial products they claim are environment-friendly meet environmental objectives, and they use for such disclosures common criteria across the Union of what is an environmentally sustainable economic activity, this will help investors compare ~~environment-friendly~~ **the environmental impact of** investment opportunities across borders **and will incentivise investee companies to make their business models more sustainable**. Investors will invest in green financial products with higher confidence across the Union, improving the functioning of the internal market. [Am. 8]

(10a) *In order to deliver a meaningful environmental and broader sustainability impact, to decrease unnecessary administrative burden on financial market participants and other stakeholders and to facilitate the growth of European financial markets funding sustainable economic activities, the taxonomy should be based on harmonised, comparable and uniform criteria and indicators, including at least the circular economy indicators. Those indicators should be made consistent with the unified life cycle assessment methodology and be applied across Union regulatory initiatives. They should be the basis for the assessment of economic activities and investments risk and impact on the environment. Any overlap in regulation must be avoided which would not be in line with the principles of better regulation and would not be applied in a proportionate manner and the aim to create a consistent terminology and a clear regulatory framework. Any unnecessary burdening of both, authorities and financial institutions should also be avoided. In the same perspective, the scope and use of the technical screening criteria as well as the link to other initiatives should be clearly defined before the taxonomy and pertaining criteria enter into force. Setting harmonised criteria for environmentally sustainable economic*

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activities should take into account the competence of the Member States in different policy areas. The requirements of this Regulation should apply in a proportionate manner to small and non-complex institutions as defined under this Regulation. [Am. 9]

- (10b) *The indicators should be harmonised based on existing undertakings, such as the work of the Commission, the European Environmental Agency, and the OECD, among others, and should capture environmental impact on CO2 and other emissions, biodiversity, production of waste, the use of energy and renewable energy, raw materials, water, and direct and indirect land use, as laid out in the Commission monitoring framework on the circular economy (COM(2018)0029), the EU action plan for the Circular Economy (COM(2015)0614) and in the European Parliament's resolution of 9 July 2015 on resource efficiency: moving towards a circular economy (2014/2208(INI)). Furthermore, the indicators should be designed also taking into account the recommendations of the Support to Circular Economy Financing Expert Group of the European Commission. The Commission should evaluate how to integrate the work of this expert group with the TEG. Indicators should take into account internationally recognised sustainable standards. [Am. 10]*
- (11) To address existing obstacles to the functioning of the internal market and to prevent the emergence of such obstacles in the future, Member States **and the Union** should be required to use a common concept of ~~environmentally sustainable investment~~ **regarding the degree of environmental sustainability of investments** when setting up requirements for market actors for the purpose of labelling financial products, **services** or corporate bonds marketed as environmentally sustainable at national level. For the same reasons, fund managers and institutional investors that hold themselves out as pursuing environmental objectives should use the same concept of environmentally sustainable investment **and the same indicators, metrics and criteria for calculating the environmental impact** when disclosing how they pursue those objectives. [Am. 11]
- (12) ~~Establishing criteria for environmentally sustainable economic activities may encourage firms to disclose on their websites, on a voluntary basis, information on the environmentally sustainable economic activities they carry out. This~~ **The information on the environmental impact of activities** will ~~not only~~ help relevant actors in the financial markets to easily identify ~~which firms carry out environmentally sustainable~~ **and determine the degree of environmental sustainability of the economic activities carried out by firms**, but it will also facilitate for these firms to raise funding ~~for their green activities.~~ [Am. 12]
- (13) ~~A Union classification of environmentally sustainable~~ **Union-wide indicators relevant for the determination of the environmental impact of economic activities** should enable the development of future Union policies **and strategies**, including Union-wide standards for environmentally sustainable financial products and eventually the establishment of labels that formally recognise compliance with those standards across the Union, **as well as to be the basis for other economic, regulatory and prudential measures**. Uniform legal requirements for considering ~~investments as environmentally sustainable~~ **the degree of environmental sustainability of investments**, based on uniform criteria for ~~environmentally sustainable~~ **determining the degree of environmental sustainability of economic activities and common indicators for assessing the environmental impact of investments**, are necessary as a reference for future Union legislation aiming at ~~enabling those~~ **facilitating the shift from investments with a negative environmental impact to investments with a positive impact.** [Am. 13]
- (14) In the context of achieving SDGs in the Union, policy choices such as the creation of a European Fund for Strategic Investment, ~~have proven to~~ **could** be effective in contributing to **mobilise and** channel private investment alongside public spending towards sustainable investments. Regulation (EU) 2015/1017 of the European Parliament and of the Council ⁽¹⁾ specifies a 40 % **horizontal** climate investment target for infrastructure and innovation projects under the European Fund for Strategic Investment. Common criteria for the sustainability of economic activities ~~could and~~

(11) Regulation (EU) 2017/2396 of the European Parliament and of the Council of 13 December 2017 amending Regulations (EU) No 1316/2013 and (EU) 2015/1017 as regards the extension of the duration of the European Fund for Strategic Investments as well as the introduction of technical enhancements for that Fund and the European Investment Advisory Hub (OJ L 345, 27.12.2017, p. 34).

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common indicators for the assessment of environmental impact may underpin future similar initiatives of the Union ~~supporting~~ **mobilising** investment pursuing climate-related or other environmental objectives. [Am. 14]

- (15) To avoid market fragmentation as well as harm to consumer interests due to divergent notions of ~~environmentally sustainable~~ **regarding the degree of environmental sustainability** of economic activities, national requirements that market actors should comply with when they wish to market financial products or corporate bonds **as defined in this Regulation** as being environmentally sustainable, should build on the uniform criteria for environmentally sustainable economic activities. Those market actors include financial market participants offering ~~'green'~~ **sustainable** financial products **or services** and non-financial companies issuing ~~'green'~~ **sustainable** corporate bonds. [Am. 15]
- (16) To avoid harming consumer interests, fund managers and institutional investors offering financial products as environmentally sustainable, should disclose how and to what extent the criteria for environmentally sustainable economic activities are used to determine the environmental sustainability of the investments. The information disclosed should enable investors to understand the share of the investment funding environmentally sustainable economic activities as a percentage of all economic activities and thus the degree of environmental sustainability of the investment. The Commission should specify the information that needs to be disclosed for that purpose. That information should enable national competent authorities to verify compliance with the disclosure obligation easily, and to enforce that obligation in accordance with applicable national law.
- (17) To avoid circumvention of the disclosure obligation, that obligation should also apply ~~where~~ **to all** financial products are offered as having similar characteristics as environmentally sustainable investments, including those having as their target environmental protection in a broad sense. Financial market participants should not be required to invest only in environmentally sustainable economic activities determined in accordance with the technical screening criteria set out in this Regulation. ~~They~~ **Financial market participants and other actors** should be encouraged to inform the Commission if they consider that ~~an economic activity that does not meet the technical screening criteria, or for which such~~ **criteria relevant for the activities they finance** have not been established yet, **and thereby that their financial products** should be considered environmentally sustainable, to help the Commission to evaluate the appropriateness of complementing or updating the technical screening criteria. [Am. 16]
- (18) For the purposes of determining ~~whether~~ **the degree of environmental sustainability of** an economic activity is ~~environmentally sustainable~~, an exhaustive list of environmental objectives **based on indicators measuring the environmental impact** should be laid down, **taking into account its impact on the entire industrial value chain and ensuring coherence with existing Union legislation such as the Clean Energy package**. [Am. 17]
- (19) The environmental objective of protection of healthy ecosystems should be interpreted taking into account relevant legislative and non-legislative instruments of the Union, including Directive 2009/147/EC of the European Parliament and of the Council⁽¹²⁾, Council Directive 92/43/EEC⁽¹³⁾, Regulation (EU) No 1143/2014 of the European Parliament and of the Council⁽¹⁴⁾, the EU Biodiversity Strategy to 2020⁽¹⁵⁾, the EU Green Infrastructure Strategy, Council Directive 91/676⁽¹⁶⁾, Regulation (EU) No 511/2014 of the European Parliament and of the Council⁽¹⁷⁾,

⁽¹²⁾ Directive 2009/147/EC of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds (OJ L 020, 26.1.2010, p. 7).

⁽¹³⁾ Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (OJ L 206, 22.7.1992, p. 7).

⁽¹⁴⁾ Regulation (EU) No 1143/2014 of the European Parliament and of the Council of 22 October 2014 on the prevention and management of the introduction and spread of invasive alien species (OJ L 317, 4.11.2014, p. 35).

⁽¹⁵⁾ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions — Our life insurance, our natural capital: an EU biodiversity strategy to 2020 (COM(2011)0244).

⁽¹⁶⁾ Council Directive 91/676 of 12 December 1991 concerning the protection of waters against pollution caused by nitrates from agricultural sources (OJ L 375, 31.12.1991, p. 1).

⁽¹⁷⁾ Regulation (EU) No 511/2014 of the European Parliament and of the Council of 16 April 2014 on compliance measures for users from the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization in the Union (OJ L 150, 20.5.2014, p. 59).

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Regulation (EU) No 995/2010 of the European Parliament and of the Council ⁽¹⁸⁾, the Forest Law Enforcement, Governance and Trade Action Plan ⁽¹⁹⁾, and the Wildlife Trafficking Action Plan ⁽²⁰⁾.

- (20) For each environmental objective, uniform criteria **based on information provided by means of harmonised indicators** for considering economic activities to be substantially contributing to that objective should be laid down. One element of the uniform criteria should be to avoid significant harm to any of the environmental objectives set out in this Regulation. This is in order to avoid that investments are considered environmentally sustainable although the economic activities benefitting from those investments cause harm to the environment to an extent outweighing their contribution to an environmental objective. The conditions for substantial contribution and for not causing significant harm should enable investments into environmentally sustainable economic activities to make a real contribution to the environmental objectives. [Am. 18]
- (21) Recalling the joint commitment of the European Parliament, the Council and the Commission to pursue the principles enshrined in the European Pillar of Social Rights in support of sustainable and inclusive growth and recognising the relevance of international minimum human and labour rights and standards, compliance with minimum safeguards should be a condition for economic activities to qualify as environmentally sustainable. For that reason economic activities should only qualify as environmentally sustainable where they are carried out observing the International Labour Organisation's ('ILO') declaration on Fundamental Rights and Principles at Work and the eight ILO core conventions. The ILO core conventions define human and labour rights that companies are due to respect. Several of these international standards are also enshrined in the Charter of Fundamental Rights of the European Union, in particular the prohibition of slavery and forced labour and the principle of non-discrimination. Those minimum safeguards are without prejudice to the application of more stringent requirements on environment, health and safety and social sustainability set out in Union law, where applicable.
- (22) Given the specific technical details needed to assess the environmental impact of an economic activity and the fast-changing nature of both science and technology, the criteria ~~of environmentally sustainable~~ **relevant for determining the degree of environmental sustainability of** economic activities should be adapted regularly to those changes. For the criteria **and indicators** to be up to date, based on scientific evidence and input from experts as well as relevant stakeholders, the conditions for substantial contribution and significant harm should be specified with more granularity for different economic activities and should be updated regularly. To that purpose, granular and calibrated technical screening criteria **and a set of harmonised indicators** for the different economic activities should be laid down by the Commission, on the basis of the technical input of a multi-stakeholders Platform on Sustainable Finance. [Am. 19]
- (23) Some economic activities have a negative impact on the environment, and a substantial contribution to one or more environmental objectives can be achieved by reducing that negative impact. For those economic activities, it is appropriate to set out technical screening criteria that require a substantial improvement in environmental performance compared to, inter alia, the industry average **in order to consider whether that the activity may deliver a substantial contribution to one or more environmental objectives**. Those criteria should consider also the long term impact (*i.e. more than 3 years*) of a specific economic activity **in particular the environmental benefits of products and services and the contribution of intermediate products, and thus provide an assessment of the impact of all the phases of manufacturing and use throughout the value chain and life cycle**. [Am. 20]

⁽¹⁸⁾ Regulation (EU) No 995/2010 of the European Parliament and of the Council of 20 October 2010 laying down the obligations of operators who place timber and timber products on the market (OJ L 295, 12.11.2010, p. 23).

⁽¹⁹⁾ Communication from the Commission to the Council and the European Parliament — Forest Law Enforcement, Governance and Trade (FLEGT) — Proposal for an EU Action Plan (COM(2003)0251).

⁽²⁰⁾ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions — EU Action Plan against Wildlife Trafficking (COM(2016)0087).

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- (24) An economic activity should not be considered environmentally sustainable if it ~~causes more harm than the benefits it brings~~ **does not bring about a net benefit** to the environment. The technical screening criteria should identify the minimum requirements necessary to avoid a significant harm to other objectives. When establishing and updating the technical screening criteria, the Commission should ensure that those criteria are **reasonable, proportionate and** based on available scientific evidence and **take account of the whole value chain and the life cycle of technologies. It should also ensure that they** are updated regularly. Where scientific evaluation does not allow for the risk to be determined with sufficient certainty, the precautionary principle should apply, in line with Article 191 TFEU. [Am. 21]
- (25) When establishing and updating the technical screening criteria **and a set of harmonised indicators** the Commission should take into account the relevant Union law, as well as non-legislative instruments of the Union already in place, including the Regulation (EC) 66/2010 of the European Parliament and the Council ⁽²¹⁾, the EU Eco-Management and Audit Scheme ⁽²²⁾, the EU Green Public Procurement criteria ⁽²³⁾, **the Commission Circular Economy Platform, the European Platform on Life Cycle Assessment**, and the on-going work on Product and Organisation Environmental Footprint rules ⁽²⁴⁾. To avoid unnecessary inconsistencies with classifications of economic activities that already exist for other purposes, the Commission should also take into account the statistical classifications relating to the Environmental Goods and Services Sector, namely the Classification of Environmental Protection Activities and Expenditure (CEPA) and the Classification of Resource Management Activities (CREMA) ⁽²⁵⁾. [Am. 22]
- (26) When establishing and updating the technical screening criteria **and harmonised indicators** the Commission should also take into account the specificities of the ~~infrastructure sector~~ **different sectors** and take into account environmental, social and economic externalities within a cost-benefit analysis. In that regard, the Commission should consider the work of international organisations, such as the OECD, relevant Union legislation and standards, including Directive 2001/42/EC of the European Parliament and of the Council ⁽²⁶⁾, Directive 2011/92/EU of the European Parliament and of the Council ⁽²⁷⁾ Directive 2014/23/EU of the European Parliament and of the Council ⁽²⁸⁾, Directive 2014/24/EU of the European Parliament and of the Council ⁽²⁹⁾, Directive 2014/25/EU of the European Parliament and of the Council ⁽³⁰⁾, and current methodology. In that context, the technical screening criteria **and indicators** should promote appropriate governance frameworks integrating environmental, social and governance factors, as referred to in the United Nations-supported Principles for Responsible Investment ⁽³¹⁾, at all stages of a project's lifecycle. [Am. 23]
- (26a) **In defining the technical screening criteria, the Commission should also take into account transitional measures towards activities that support the transition to a more sustainable, low-carbon economy. For companies that are currently engaged in economic activities that are highly damaging to the environment there should be incentives**

⁽²¹⁾ Regulation (EC) 66/2010 of the European Parliament and the Council of 25 November 2009 on the EU Ecolabel (OJ L 27, 30.1.2010, p. 1).

⁽²²⁾ Regulation (EC) No 1221/2009 of the European Parliament and of the Council of 25 November 2009 on the voluntary participation by organisations in a Community eco-management and audit scheme (EMAS), repealing Regulation (EC) No 761/2001 and Commission Decisions 2001/681/EC and 2006/193/EC (OJ L 342, 22.12.2009, p. 1).

⁽²³⁾ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions Public procurement for a better environment {SEC(2008)2124} {SEC(2008)2125} {SEC(2008)2126} COM(2008)0400.

⁽²⁴⁾ 2013/179/EU: Commission Recommendation of 9 April 2013 on the use of common methods to measure and communicate the life cycle environmental performance of products and organisations (OJ L 124, 4.5.2013, p. 1).

⁽²⁵⁾ Annex 4 and 5 of Regulation (EU) No 538/2014 of the European Parliament and of the Council of 16 April 2014 amending Regulation (EU) No 691/2011 on European environmental economic accounts (OJ L 158, 27.5.2014, p. 113).

⁽²⁶⁾ Directive 2001/42/EC of the European Parliament and of the Council of 27 June 2001 on the assessment of the effects of certain plans and programmes on the environment (OJ L 197, 21.7.2001, p. 30).

⁽²⁷⁾ Directive 2011/92/EU of the European Parliament and of the Council of 13 December 2011 on the assessment of the effects of certain public and private projects on the environment (OJ L 26, 28.1.2012, p. 1).

⁽²⁸⁾ Directive 2014/23/EU of the European Parliament and of the Council of 26 February 2014 on the award of concession contracts (OJ L 94, 28.3.2014, p. 1).

⁽²⁹⁾ Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC (OJ L 94, 28.3.2014, p. 65).

⁽³⁰⁾ Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC (OJ L 94, 28.3.2014, p. 243).

⁽³¹⁾ <https://www.unpri.org/pri/what-are-the-principles-for-responsible-investment>.

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to make a rapid transition to environmentally sustainable, or at least environmentally unproblematic status. The technical screening criteria should encourage such transition processes where they are happening. If the major part of the undertakings that conduct a particular harmful activity are demonstrably engaged in such a transition, the screening criteria may take this into account. The existence of serious transition efforts can be demonstrated through, among other things, sustained research and development efforts, large investment capital expenditure projects in new and more environmentally sustainable technologies, or concrete transition plans in at least the early stages of implementation. [Am. 24]

- (27) To *encourage environmentally sustainable innovation and to avoid* distorting competition when raising financing for environmentally sustainable economic activities, the technical screening criteria should ensure that all relevant economic activities within ~~a specific sector~~ *macro-sectors (i.e. NACE sectors such as agriculture, forestry and fishing, manufacturing, electricity, gas, steam and air conditioning supply, construction, transportation and storage services)* can qualify as environmentally sustainable and are treated equally if they contribute equally towards one or more of the environmental objectives laid out in this Regulation, *while not significant harming any other environmental objectives under Articles 3 and 12*. The potential capacity to contribute towards those environmental objectives may however vary across sectors, which should be reflected in the *screening* criteria. However, within each *economic macro*-sector, those criteria should not unfairly disadvantage certain economic activities over others if the former contribute towards the environmental objectives to the same extent as the latter, *while not significantly harming any other environmental objectives referred to in Articles 3 and 12*. [Am. 25]
- (27a) *Environmentally sustainable activities are the result of technologies and products developed all along the value-chain. For this reason, the technical screening criteria should consider the role of the whole value-chain, from the processing of raw materials to the final product and its waste phase, in the final delivery of environmentally sustainable activities.* [Am. 26]
- (27b) *To avoid disrupting well-functioning value-chains, the technical screening criteria should consider that environmentally sustainable activities are enabled by technologies and products developed by multiple economic actors.* [Am. 27]
- (28) When establishing technical screening criteria, the Commission should assess *potential transition risks*, whether *the pace of the* adoption of those criteria for environmentally sustainable activities would give rise to stranded assets or deliver inconsistent incentives, ~~and whether it would have any negative impact on liquidity in financial markets.~~ [Am. 28]
- (29) To avoid overly burdensome compliance costs on economic operators, the Commission should establish technical screening criteria that provide for sufficient legal clarity, are practicable, easy to apply and with which compliance can be verified within reasonable cost-of-compliance boundaries.
- (30) To ensure that investments are channelled towards economic activities that make the biggest positive impact on the environmental objectives, the Commission should give priority to the establishment of technical screening criteria for the economic activities that potentially contribute most to the environmental objectives. *Screening criteria should take into account the outcomes of projects to facilitate the identification and development of new technologies as well as to take into account of the scalability of these technologies.* [Am. 29]
- (31) Appropriate technical screening criteria should be established for the transport sector, including for mobile assets, which should take into account *the entire life cycle of technologies and* that the transport sector, including international shipping, contributes close to 26 % of total greenhouse gas emissions in the Union. As evidenced in the Action Plan on Financing Sustainable Growth ⁽³²⁾ the transport sector represents about 30 % of additional annual investment needs for sustainable development in the Union, including by increasing electrification or transition to cleaner modes of transport by promoting modal shift and traffic management. [Am. 30]

⁽³²⁾ COM(2018)0097.

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- (32) It is of particular importance that the Commission when preparing the development of the technical screening criteria, carry out appropriate consultations in line with Better Regulation requirements. The process for the establishment and the update of the technical screening criteria **and the harmonised indicators** should also involve relevant stakeholders and build on **scientific evidence, socio-economic impact, best practice and existing work and entities, notably, the European Commission Circular Economy Platform, and** the advice of experts with proven knowledge and **global** experience in the relevant areas. For that purpose, the Commission should set up a Platform on sustainable finance. This Platform should be composed of **a wide range of** experts representing both the public and the private sector **to ensure that the specificities of all relevant sectors are duly taken into account**. Public sector representatives should include experts from the European Environmental Agency **and national environment protection agencies**, the European Supervisory Authorities **the European Financial Reporting Advisory Group**, and the European Investment Bank. Private sector experts should include representatives of relevant stakeholders, including financial **and non-financial** market actors, **representatives of the real economy representing a wide range of industries**, universities, research institutes, associations and organisations. **Where necessary the Platform should be allowed to request advice from non-members**. The Platform should advise the Commission on the development, analysis and review of technical screening criteria **and harmonised indicators**, including their potential impact on the valuation of assets that until the adoption of the technical screening criteria were considered ~~as green assets~~ **sustainable** under existing market practices. The Platform should also advise the Commission on whether the technical screening criteria **and indicators** are suitable for further uses in future Union policy initiatives aimed at facilitating sustainable investment. **The Platform should advise the Commission on the development of sustainability accounting standards and integrated reporting standards for corporates and financial market participants, including through the revision of Directive 2013/34/EU.** [Am. 31]
- (33) In order to specify the requirements set out in this Regulation, and particularly to establish and update granular and calibrated technical screening criteria **and indicators** for different economic activities as to what constitutes a substantial contribution and significant harm to the environmental objectives, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of the information required to comply with the disclosure obligation set out in Article 4 (3), and the technical screening criteria mentioned in Article 6(2), Article 7(2), Article 8(2), Article 9(2), Article 10(2) and Article 11(2). It is of particular importance that the Commission carry out appropriate **public** consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement on Better Law-Making of 13 April 2016. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council should receive all documents at the same time as Member States' experts, and the experts of the European Parliament and the Council should systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts. [Am. 32]
- (34) To give sufficient time to the relevant actors to familiarise themselves with the criteria for environmentally sustainable economic activities set out in this Regulation and to prepare for their application, the obligations set out in this Regulation should become applicable, for each environmental objective, six months after the relevant technical screening criteria have been adopted.
- (35) The application of this Regulation should be reviewed regularly **and at least after two years** in order to assess the progress on the development of technical screening criteria **and harmonised indicators** for environmentally sustainable **and environmentally harmful** activities, the use of the definition of environmentally sustainable investment **or investments having a negative environmental impact**, and whether compliance with the obligations requires the establishment of **further** verification mechanism. The review should include also an assessment of ~~whether the provisions required for extending~~ the scope of this Regulation ~~should be extended~~ to cover social sustainability objectives. **By 31 March 2020, the Commission should, where appropriate, publish further legislative proposals on the establishment of a verification mechanism of compliance.** [Am. 33]
- (36) Since the objectives of this Regulation cannot be sufficiently achieved by the Member States, but can be better achieved at Union level, by reason of the need to introduce at Union level uniform criteria **and indicators** for environmentally sustainable economic activities, the Union may adopt measures, in accordance with the principle of

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subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve those objectives. [Am. 34]

HAVE ADOPTED THIS REGULATION:

Chapter I

Subject matter, scope and definitions

Article 1

Subject matter and scope

1. This Regulation establishes the criteria for determining **the degree of environmental impact and sustainability of** whether an economic activity ~~is environmentally sustainable~~ for the purposes of establishing the degree of environmental sustainability of an investment.

2. This Regulation applies to the following:

- (a) measures adopted by Member States or by the Union setting out any requirements on **financial** market ~~actors~~ **participants** in respect of financial products or corporate bonds that are marketed **within the Union** as environmentally sustainable;
- (b) financial market participants offering **within the Union** financial products as environmentally sustainable investments or as investments having similar characteristics; **and**

(ba) financial market participants offering other financial products except where:

- i. they provide explanations, supported by reasonable proof to the satisfaction of the relevant competent authorities, that the economic activities funded by its financial products do not have any significant sustainability impact according to the technical screening criteria referred to in Art 3 and 3a, in which case the provisions of Chapter II and III shall not apply. Such information shall be provided in its prospectus, or**
- ii. the financial market participant declares in its prospectus that the financial product in question does not pursue sustainability objectives and that the product is at an increased risk of supporting economic activities that are not considered sustainable under this regulation.**

2a. The criteria referred to in Article 1(1) shall be applied in a proportionate manner, avoiding excessive administrative burden, and taking into account the nature, scale and complexity of the financial market participant and credit institutions by means of simplified provisions for small and non-complex entities in conformity with the provisions of Article 4 paragraph 2d.

2b. The criteria referred to in the first paragraph of this Article may be used for the purpose mentioned in that paragraph by undertakings not covered by Article 1(2) or with respect to other financial instruments than those defined in Article 2 on a voluntary basis.

2c. The Commission shall adopt a delegated act for the purpose of specifying the information that financial market participants shall submit to the relevant competent authorities for the purpose of point (a) of paragraph 2 of this Article. [Ams. 35, 55, 59, 87 and 96]

Article 2

Definitions

1. For the purposes of this Regulation, the following definitions shall apply:

- (a) 'environmentally sustainable investment' means an investment that funds one or several economic activities that qualify under this Regulation as environmentally sustainable;

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- (b) 'financial market participants' means ~~financial market participants~~ **any of the following**, as defined in Article 2 (a) of [Commission proposal for a Regulation on disclosures relating to sustainable investments and sustainability risks and amending Directive (EU) 2016/2341]:
- (i) *a credit institution as defined in point (1) of Article 4 (1) of Regulation (EU) No 575/2013 defined under [PO insert reference to relevant Article] of Regulation (EU) No 575/2013*;
- (ba) *'issuer' means a listed issuer as defined in point (h) of Article 2(1) of Directive 2003/71/EC of the European Parliament and of the Council⁽³³⁾ and point (h) of Article 2 of Regulation (EU) 2017/1129 of the European Parliament and of the Council⁽³⁴⁾*;
- (c) 'financial products' ~~mean financial products~~ **means a portfolio management, an AIF, an IBIP, a pension product, a pension scheme or a UCITS, a corporate bond**, as defined in Article 2 (j) of [Commission proposal for a Regulation on disclosures relating to sustainable investments and sustainability risks and amending Directive (EU) 2016/2341], **as well as issuances referred to in Directive 2003/71/EC and Regulation (EU) 2017/1129**;
- (ca) *'environmental indicators' means, at minimum, the measurement of consumption of resources, such as raw materials, energy, renewable energy, water, impact on ecosystem services, emissions including CO₂, impact on biodiversity and land use and production of waste, based on scientific evidence, the Commission Life Cycle Assessment methodology and as laid out in the Commission's monitoring framework on the circular economy (COM(2018)0029)*;
- (cb) *'relevant national competent authority' means the competent or supervisory authority, or authorities, in the Member States as specified in the Union acts referred to in Article 1(2) of Regulation (EU) No 1095/2010, of Regulation (EU) No 1093/2010 and of Regulation (EU) No 1094/2010, which cover in their scope the category of financial market participant subject to the disclosure requirement referred to in Article 4 of this Regulation*;
- (cc) *'relevant ESA' means the European Supervisory Authority, or European Supervisory Authorities, specified in the Union acts referred to in Article 1(2) of Regulation (EU) No 1093/2010, of Regulation (EU) No 1094/2010 and/or of Regulation (EU) No 1095/2010, which cover in their scope the category of financial market participant subject to the disclosure requirement referred to in Article 4 of this Regulation*;
- (d) 'climate change mitigation' means the ~~process of~~ **processes, including transitional measures, required for** holding the increase in the global average temperature to well below 2 °C above pre-industrial levels and ~~limiting the temperature increase~~ **pursuing efforts to limit it** to 1,5 °C above pre-industrial levels, **as laid down the Paris Agreement**;
- (e) 'climate change adaptation' means the process of adjustment to actual and expected climate **change** and its effects;
- (f) 'greenhouse gas' means a greenhouse gas listed in Annex I to Regulation (EU) No 525/2013 of the European Parliament and of the Council⁽³⁵⁾;

⁽³³⁾ Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC (OJ L 345, 31.12.2003, p. 64).

⁽³⁴⁾ Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (OJ L 168, 30.6.2017, p. 12).

⁽³⁵⁾ Regulation (EU) No 525/2013 of the European Parliament and of the Council on a mechanism for monitoring and reporting greenhouse gas emissions and for reporting other information at national and Union level relevant to climate change and repealing Decision 280/2004/EC (OJ L 165, 18.6.2013, p. 13).

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- (g) 'circular economy' means maintaining the value **and usage** of products, materials and **all other** resources in the economy **at their highest level** for as long as possible, **and thus reducing environmental impact** and minimising waste, including through the application of the waste hierarchy as laid down in Article 4 of Directive 2008/98/EC of the European Parliament and of the Council ⁽³⁶⁾ **and minimising the use of resources based on key circular economy indicators as set out in the monitoring framework on progress towards a circular economy, covering different stages of production, consumption, waste management;**
- (h) 'pollution' means:
- (i) the direct or indirect introduction, as a result of human activity, of substances, vibrations, heat, noise, **light** or other pollutants into air, water or land which may be harmful to human health or the quality of the environment, may result in damage to material property, or may impair or interfere with amenities and other legitimate uses of the environment;
- (ii) in the context of marine environment, pollution as defined in Article 3(8) of Directive 2008/56/EC of the European Parliament and of the Council ⁽³⁷⁾;
- (iia) in the context of water environment, pollution as defined in Article 2 (33) of Directive 2000/60/EC;**
- (i) 'healthy ecosystem' means an ecosystem that is in a good physical, chemical and biological condition or of a good physical, chemical and biological quality **and that is capable of self-reproduction or self-restoration to equilibrium and that preserves biodiversity;**
- (j) 'energy efficiency' means using energy more efficiently at all the stages of the energy chain from production to final consumption;
- (k) 'good environmental status' means good environmental status as defined in Article 3(5) of Directive 2008/56/EC;
- (l) 'marine waters' means marine waters as defined in Article 3(1) of Directive 2008/56/EC;
- (m) 'surface water', 'inland water', 'transitional waters' and 'coastal water' shall have the same meaning as in points (1), (3), (6) and (7) of Article 2 of Directive 2000/60/EC ⁽³⁸⁾;
- (n) 'sustainable forest management' means using forests and forest land ~~in a way, and at a rate, that maintains their biodiversity, productivity, regeneration capacity, vitality and their potential to fulfil, now and in the future, relevant ecological, economic and social functions, at local, national, and global levels, and that does not cause damage to other ecosystems~~ **accordance with applicable legislation. [Ams. 36, 88 and 89]**

Chapter II

Environmentally sustainable economic activities

Article 3

Criteria for environmentally sustainable economic activities

For the purposes of establishing the degree of environmental sustainability of an investment, an economic activity shall be environmentally sustainable where that activity complies with all of the following criteria:

⁽³⁶⁾ Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste and repealing certain Directives (OJ L 312, 22.11.2008, p. 3).

⁽³⁷⁾ Directive 2008/56/EC of the European Parliament and of the Council of 17 June 2008 establishing a framework for community action in the field of marine environmental policy (Marine Strategy Framework Directive) (OJ L 164, 25.6.2008, p. 19).

⁽³⁸⁾ Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy (OJ L 327, 22.12.2000, p. 1).

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- (a) the economic activity contributes substantially to one or more of the environmental objectives set out in Article 5 in accordance with Articles 6 to 11;
- (b) the economic activity does not significantly harm any of the environmental objectives set out in Article 5 in accordance with Article 12;
- (c) the economic activity is carried out in compliance with the minimum safeguards laid down in Article 13;
- (d) the economic activity complies with technical screening criteria, where the Commission has specified those **on the basis of harmonised measuring sustainability impact at company or plan levels belonging to the economic activity and** in accordance with Articles 6(2), 7(2), 8(2), 9(2), 10(2) and 11(2). [Am. 37]

Article 3a

Criteria for economic activities with a significant negative environmental impact

By 31 December 2021, the Commission shall conduct an impact assessment on the consequences of revising this Regulation to expand the framework for sustainable investments with a framework that is used to define criteria for when and how an economic activity has a significant negative impact on sustainability. [Am. 38]

Article 4

~~Use of~~ **Application of and compliance with** the criteria for ~~environmentally sustainable~~ **determining the degree of environmental sustainability of** economic activities

1. Member States **and the Union** shall apply the criteria for determining ~~environmentally sustainable~~ **the degree of environmental sustainability of** economic activities set out in Article 3 for the purposes of any measures setting out **sustainability** requirements on market actors in respect of financial products or corporate bonds ~~that are marketed as 'environmentally sustainable'~~.

2. Financial market participants offering financial products **or corporate bonds shall disclose the relevant information allowing them to establish whether the products they offer qualify** as environmentally sustainable investments, ~~or as investments having similar characteristics, shall disclose information on how and to what extent the criteria for environmentally sustainable economic activities set out in Article 3 are used to determine the environmental sustainability of the investment pursuant to the criteria of Article 3.~~ Where financial market participants consider that an economic activity which does not comply with the technical screening criteria set out in accordance with this Regulation or for which these technical screening criteria have not been established yet, should be considered environmentally sustainable, they ~~may~~ **shall** inform the Commission. **The Commission shall, if appropriate, notify the Platform on sustainable Finance referred to in Article 15 of such requests by the financial market participants. Financial market participants shall not offer financial products as environmentally sustainable investments, or as investments having similar characteristics, if those products do not qualify as environmentally sustainable.**

2a. **Member States, in close cooperation with the relevant ESA, shall monitor the information referred to in paragraph 2. Financial market participants shall report it to the relevant national competent authority which shall communicate it to the relevant ESA without delay. Whenever the relevant national competent authority or the relevant ESA disagree with the information reported as referred to in paragraphs 2 and 2a, financial market participants shall review and correct the information disclosed.**

2b. **The disclosure of information referred to in Article 4 shall be consistent with the principles of fair, clear and none misleading information included in Directive (EU) 2014/65/EU and in Directive (EU) 2016/97 and intervention powers referred to in Article 4 paragraph 2c consistent with those included in Regulation No 600/2014.**

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2c. No disclosure requirements under the [PO please insert reference to Regulation on disclosures relating to sustainable investments and sustainability risks and amending Directive (EU) 2016/2341] shall be required in this Regulation;

2d. Small and non-complex undertakings referred to in Article 2.2b and 2.2c shall be subject to simplified provisions.

3. The Commission shall adopt delegated acts in accordance with Article 16 to supplement paragraph 2, **2a and 2b** to specify the information required to comply with ~~that paragraph~~ **these paragraphs, including a list of investments having similar characteristics as sustainable investments and the relevant qualification thresholds for the purpose of paragraph 2**, taking into account **the availability of relevant information and** the technical screening criteria set out in accordance with this Regulation. That information shall enable investors to identify:

(a) the percentage of holdings ~~pertaining to~~ **in different** companies carrying out environmentally sustainable economic activities;

(b) the share of the investment funding environmentally sustainable economic activities as a percentage of all economic activities.

(ba) the relevant definitions of small and non-complex undertakings referred to in Article 2 b as well the simplified provisions that apply to these entities.

3a. Financial market participants shall publish the information referred to in points (a) and (b) of paragraph 3.

4. The Commission shall adopt the delegated act in accordance with paragraph 3 by 31 December 2019 with a view to ensure its entry into application on 1 July 2020. The Commission may amend that delegated act, in particular in the light of amendments to the delegated acts adopted in accordance with Article 6(2), Article 7(2), Article 8(2), Article 9(2), Article 10(2) and Article 11(2). [**Am. 39**]

Article 4a

Market monitoring

1. In accordance with Article 9(2) of Regulation (EU) No 1093/2010, Regulation (EU) No 1094/2010, Regulation (EU) No 1095/2010, the relevant ESA shall monitor the market for financial products referred to in Article 1 of this Regulation, which are marketed, distributed or sold in the Union.

2. Competent authorities shall monitor the market for financial products which are marketed, distributed or sold in or from their Member State.

3. In accordance with Article 9(5) of Regulations (EU) No 1093/2010, No 1094/2010, No 1095/2010, the relevant ESA may, where there is a breach of this Regulation by the entities referred to in Article 1, temporarily prohibit or restrict in the Union the marketing, distribution or sale of the financial products referred to in Article 1;

A prohibition or restriction referred to in Art 3 may apply in circumstances, or be subject to exceptions, specified by the relevant ESA.

4. When taking action under this Article, the relevant ESA shall ensure that the action:

(a) does not have a detrimental effect on the efficiency of financial markets or on investors that is disproportionate to the benefits of the action, and

(b) does not create a risk of regulatory arbitrage;

Where a competent authority or competent authorities have taken a measure under this Article, the relevant ESA may take any of the measures referred to in paragraph 1.

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5. *Before deciding to take any action under this Article, the relevant ESA shall notify competent authorities of the action it proposes.*

6. *The relevant ESA shall review a prohibition or restriction imposed under paragraph 1 at appropriate intervals and at least every three months. If the prohibition or restriction is not renewed after that three-month period it shall expire.*

7. *Action adopted by the relevant ESA under this Article shall prevail over any previous action taken by a competent authority.* [Am. 40]

Article 5

~~Environmental~~ Sustainability objectives

1. For the purposes of this Regulation, the following shall be environmental objectives:

- (1) climate change mitigation;
- (2) climate change adaptation;
- (3) sustainable use and protection of water and marine resources;
- (4) transition to a circular economy, **including** waste prevention ~~and recycling~~ **and increasing the uptake of secondary raw materials**;
- (5) pollution prevention and control;
- (6) protection of **biodiversity and** healthy ecosystems, **and restoration of degraded ecosystems**.

1a. *The objectives set out in the first paragraph shall be measured by harmonised indicators, life cycle analysis and scientific criteria, and be fulfilled ensuring they are up to scale to the upcoming environmental challenges.* [Am. 41]

Article 6

Substantial contribution to climate change mitigation

1. An economic activity shall be considered to contribute substantially to climate change mitigation where that activity substantially contributes to the stabilization of greenhouse gas concentrations in the atmosphere at a level which prevents dangerous anthropogenic interference with the climate system by avoiding or reducing greenhouse gas emissions or enhancing greenhouse gas removals through any of the following means, including through process or product innovation:

- (a) generating, storing, **distributing** or using renewable energy ~~or climate-neutral energy (including carbon-neutral energy)~~ **in line with the Renewable Energy Directive**, including through using innovative technology with a potential for significant future savings or through necessary reinforcement of the grid;
- (b) improving energy efficiency **in all sectors, except energy generation using solid fossil fuels, and at all stages of the energy chain, in order to reduce primary and final energy consumption**;
- (c) increasing clean or climate-neutral mobility;
- (d) switching to **or increasing** the use of **environmentally sustainable** renewable materials **based on a full life cycle assessment and substituting particularly fossil-based materials, which delivers near term greenhouse gas emissions savings**;
- (e) increasing **the use of environmentally safe carbon capture and utilisation (CCU) and carbon capture and storage use (CCS) technologies that deliver a net reduction in emissions**;

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- (f) phasing out anthropogenic emissions of greenhouse gases, ~~including from fossil fuels~~;
 - (fa) increasing the removal of CO₂ from the atmosphere and its storage in natural ecosystems, for example through afforestation, the restoration of forests and regenerative agriculture;**
 - (g) establishing energy infrastructure required for enabling decarbonisation of energy systems;
 - (h) producing clean and efficient fuels from renewable or carbon-neutral sources.
2. The Commission shall adopt delegated acts in accordance with Article 16 to:
- (a) supplement paragraph 1 to establish technical screening criteria **based on indicators** for determining under which conditions a specific economic activity is considered, for the purposes of this Regulation, to contribute substantially to climate change mitigation. **Those technical screening criteria shall include thresholds for mitigation activities in line with the objective to limit global warming to well below 2 °C and pursuing efforts to limit it to 1,5 °C above pre-industrial levels, as laid down the Paris Agreement;**
 - (b) supplement Article 12 to establish technical screening criteria **based on indicators**, for each relevant environmental objective, for determining whether an economic activity in respect of which screening criteria **based on indicators** are established pursuant to point (a) of this paragraph is considered, for the purposes of this Regulation, to cause significant harm to one or more of those objectives.
3. The Commission shall establish the technical screening criteria **based on indicators** referred to in paragraph 2 in one delegated act, taking into account the requirements laid down in Article 14.
4. The Commission shall adopt the delegated act referred to in paragraph 2 by 31 December 2019, with a view to ensure its entry into application on 1 July 2020. [Am. 42, 66 and 99]

Article 7

Substantial contribution to climate change adaptation

1. An economic activity shall be considered to contribute substantially to climate change adaptation where that activity contributes substantially to reducing the negative effects of the current and expected future climate or preventing an increase or shifting of negative effects of climate change, through the following means:
- (a) preventing or reducing the location- and context-specific negative effects of climate change, which shall be assessed and prioritised using available climate projections, on the economic activity;
 - (b) preventing or reducing the negative effects that climate change may pose to the natural and built environment within which the economic activity takes place, which shall be assessed and prioritised using available climate projections **and studies on the human impact on climate change.**
2. The Commission shall adopt a delegated act in accordance with Article 16 to:
- (a) supplement paragraph 1 to establish technical screening criteria **based on indicators** for determining under which conditions a specific economic activity is considered, for the purposes of this Regulation, to contribute substantially to climate change adaptation;
 - (b) supplement Article 12 to establish technical screening criteria **based on indicators**, for each relevant environmental objective, for determining whether an economic activity in respect of which screening criteria **based on indicators** are established pursuant to point (a) of this paragraph is considered, for the purposes of this Regulation, to cause significant harm to one or more of those objectives.

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3. The Commission shall establish the technical screening criteria **based on indicators** referred to in paragraph 2 together in one delegated act, taking into account the requirements laid down in Article 14.
4. The Commission shall adopt the delegated act referred to in paragraph 2 by 31 December 2019, with a view to ensure its entry into application on 1 July 2020. [Am. 43]

Article 8

Substantial contribution to sustainable use and protection of water and marine resources

1. An economic activity shall be considered to be contributing substantially to sustainable use and protection of water **bodies** and marine ~~resources~~ **waters** where that activity substantially contributes to the good status of waters, including ~~freshwater, transitional~~ **inland surface** waters, **estuaries** and coastal waters, or to the good environmental status of marine waters, **where that activity takes adequate measures to restore, protect or maintain the biological diversity, productivity, resilience, value and the overall health of marine ecosystem, as well of the livelihoods of communities dependent upon them**, through any of the following means:
 - (a) protecting the aquatic environment, **including bathing water (riparian and sea water)**, from the adverse effects of urban and industrial waste water discharges, **including plastics**, by ensuring adequate collection and treatment of urban and industrial waste waters in accordance with Articles 3, 4, 5 and 11 of Council Directive 91/271/EEC ⁽³⁹⁾ **or in accordance with the best available technique set out in the Directive 2010/75/EU**;
 - (aa) **protecting the aquatic environment from the adverse effects of at sea emissions and discharges in accordance with IMO based conventions such as MARPOL, as well as conventions not covered under MARPOL such as the Ballast Water Management Convention and the Regional Seas Conventions**;
 - (b) protecting human health from the adverse effects of any contamination of drinking water by ensuring that it is free from any micro-organisms, parasites and a substances that constitute a potential danger to human health, and **verifying** that it meets the minimum requirements set out in Annex I, Parts A and B, to Council Directive 98/83/EC ⁽⁴⁰⁾, and increasing citizens' access to clean drinking water;
 - (c) abstracting water in keeping with the objective of good quantitative status as defined in table 2.1.2 in Annex V to Directive 2000/60/EC;
 - (d) improving water **management and** efficiency, facilitating water reuse, **systems of rainwater management** or any other activity that protects or improves quality **and quantity** of **the** Union's water bodies in accordance with Directive 2000/60/EC;
 - (e) ensuring the sustainable use of marine ecosystem services or contributing to good environmental status of marine waters, as determined on the basis of the qualitative descriptors set out in Annex I to Directive 2008/56/EC and as further specified in Commission Decision (EU) 2017/848 ⁽⁴¹⁾.
2. The Commission shall adopt a delegated act in accordance with Article 16 to:
 - (a) supplement paragraph 1 to establish technical screening criteria **based on indicators** for determining under which conditions a specific economic activity is considered, for the purposes of this Regulation, to contribute substantially to sustainable use and protection of water and marine resources;

⁽³⁹⁾ Council Directive 91/271/EEC of 21 May 1991 concerning urban waste water treatment (OJ L 135, 30.5.1991, p. 40).

⁽⁴⁰⁾ Council Directive 98/83/EC of 3 November 1998 on the quality of water intended for human consumption (OJ L 330, 5.12.1998, p. 32).

⁽⁴¹⁾ Commission Decision (EU) 2017/848 of 17 May 2017 laying down criteria and methodological standards on good environmental status of marine waters and specifications and standardised methods for monitoring and assessment, and repealing Decision 2010/477/EU (OJ L 125, 18.5.2017, p. 43).

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(b) supplement Article 12 to establish technical screening criteria **based on indicators**, for each relevant environmental objective, for determining whether an economic activity in respect of which screening criteria **based on indicators** are established pursuant to point (a) of this paragraph is considered, for the purposes of this Regulation, to cause significant harm to one or more of those objectives.

3. The Commission shall establish the technical screening criteria referred to in paragraph 2 together in one delegated, and taking into account the requirements laid down in Article 14.

4. The Commission shall adopt the delegated act referred to in paragraph 2 by 1 July 2022, with a view to ensure its entry into application on 31 December 2022. [Am. 44]

Article 9

Substantial contribution to the circular economy, ~~and including~~ waste prevention and ~~recycling~~ **increasing the uptake of secondary raw materials**

1. An economic activity shall be considered to contribute substantially to the transition to a circular economy, ~~and including~~ waste prevention **re-use** and recycling, **covering the entire life cycle of a product or economic activity in different stages of production, consumption and end of use**, where that activity, **in line with the EU acquis**, contributes substantially to that environmental objective through any of the following means:

- (a) improving the efficient use of raw materials **and resources** in production, including through reducing the use of primary raw materials and increasing the use of by-products and **secondary raw materials, thus supporting end of waste operations**;
- (b) **designing, manufacturing and increasing the durability, reparability, upgradability or reusability use of products that are resource-efficient, durable (including in terms of life span and absence of planned obsolescence), repairable, re-usable and upgradable**;
- (c) **designing out of waste products and increasing the reusability and recyclability of products**, including of individual materials contained in products, inter alia through substitution or reduced use of products and materials that are not recyclable;
- (d) reducing the content of hazardous substances **and substituting substances of very high concern** in materials and products, **in line with the harmonised legal requirements laid down at Union level, particularly, with the provisions laid down by EU legislation ensuring safe management of substances, materials and products and waste**;
- (e) prolonging the use of products including through increasing reuse, remanufacturing, upgrading, repair and sharing of products by consumers;
- (f) increasing the use of secondary raw materials and their quality, including through high-quality recycling of waste;
- (g) reducing waste generation **including waste generation in processes related to industrial production, extraction of minerals, manufacturing, construction and demolition**;
- (h) increasing preparing for re-use and recycling of waste **in accordance with the waste hierarchy**;
- (ha) **increasing the development of waste management infrastructure needed for prevention, re-use and recycling**;
- (i) avoiding incineration, ~~and~~ disposal **and landfilling** of waste **in line with the waste hierarchy**;
- (j) avoiding, **reducing** and cleaning-up of litter and other pollution **including prevention and reduction of marine litter**, caused by improper waste management;

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- (ja) **reducing the generation of food waste in primary production, in processing and manufacturing, in retail and other distribution of food, in restaurants and food services as well as in households;**
 - (k) using natural energy resources, **raw materials, water and land** efficiently.
 - (ka) **fostering bio-economy through the sustainable use of renewable sources for the production of materials and commodities.**
2. The Commission shall adopt a delegated act in accordance with Article 16 to:
- (a) supplement paragraph 1 to establish technical screening criteria, **based on the Commission's circular economy indicators**, for determining under which conditions a specific economic activity is considered, for the purposes of this Regulation, to contribute substantially to the circular economy and waste prevention and recycling;
 - (b) supplement Article 12 to establish technical screening criteria, **based on the Commission's circular economy indicators**, for each relevant environmental objective, for determining whether an economic activity in respect of which screening criteria are established pursuant to point (a) of this paragraph is considered, for the purposes of this Regulation, to cause significant harm to one or more of those objectives.
3. The Commission shall establish the technical screening criteria **based on the Commission's circular economy indicators** referred to in paragraph 2 together in one delegated act, taking into account the requirements laid down in Article 14.
4. The Commission shall adopt the delegated act referred to in paragraph 2 by 1 July 2021, with a view to ensure its entry into application on 31 December 2021. [Am. 45]

Article 10

Substantial contribution to pollution prevention and control

1. An economic activity shall be considered to contribute substantially to pollution prevention and control where that activity contributes ~~to a high level of~~ **substantially to** environmental protection from pollution through any of the following means:
- (a) reducing air, water and soil pollutant emissions other than greenhouse gasses;
 - (b) improving levels of air, water or soil quality in the areas in which the economic activity takes place whilst minimizing negative impacts on, and risks to, human health and the environment;
 - (c) minimising significant adverse effects on human health and the environment of the production and use of chemicals.
2. The Commission shall adopt a delegated act in accordance with Article 16 to:
- (a) supplement paragraph 1 to establish technical screening criteria **based on indicators** for determining under which conditions a specific economic activity is considered, for the purposes of this Regulation, to contribute substantially to pollution prevention and control;
 - (b) supplement Article 12 to establish technical screening criteria **based on indicators**, for each relevant environmental objective, for determining whether an economic activity in respect of which screening criteria are established pursuant to point (a) of this paragraph is considered, for the purposes of this Regulation, to cause significant harm to one or more of those objectives.

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3. The Commission shall establish the technical screening criteria referred to in paragraph 2 together in one delegated act, taking into account the requirements laid down in Article 14.
4. The Commission shall adopt the delegated act referred to in paragraph 2 by 1 July 2021, with a view to ensure its entry into application on 31 December 2021. [Am. 46]

Article 11

Substantial contribution to protection of **biodiversity and** healthy ecosystems **or to restoration of degraded ecosystems**

1. For the purposes of this Regulation, an economic activity shall be considered to contribute substantially to **biodiversity and** healthy **ecosystems or the restoration of degraded** healthy ecosystems where that activity contributes substantially to protecting, conserving and enhancing **or restoring** biodiversity and ecosystem services in line with the relevant legislative and non-legislative Union instruments, through any of the following means:

- (a) nature conservation **measures to maintain or restore natural** (habitats, **and** species); ~~protecting, restoring and enhancing of wild fauna and flora at favourable conservation status to reach adequate populations of naturally occurring species and measures to protect, restore and enhance~~ the condition of ecosystems and their capacity to provide services;
- (b) sustainable land management, including adequate protection of soil biodiversity; land degradation neutrality; and the remediation of contaminated sites;
- (c) sustainable agricultural practices, including those that contribute to halting or preventing deforestation and habitat loss;
- (d) sustainable forest management, **taking into account the EU Timber Regulation, the EU LULUCF Regulation, the EU Renewable Energy Directive (RED) and applicable national legislation, that is in line with these and the conclusions from the Ministerial Conference on the Protection of Forests in Europe (MCPFE).**

2. The Commission shall adopt a delegated act in accordance with Article 16 to:

- (a) supplement paragraph 1 to establish technical screening criteria **based on indicators** for determining under which conditions a specific economic activity is considered, for the purposes of this Regulation, to contribute substantially to the protection of **biodiversity and** healthy ecosystems **or restoration of degraded ecosystems**;
- (b) supplement Article 12 to establish technical screening criteria **based on indicators**, for each relevant environmental objective, for determining whether an economic activity in respect of which screening criteria **based on indicators** are established pursuant to point (a) of this paragraph is considered, for the purposes of this Regulation, to cause significant harm to one or more of those objectives.

3. The Commission shall establish the technical screening criteria referred to in paragraph 2 together in one delegated act, taking into account the requirements laid down in Article 14.

4. The Commission shall adopt the delegated act referred to in paragraph 2 by 1 July 2022, with a view to ensure its entry into application on 31 December 2022. [Am. 47]

Article 12

Significant harm to environmental objectives

1. For the purposes of Article 3(b), **taking into account its full life cycle**, an economic activity shall be considered as significantly harming:

- (a) climate change mitigation, where that activity leads to significant greenhouse gas emissions;

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- (b) climate change adaptation, where that activity leads to increased negative effect of current and expected climate, for and beyond the natural and built environment within which that activity takes place;
- (c) sustainable use and protection of water and marine resources, where that activity is detrimental to a significant extent to good status of Union waters, including freshwater, transitional waters and coastal waters, or to good environmental status of marine waters of the Union, **in line with Directives 2000/60/EC and 2008/56/EC establishing a framework for Community action in the field of water policy**;
- (d) circular economy and waste prevention and recycling, where that activity leads to significant inefficiencies in the use of materials ~~in one or more~~ **and resources, such as non-renewable energy, raw materials, water and land, directly or indirectly in different** stages of the life-cycle of products, **including inefficiencies related to features designed to limit the lifetime of products and** including in terms of durability, reparability, upgradability, reusability or recyclability of products; or where that activity leads to a significant increase in the generation, incineration or disposal of waste;
- (e) pollution prevention and control where that activity leads to significant increase in emissions of pollutants to air, water and land, as compared to the situation before this activity started;
- (f) healthy ecosystems, where that activity is detrimental to a significant extent to the good condition **and resilience** of ecosystems, **including biodiversity and land use**.

1a. When assessing an economic activity against the criteria (a) to (f), the environmental impacts of the activity itself, as well as of the products and services provided by that activity throughout their entire life cycle and, if necessary, throughout the value chain, shall be taken into consideration. [Ams. 48 and 101]

Article 13

Minimum safeguards

The minimum safeguards referred to in Article 3(c) shall be procedures implemented by the undertaking that is carrying out an economic activity to ensure ~~that~~ **the observation of the OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights, including** the principles and rights set out in the eight fundamental conventions identified in the International Labour Organisation's declaration on Fundamental Rights and Principles at Work; ~~namely: the right not to be subjected to forced labour, the freedom of association, workers' right to organise, the right to collective bargaining, equal remuneration for men and women workers for work of equal value, non-discrimination in opportunity and treatment with respect to employment and occupation, as well as the right not to be subjected to child labour, are observed~~ **and the International Bill of Human Rights**.

By 31 December 2021, the Commission shall conduct an impact assessment on the consequences and appropriateness of revising this Regulation to include compliance with other minimum safeguards that the undertaking that is carrying out an economic activity has to observe in order to establish that economic activity as environmentally sustainable.

The Commission shall be empowered to supplement this article by a delegated act specifying the criteria to determine whether the requirements of this Article are adhered to. When drawing up the delegated act referred to in this Article, the Commission shall consider the principles listed in paragraph 1 and 2. The Commission shall adopt that delegated act by 31 December 2020. [Ams. 49, 70, 72 and 93]

Article 14

Requirements for technical screening criteria

1. The technical screening criteria adopted in accordance with Articles 6(2), 7(2), 8(2), 9(2), 10(2) and 11(2) shall:

(-a) be based on harmonised indicators that measure environmental impact using a harmonised life cycle assessment;

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- (a) identify the most relevant potential contributions to the given environmental objective, considering not only the short-term but also the longer term impacts of a specific economic activity;
- (b) specify the minimum requirements that need to be met to avoid significant harm to any of the relevant environmental objectives;
- (c) be qualitative or quantitative, or both, and contain thresholds where possible;
- (d) where appropriate, build upon Union labelling and certification schemes, Union methodologies for assessing environmental footprint, and Union statistical classification systems, and take into account any relevant existing Union legislation; **acknowledging the competence of the Member States**;
- (e) be based on conclusive scientific evidence and ~~take into account, where relevant,~~ **and adhere** the precautionary principle enshrined in article 191 TFEU;
- (f) take into account the environmental impacts of the economic activity itself, as well as of the products and services provided by that economic activity **throughout their entire life cycle and, if necessary, throughout the value chain, notably by considering their production from the processing of raw materials to the final product**, use, end-of-life **and recycling**;
- (fa) **take into account the cost of non-action, based on the Sendai Framework for Disaster Risk Reduction 2015-2030**;
- (g) take into account the nature and the scale of the economic activity, **and taking into account if an activity is in transition to a sustainable configuration and/or operation, through research and innovation projects, specific timelines and pathways of this transition**;
- (h) take into account ~~the potential impact on liquidity in the market,~~ the risk of certain assets becoming stranded as a result of losing value due to the transition to a more sustainable economy, as well as the risk of creating inconsistent incentives;
- (ha) **are easy to apply and avoid unnecessary administrative burden from a compliance perspective**;
- (i) cover all relevant economic activities within a specific **an economic macro**-sector and ensure that those activities are treated equally **in terms of their sustainability risks** if they contribute equally towards one or more environmental objectives **and do not harm significantly any of the other environmental objectives under Articles 3 and 12**, to avoid distorting competition in the market;
- (j) be set as to facilitate the verification of compliance with those criteria whenever possible.

2. The technical screening criteria referred to in paragraph 1 shall also include criteria **based on indicators** for activities related to the clean energy transition **towards net-zero greenhouse gas emissions**, in particular energy efficiency and renewable energy, to the extent that those are substantially contributing to any of the environmental objectives.

2a. The technical screening criteria referred to in paragraph 1 shall ensure that power generation activities that use solid fossil fuels are not considered environmentally sustainable economic activities.

2b. That technical screening criteria shall ensure that economic activities that contribute to carbon intensive lock-in effects are not considered environmentally sustainable economic activities.

2c. The technical screening criteria shall ensure that power generation activities that produce non-renewable waste are not considered environmentally sustainable economic activities.

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3. The technical screening criteria referred to in paragraph 1 shall also include criteria for activities related to the switch to clean or climate-neutral mobility, including through modal shift, efficiency measures and alternative fuels, to the extent that those are substantially contributing to any of the environmental objectives.

3a. If the major part of the undertakings that conduct a specific economic activity are evidently engaged in a trajectory towards transforming this activity sustainable, the screening criteria may take this into account. Such a trajectory can be demonstrated through sustained research and development efforts, large investment projects in new and more sustainable technologies, or concrete transition plans in at least the early stages of implementation.

4. The Commission shall regularly review the screening criteria referred to in paragraph 1 and, if appropriate, amend the delegated acts adopted in accordance with this Regulation in line with scientific and technological developments. [Ams. 50, 73, 74, 75 and 104]

Article 15

Platform on Sustainable Finance

1. The Commission shall establish a Platform on sustainable finance **whose composition shall ensure balance, a wide range of views, and gender equality. It shall be** composed, **in balanced manner**, of **representatives from the following groups:**

(a) representatives of **the following:**

(i) the European Environment Agency;

(ii) the European Supervisory Authorities;

(iii) the European Investment Bank and the European Investment Fund;

(iiia) the European Union Agency for Fundamental Rights;

(iiib) the European Financial Reporting Advisory Group (EFRAG);

(b) experts representing relevant private stakeholders, **including the financial and non-financial market actors and business sectors, representing relevant industries;**

(ba) experts representing civil society, including with expertise in the field of environmental, social, labour and governance issues;

(c) ~~experts appointed in a personal capacity, with proven knowledge and experience in the areas covered by this Regulation~~ **representing academia, including universities, research institutes and think tanks, including with global expertise.**

1a. Experts referred to in points (b) and (c) shall be appointed in accordance with Article 237 of the Financial Regulation, and shall possess proven knowledge and experience in the areas covered by this Regulation, especially sustainability in the financial sector.

1b. The European Parliament and the Council shall be duly informed in a timely manner of the selection procedure of experts for the Platform.

2. The Platform on Sustainable Finance shall:

(-a) advise the Commission on the establishment of harmonised indicators referred to in Article 14, paragraph 1(-a) and the possible need to update them; in so doing it shall draw on the work of relevant Union entities and initiatives, notably the Circular Economy Monitoring Framework.

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- (a) advise the Commission on the technical screening criteria referred to in Article 14, and the possible need to update those criteria;
- (b) analyse the impact of the technical screening criteria **based on data and scientific research whenever available** in terms of potential costs and benefits of their application;
- (c) assist the Commission to analyse requests from stakeholders to develop or revise technical screening criteria for a given economic activity **based on data and scientific research whenever available; the conclusions of these analyses shall be published on the Commission's website in a timely manner;**
- (d) **upon request from the Commission or the European Parliament**, advise the Commission **or the European Parliament** on the suitability of the technical screening criteria for possible further uses;
- (da) **advise, in cooperation with EFRAG, the Commission on the development of sustainability accounting standards and integrated reporting standards for corporates and financial market participants, including through the revision of the Directive 2013/34/EU;**
- (e) monitor and report regularly to the Commission on **EU and Member State level trends regarding capital flows from economic activities with a negative impact on environmental sustainability** towards sustainable investment **based on data and scientific research whenever available;**
- (f) advise the Commission on the possible need to amend this Regulation., **particularly in regard to data relevance and quality, and ways to reduce the administrative burden;**
- (fa) **contribute to the evaluation and development of sustainable finance regulations and policies, including policy coherence issues;**
- (fb) **assist the Commission in defining possible social objectives.**

2a. The Platform shall duly consider appropriate data and relevant scientific research in the discharge of these tasks. It may conduct public consultations in order to gather stakeholder views on specific matters within its mandate.

3. The Platform on Sustainable Finance shall be chaired by the Commission **and constituted in accordance with the Commission's horizontal rules for expert groups. The Commission shall publish the analyses, deliberations, reports and minutes of the Platform on its website.** [Am. 51]

Article 16

Exercise of the delegation

1. The power to adopt delegated acts is conferred on the Commission, subject to the conditions laid down in this Article.
2. The power to adopt delegated acts referred to in Articles 4(3), 6(2), 7(2), 8(2), 9(2), 10(2) and 11(2) shall be conferred on the Commission for an indeterminate period from [Date of entry into force of this Regulation].
3. The delegation of powers referred to in paragraph 2 may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.

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4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making. **As part of the preparation of the delegated acts, the Commission shall carry out appropriate consultations and assessments of the proposed policy options.**

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

6. A delegated act adopted pursuant to Articles 4(3), 6(2), 7(2), 8(2), 9(2), 10(2) and 11(2), **12 (2) and 13(3)** shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or of the Council. [Am. 52]

Chapter III

Final provisions

Article 17

Review clause

1. By 31 December 2021, and subsequently every three years thereafter, the Commission shall publish a report on the application **and impact** of this Regulation. That report shall evaluate the following:

- (a) the progress on the implementation of this Regulation with regard to the development of technical screening criteria **based on indicators** for environmentally sustainable economic activities;
- (b) the possible need to revise the criteria **and the list of indicators** set out in this Regulation for considering an economic activity environmentally sustainable **to facilitate innovation and the sustainable transition**;
- (c) the appropriateness of extending the scope of this Regulation to cover other sustainability objectives, in particular social objectives;
- (d) the use of the definition of environmentally sustainable investment **and investments with negative environmental impact** in Union law, and at Member State level, including the appropriateness of **reviewing or** setting up **additional** verification mechanism of compliance with the criteria **based on indicators** set out in this Regulation.

(da) the effectiveness of the taxonomy in channelling private investments into sustainable activities.

1a. By 31 December 2021, and subsequently every three years thereafter, the Commission shall review the scope of this Regulation if it creates excessive administrative burden or if the necessary data for financial market participants is insufficiently available.

2. The ~~report~~ **reports** shall be sent to the European Parliament and to the Council. The Commission shall make accompanying **legislative** proposals where appropriate. [Ams. 53 and 105]

Article 18

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.

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2. Articles 3 to 13 of this Regulation shall apply:

- (a) in respect of the environmental objectives referred to in points (1) and (2) of Article 5, from 1 July 2020;
- (b) in respect of the environmental objectives referred to in points (4) and (5) of Article 5, from 31 December 2021;
- (c) in respect of the environmental objectives referred to in points (3) and (6) of Article 5, from 31 December 2022.

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

Done at ...,

For the European Parliament

The President

For the Council

The President
