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SUSTAINABLE FINANCE: THE INTEGRATION OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) CRITERIA

This outline is intended for entities and investors which adapt their investment strategy to the sustainability criteria in line with their legal obligations and their own positioning, both at entity level and at product level.

I. INTRODUCTION

As preliminary comment, please note that all the capitalized terms have been defined and listed under section VI to this brochure.

Sustainable finance is generally referred in the EU policy context as finance to support the economic growth while paying attention to sustainability aspects, with the aim to increase sustainable economic activities and projects.

Sustainable finance focuses notably on investment management, as it aims at supporting and promoting sustainable and responsible investments, by incorporating environmental and social factors into investment decisions while following good governance practices.

Investors have become increasingly attentive towards entities' quality of management and the way those entities assess environmental and social impact within their activities. Sustainable finance gives more assurance on whether an entity is prepared for sustainable performance on the long-term, which may have major impacts on the entity's financial results and the investment return.

This brochure aims to give an overview of (i) what sustainable finance is about, (ii) the sustainable finance legislative package, (iii) where we are heading and (iv) our expertise and services.

II. WHAT ESG IS ABOUT

Sustainable finance covers many topics ranging from the fight against global warming to the compliance with social rules. The primary drivers of sustainable finance are (i) the transition of finance to sustainability compliance, (ii) the mobilisation of funds into sustainability and (iii) the fight against greenwashing (*i.e.* the practice of presenting a product or an entity as more environmentally friendly than it actually is in order to try to achieve competitive advantages). The 3 (three) pillars of sustainable finance are environmental, social and governance (ESG):

- **Environmental (“E”)**: this pillar covers topics such as pollution prevention and control, reduction of greenhouse gas emissions and climate change. This pillar is particularly present in the fight against greenwashing;
- **Social (“S”)**: this pillar relates to relationships with employees, suppliers and/or customers, notably concerning health and safety, human rights risks and, more recently, the COVID-19 crisis; and
- **Governance (“G”)**: this pillar should not be overlooked, although it may be considered of a lesser relevance than the other pillars. It covers *inter alia* antibribery and anti-corruption. Entities should integrate the 2 (two) previous pillars while following good governance practices.

The above pillars must follow the so-called “Do Not Significantly Harm” principle (the **DNSH Principle**), meaning that they have to coexist with each other without having a negative impact on one another. In other words, the “E” should not significantly harm the “S” or be in contradiction with it and *vice versa*. Although no specific method is provided for assessing the DNSH Principle, some indicators are being developed in this respect¹ (which are referred to as adverse sustainability indicators, covering environment-related indicators as well as social indicators) with a view to exclude investments, that significantly harm any of the pillars, in order to ensure ESG compliance.

III. ESG LEGISLATIVE PACKAGE

During the last years, the EU adopted a series of legislative initiatives aiming to promote and support the implementation of sustainable finance.

In this section we outline the main legislative initiatives that have or will have an impact in the forthcoming months.

¹ In accordance with the SFDR, the ESAs have developed RTS notably in respect of the sustainability indicators in relation to adverse impacts (i) on the climate and other environment-related adverse impacts and (ii) in the field of social and employee matters, respect for human rights, anti-corruption and anti-bribery matters

A. The EU action plan on sustainable finance

On 8 March 2018, the Commission first published its action plan on financing sustainable growth (the **Action Plan**). The Action Plan aims at clarifying the duties of FMPs and FAs to provide their clients with clear advice on the sustainability risks and opportunities that are attached to their investments, at both entity and product level. The key goals of the Action Plan are to:

- move capital flows away from activities having negative social and environmental consequences; and
- direct finance towards activities that truly benefit society in the long-term.

As part of the Action Plan, the EU adopted or will adopt several acts in order to achieve its sustainable finance goals. Such acts notably include the following:

- Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, better known as the disclosure regulation or the **SFDR**;
- Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, better known as the taxonomy regulation or the **SFTR**; and
- Regulation (EU) 2019/2089 of the European Parliament and of the Council of 27 November 2019 amending Regulation (EU) 2016/1011 as regards EU Climate Transition Benchmarks, EU Paris-aligned Benchmarks and sustainability-related disclosures for benchmarks, better known as the benchmark regulation or the **SFBR**.

As corollary to the above main acts, the EU has adopted several delegated acts amending multiple directives and regulations regarding the integration of sustainability risks and factors. Other legislative initiatives have been taken as well which aim at implementing or improving the integration of sustainability risks and factors in existing legislation, as developed in section III.A.4 below.

1. The disclosure regulation (SFDR)

The SFDR concerns sustainability-related disclosures in the financial services sector and imposes transparency and disclosures requirements on FMPs and FAs, namely to:

- publish written policies on integration of sustainability risks in their investment decision-making process or investment/insurance advice;

- make pre-contractual disclosures on how they incorporate sustainability risks in their business;
- publish on their respective websites their sustainability investment targets and the methodologies used to evaluate, assess and monitor the effectiveness of investments; and
- describe in periodic reports the impacts of sustainable investments by means of relevant sustainable indicators.

On 23 April 2020, a consultation paper was published regarding the RTS which should contribute to the implementation of the above-described goals of the SFDR. This consultation closed on 1 September 2020.

On 2 February 2021, the ESAs have published their final report on the draft RTS. The RTS reflect the responses to the consultation paper referred to above, and relate to several disclosure obligations under SFDR regarding the publication by FMPs and FAs of:

- details of the presentation and content of the information in relation to the DNSH Principle²;
- a statement, at the level of an entity's website, describing such entity's due diligence policy in respect of the adverse impact of investment decisions on sustainability factors in relation to climate and other environment-related impacts³ and adverse impacts in the field of social and employee matters, respect for human rights, anti-corruption and anti-bribery matters⁴;
- pre-contractual information for products referred to "article 8 products"⁵ or "article 9 products"⁶;
- information on an entity's website to describe the environmental or social characteristics of financial products or the sustainable investment and the methodologies used⁷; and

² Article 2a SFDR

³ Article 4(6) SFDR

⁴ Article 4(7) SFDR

⁵ Article 8 SFDR

⁶ Articles 9(1) and 9(2) SFDR

⁷ Article 10 SFDR

- specific information in periodic reports for products referred to “article 8 products”⁸ or “article 9 products”.

In addition to their final report, the ESAs issued on 25 February 2021 a joint supervisory statement on the application of the SFDR⁹. Such supervisory statement aims at achieving an effective and consistent application and national supervision of the SFDR, thus promoting a level playing field as well as the protection of investors. This supervisory statement insists on the fact that the RTS are still in draft form.

Moreover, on 8 July 2021, the Commission announced that the application of the RTS will be deferred to 1 July 2022. Such delay will allow the competent national authorities (being the CSSF in Luxembourg) to prepare for a well-organized and effective supervision of the compliance by FMPs and FAs with the requirements set forth in the RTS. In the meantime, it is encouraged to refer to the draft RTS for additional guidance in respect of the obligations laid down in the SFDR.

Finally, the Commission confirmed that it intends to

- intensively work on the adoption of further RTS (some of which will amend the current RTS); and
- incorporate all developed RTS into a single delegated act.

Most recently, on 26 July 2021, the ESAs published the answers of the Commission to the questions related to the interpretation of the SFDR¹⁰. The Commission addressed *inter alia* the following items:

- registered AIFMs referred to in article 3(2) of the AIFMD as well as non-EU AIFMs fall within the scope of application of the SFDR;
- the 500-employees threshold of article 4(4) of the SFDR includes employees of a parent undertaking and subsidiary undertakings without distinction as to the place of establishment of the group and/or subsidiary, whether or not in the EU;
- “article 9 products” may invest in investments other than “sustainable investments” for specific purposes, such as hedging or liquidity, provided that they meet minimum environmental and social safeguards; and

⁸ Article 11 SFDR

⁹ Joint ESA Supervisory Statement on the application of the Sustainable Finance Disclosure Regulation

¹⁰ Questions related to Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (Sustainable Finance Disclosure Regulation 2019/2088)

- where a financial product has an environmental objective and does not meet the DNSH Principle, such product qualifies as “article 8 product”. In addition, such products may pursue reduction of negative externalities caused by the underlying investment.

2. The taxonomy regulation (SFTR)

The SFTR aims at establishing an EU classification system for sustainable activities by defining technical screening criteria for each environmental objective.

A proposal was adopted in May 2018 as the first step of the Action Plan. The SFTR was then adopted approximately 2 (two) years later and entered into force on 12 July 2020.

The SFTR creates a classification system, also referred to as taxonomy, to provide a common language for EU member states in order to determine whether an economic activity should be considered as environmentally sustainable or not, focusing on areas that play a key role in climate change. The main idea of the SFTR is to avoid different interpretations from the various EU member states and facilitate green investments and to be used as a “sustainability dictionary”.

The SFTR also amends the SFDR by supplementing the rules on sustainability-related disclosures laid down therein.

On 21 April 2021, the Commission approved in principle the draft delegated regulation supplementing the SFTR by establishing the technical screening criteria for determining the conditions under which an economic activity qualified as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives (the **SFTR Delegated Regulation**). The SFTR Delegated Regulation was formally adopted on 4 June 2021.

The SFTR Delegated Regulation must now be scrutinized by the European Parliament and the Council and is expected to apply as from 1 January 2022. It will be regularly reviewed and completed in order to further reflect the developments and technological progress that will be made in the future.

In addition, on 6 July 2021, the SFTR Article 8 Delegated Regulation was adopted by the Commission. The SFTR Article 8 Delegated Regulation must be scrutinized by the European Parliament and the Council as well. It is expected to apply gradually, starting on 1 January 2022.

3. The benchmark regulation (SFBR)

The SFBR was adopted to amend Regulation (EU) 2016/1011 as regards EU climate transition benchmarks, EU benchmarks aligned with the Paris Agreement

and sustainability-related disclosures for benchmarks. The SFBR entered into application on 30 April 2020.

The aim of the SFBR is to establish a common set of rules governing the production and use of benchmarks across the EU in line with the objectives set by the Paris Agreement, thus increasing transparency. The SFBR introduces a regulatory framework laying down minimum requirements for EU climate transition benchmarks and EU Paris-aligned benchmarks at the level of the EU and as such, it is one of the cornerstones of the fight against greenwashing. Considering the foregoing, it is of the utmost importance that such benchmarks do not significantly harm other ESG objectives, in accordance with the DNSH Principle.

On 17 July 2020, the Commission adopted new rules setting out minimum technical requirements for the methodology regarding EU climate benchmarks. The delegated acts in respect of the SFBR have been published in the Official journal of the EU on 3 December 2020 and entered into application on 23 December 2020. Such delegated acts include:

- the Commission delegated regulation supplementing regulation (EU) 2016/1011 as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published;
- the Commission delegated regulation supplementing regulation (EU) 2016/1011 as regards the minimum content of the explanation on how environmental, social and governance factors are reflected in the benchmark methodology; and
- the Commission delegated regulation supplementing regulation (EU) 2016/1011 as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks.

4. Additional delegated acts and legislative initiatives

On 21 April 2021, the Commission has adopted the Delegated Acts amending multiple directives and regulations. The aim is to amend the frameworks concerning UCITS, AIFMD, MiFID, IDD and Solvency II by the integration of sustainability risks and factors. This legislation requires entities falling within the scope of these frameworks (such as insurers and asset managers) to integrate sustainability into their investment, advisory and disclosure processes. The Delegated Acts aim at strengthening the EU's fight against greenwashing and encourage the financial system to support existing sustainable businesses as well as businesses on their path towards sustainability. They notably clarify the obligations weighing on financial firms when assessing their sustainability risks. The Delegated Acts include:

- Commission Delegated Directive (EU) 2021/1270 amending Directive 2010/43/EU as regards the sustainability risks and sustainability factors to be taken into account for Undertakings for Collective Investment in Transferable Securities (UCITS);
- Commission Delegated Regulation (EU) 2021/1255 amending Delegated Regulation (EU) No 231/2013 as regards the sustainability risks and sustainability factors to be taken into account by Alternative Investment Fund Managers;
- Commission Delegated Regulation (EU) 2021/1257 amending Delegated Regulations (EU) 2017/2358 and (EU) 2017/2359 as regards the integration of sustainability factors, risks and preferences into the product oversight and governance requirements for insurance undertakings and insurance distributors and into the rules on conduct of business and investment advice for insurance-based investment products;
- Commission Delegated Directive (EU) 2021/1269 amending Delegated Directive (EU) 2017/593 as regards the integration of sustainability factors into the product governance obligations;
- Commission Delegated Regulation (EU) 2021/1254 amending Delegated Regulation (EU) 2017/565 as regards the integration of sustainability factors, risks and preferences into certain organizational requirements and operating conditions for investment firms; and
- Commission Delegated Regulation (EU) 2021/1256 amending Delegated Regulation (EU) 2015/35 as regards the integration of sustainability risks in the governance of insurance and reinsurance undertakings.

The Delegated Acts have been published in the Official Journal on 2 August 2021. They will apply as from August 2022 (and as from 22 November 2021 for the Commission Delegated Directive (EU) 2021/1269 amending Delegated Directive (EU) 2017/593 as regards the integration of sustainability factors into the product governance obligations).

In addition, the Commission adopted on 21 April 2021 the CSRD Proposal, which aims at improving the flow of sustainability information in the corporate world. The CSRD Proposal revises and strengthens the existing rules that were introduced by Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups. The CSRD Proposal aims at creating rules in the form of reporting standards which will put sustainability reporting and financial reporting on an equal footing. The Commission will now engage in discussions with the European Parliament and the Council. It is currently foreseen that the first set of sustainability reporting standards would be adopted by October 2022.

B. ESG in Luxembourg

Luxembourg is one of the European leaders in green finance. Over the last years, Luxembourg has developed multiple initiatives to encourage and implement the ESG criteria and sustainability in finance.

In October 2018, Luxembourg presented its Roadmap as well as its recommendations. The drivers for the Roadmap are mainly the Action Plan, the UN 2030 Agenda for Sustainable Development and the Paris Agreement. The initiatives taken as part of the Roadmap notably include the Luxembourg Green Exchange, being the first quotation platform in the world that is exclusively dedicated to sustainable securities and the legal framework that was established in July 2018 for green covered bonds.

Luxembourg intends to create and set up solutions to ensure that sustainable finance products are easy to access, expertly managed and credible while serving a purpose. The recommendations made in respect of the Roadmap are being completed through the years to allow for the development of concrete and tailored measures that are in line with the Action Plan and other international sustainability objectives.

IV. WHERE ARE WE HEADING TO?

As mentioned above, investors pay more and more attention to sustainability and to sustainability-compliant products, therefore knowing how and when we should comply with sustainable finance legislation framework is more important than ever.

This section will focus on the key matters to which attention must be paid and the main deadlines of the Action Plan.

A. Key points of attention

The number of legal acts addressing ESG and sustainable finance increases rapidly, making it sometimes difficult to know where things stand at a moment in time and what should be done precisely. The following matters are particularly important:

- non-compliance with ESG and how it should be addressed now and in the near future; and
- obligations and recommendations at both entity and product level.

1. Non-compliance

Admittedly for the time being, no obligation exists for FMPs and FAs to pursue sustainability objectives or to market only financial products that have environmental or social characteristics.

However, since 10 March 2021, FMPs and FAs have the obligation to disclose information about their policies of integration of sustainability risks in their investment decision-making process or investment advice or insurance advice, as applicable.

FMPs and FAs which do not consider principal adverse impacts on factors relating to sustainability must explain (i) why they made such decision and (ii) whether and, if applicable, when they intend to consider such adverse impact. It follows that it remains possible not to undertake environmentally and/or socially sustainable activities.

In addition, the information to be disclosed in pre-contractual documents and in periodic reports in respect of financial products that do not consider sustainability risks will have to include a specific statement as of 1 January 2022 or 1 January 2023, as applicable¹¹. Such statement is provided in article 7 of the SFTR as follows: “The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.”.

The supervision of the application of the above obligations are under the responsibility of each EU member state and their competent national authorities, being in Luxembourg the CSSF. In addition, measures and penalties, if any, shall be put in place by each EU member state as well.

2. Entity and product related obligations and recommendations

FMPs and FAs must comply with various requirements deriving from the SFDR and the SFTR. Each of these regulations contain obligations applying at different levels.

The above-mentioned regulations impose disclosure and transparency obligations on FMPs and FAs both at entity and product level. Such disclosures must appear in different places and documents and must be kept up to date. If an amendment is made to any information disclosed, a clear explanation of such modification must also be published. FMPs and FAs must also ensure that their marketing communications do not contradict the information disclosed pursuant to the SFDR.

The table below summarises the main obligations arising from the SFDR. Until the application of the RTS, the below obligations must be interpreted in the light thereof.

¹¹ Such requirement will apply as of 1 January 2022 in respect of the environmental objectives referred to in points (a) and (b) of article 9 of the SFTR (*i.e.* climate change mitigation and climate change adaptation) and as of 1 January 2023 in respect of the environmental objectives referred to in points (c) to (f) of article 9 of the SFTR (*i.e.* the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control and the protection and restoration of biodiversity and ecosystems)

Website	
At entity level	At product level
<p>Integration of sustainability risks:</p> <p>FMPs and FAs have the obligation to disclose information about their policies of integration of sustainability risks in their investment decision-making process or investment advice or insurance advice, as applicable.</p> <p>Timing: applicable since 10 March 2021.</p>	<p>Financial products with “E” or “S” characteristics or “sustainable investment” objective:</p> <p>FMPs must <i>inter alia</i> publish, for each financial product which promotes environmental and/or social characteristics or has sustainable investment as its objective, (a) a description of such characteristics or objective and (b) information on the methodologies used to assess, measure and monitor such characteristics or the impact of the sustainable investments selected.</p> <p>Timing: applicable since 10 March 2021.</p>
<p>Adverse impacts:</p> <p>FMPs must (a) publish a statement on due diligence policies with respect to principal adverse impacts of investment decisions on factors of sustainability if considered or (b) explain why they do not consider such impacts and when they intend to do so.</p> <p>Timing: applicable since 30 June 2021.</p> <p>FAs must (a) publish information as to whether they consider in their investment/insurance advice the principal adverse impacts on factors of sustainability or (b) explain why they do not consider such impacts and when they intend to do so.</p> <p>Timing: applicable since 10 March 2021.</p>	

<p>Remuneration policies:</p> <p>FMPs and FAs must include information in their remuneration policies on how such policies are consistent with the integration of sustainability risks.</p> <p>Timing: applicable since 10 March 2021.</p>	
Pre-contractual documents	
At entity level	At product level
<p>Integration of sustainability risks:</p> <p>FMPs and FAs must include in their pre-contractual disclosures a description of (a) the manner in which sustainability risks are integrated into their investment decisions or advice, as applicable and (b) the results of the assessment of the potential impacts of sustainability risks on the returns of the products they make available or advise on, as applicable. If such risks are considered not to be relevant, FMPs and FAs must explain why.</p> <p>Timing: applicable since 10 March 2021.</p> <p>Additional information should be disclosed by 30 December 2022.</p>	
	<p>Financial products with “E” or “S” characteristics or “sustainable investment” objective:</p> <p>When a financial product promotes <i>inter alia</i> environmental and/or social characteristics, and provided that the companies in which the investments are made have good governance practices, FMPs should disclose additional information regarding (a) how those characteristics are met, (b) the index designated as a reference benchmark, if any, and its consistence with those characteristics, (c) the information on the objective to which the product contributes and (d) a description of how and to what extent the underlying investments of said product qualify as environmentally sustainable activities.</p>

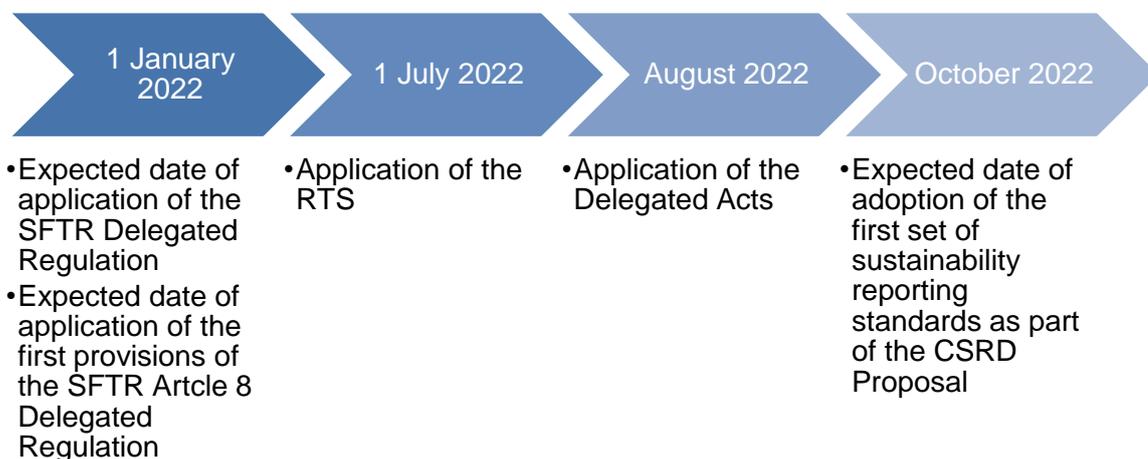
	Timing: applicable since 10 March 2021.
	<p>Adverse impacts:</p> <p>FMPs must disclose (a) a clear explanation of whether and how a financial product considers principal adverse impacts on factors of sustainability and (b) a statement that information relating to such principal adverse impacts is available in periodic reports.</p> <p>Timing: 30 December 2022.</p>
Periodic reports	
At entity level	At product level
	<p>Financial products with “E” or “S” characteristics or “sustainable investment” objective:</p> <p>When a financial product promotes <i>inter alia</i> environmental and/or social characteristics, and provided that the companies in which the investments are made have good governance practices, FMPs must include in periodic reports certain information on (a) the extent to which environmental and/or social characteristics are met or (b) the overall impact of the financial product on sustainability as well as information related to the index designated as a reference benchmark, if any.</p> <p>Timing: 1 January 2022.</p>

B. Deadlines

The requirements stemming from the EU legal framework surrounding sustainable investment are or will be applicable as of various dates, starting on 10 March 2021.

As aforesaid, until the application of the RTS on 1 July 2022, the latter should be used in order to help better understand and pin down the obligations arising from the SFDR. The Commission emphasized that even without the implementation of the RTS, FMPs and FAs must already to comply with the framework principles laid down in the SFDR.

The following timeline summarizes the next regulatory steps of the Action Plan.



V. OUR EXPERTISE AND SERVICES

Being present since the beginning of the development of sustainable finance in Luxembourg more than 10 years ago, our team can assist you in your transition to understand and implement sustainability changes and issues in your relevant sector and providing our legal advice on all aspects of sustainable finance such as:

- assessment of your situation and of the different options applicable to your case;
- drafting sustainability-oriented policies;
- advising on the application of the relevant regulatory obligations to your case;
- drafting and reviewing documentation related to *inter alia* standard sustainability due diligence questionnaire, risk management process, remuneration policies, engagement policy;
- supporting you for labelling; and
- supporting you in your day-to-day operations in accordance with ESG criteria.

We combine our legal expertise with other firms to provide you with a complete understanding of the sustainability implications for your firm.

We remain available for any information you may need in this respect and to accompany you throughout your business projects.

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VI. GLOSSARY

The capitalized terms used in this brochure have the meaning given to them below.

Action Plan	means the action plan on financing sustainable growth as published by the Commission on 8 March 2020, as further described in section III.A of this brochure.
AIFM	means alternative investment fund manager.
AIFMD	means Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010.
Commission	means the European Commission.
CSRD Proposal	means the proposal for a Corporate Sustainability Reporting Directive adopted by the Commission on 21 April 2021.
CSSF	means the supervisory authority of the Luxembourg financial sector (<i>Commission de Surveillance du Secteur Financier</i>).
Council	means the Council of the EU.
Delegated Acts	means the 6 (six) delegated acts adopted by the Commission on 21 April 2021, amending multiple directives and regulations as regards the UCITS, AIFMD, MiFID, IDD and Solvency II frameworks by the integration of sustainability risks and factors.
DNSH Principle	means the “Do Not Significantly Harm” principle as described in section II of this brochure.
ESAs	means the European Supervisory Authorities, namely the European Banking Authority (EBA), the European Securities and Markets Authority (ESMA) and the European Insurance and Occupational Authority (EIOPA).
EU	means the European Union.
FAs	means financial advisers which, according to the SFDR, means “(a) an insurance intermediary which provides insurance advice with regard to IBIPs; (b) an insurance undertaking which provides insurance advice with regard to IBIPs; (c) a credit institution which provides investment advice; (d) an investment firm which provides investment advice; (e) an AIFM which provides investment advice in accordance with point (b)(i) of

Article 6(4) of Directive 2011/61/EU; or (f) a UCITS management company which provides investment advice in accordance with point (b)(i) of Article 6(3) of Directive 2009/65/EC”.

FMPs	means financial market participants which, according to the SFDR, means “(a) an insurance undertaking which makes available an insurance-based investment product (IBIP); (b) an investment firm which provides portfolio management; (c) an institution for occupational retirement provision (IORP); (d) a manufacturer of a pension product; (e) an alternative investment fund manager (AIFM); (f) a pan-European personal pension product (PEPP) provider; (g) a manager of a qualifying venture capital fund registered in accordance with Article 14 of Regulation (EU) No 345/2013; (h) a manager of a qualifying social entrepreneurship fund registered in accordance with Article 15 of Regulation (EU) No 346/2013; (i) a management company of an undertaking for collective investment in transferable securities (UCITS management company); or (j) a credit institution which provides portfolio management”.
IDD	means Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution.
MiFID	means Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU.
Paris Agreement	means the Paris agreement on climate change of 12 December 2015.
Roadmap	means the Luxembourg Sustainable Finance Roadmap presented in October 2018, as described in section III.B in this brochure.
RTS	means the draft regulatory technical standards developed by the ESAs through the Joint Committee with regard to the content, methodologies and presentation of sustainability-related disclosures under empowerments Articles 2a, 4(6) and (7), 8(3), 9(5), 10(2) and 11(4) of the SFDR.
SFBR	means the Regulation (EU) 2019/2089 of the European Parliament and of the Council of 27 November 2019 amending Regulation (EU) 2016/1011 as regards EU Climate Transition Benchmarks, EU Paris-aligned Benchmarks and sustainability-related disclosures for benchmarks as described in section III.A.3.
SFDR	means the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector as described in section III.A.1.

SFTR	means the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 as described in section III.A.2.
SFTR Delegated Regulation	means the Commission Delegated Regulation of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualified as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives.
SFTR Article 8 Delegated Regulation	Means the Commission Delegated Regulation supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation.
Solvency II	means Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II).
UCITS	means undertaking for collective investments in transferable securities.

VII. Useful links

AIFMD	https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32011L0061
CSRD Proposal	https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52021PC0189
Paris Agreement	https://unfccc.int/sites/default/files/english_paris_agreement.pdf
RTS	https://www.esa.europa.eu/sites/default/documents/files/document_library/Publications/Draft_Technical_Standards/2021/962778/JC_2021_03 - Joint ESAs Final Report on RTS under SFDR.pdf
SFBR	https://eur-lex.europa.eu/legal-content/fr/TXT/?uri=CELEX%3A32019R2089
SFDR	https://eur-lex.europa.eu/eli/reg/2019/2088/oj
SFTR	https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32020R0852