



## EUROPEAN COMMISSION

*Brussels, 5.2.2019  
C(2019) 738 final*

*Dear Presidents,*

*The Commission would like to thank the Cortes Generales for their Opinion 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) 353 final} and the proposal for a Regulation of the European Parliament and of the Council on disclosures relating to sustainable investments and sustainability risks and amending Directive (EU) 2016/2341 {COM(2018) 354 final}.*

*The proposals form part of the Commission's initiative on sustainable development and lay the foundation for an Union framework which puts Environmental, Social and Governance considerations at the heart of the financial system to support the transformation of Europe's economy into a greener, more resilient and circular system. The proposals stem from the Commission's Action Plan on Financing Sustainable Growth {COM(2018) 97 final}, which followed up on the report of the High Level Expert Group on sustainable finance.*

*In order to make investments more sustainable, Environmental, Social and Governance factors should be considered in the investment decision-making process, when taking into account factors such as greenhouse gas emissions, resource depletion, or working conditions. These proposals aim at integrating Environmental, Social and Governance considerations into the investment and advisory process in a consistent manner across sectors. This should ensure that financial market participants – undertakings for collective investment in transferable securities management companies, alternative investment fund managers, insurance undertakings, institutions for occupational retirement provision, European venture capital fund managers, European social entrepreneurship funds managers and investment firms – who receive a mandate from their clients or beneficiaries to take investment decisions on their behalf in so-called principal-agent relationships, inform their clients how they integrate Environmental, Social and Governance considerations into their internal processes.*

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*In particular, the proposal for a Regulation on the establishment of a framework to facilitate sustainable investment sets out uniform criteria for determining whether an economic activity is environmentally sustainable. It further sets out a process involving a multi-stakeholder platform to establish a unified European Union classification system, based on a set of specific criteria, in order to determine which economic activities are considered sustainable. The proposal for a Regulation on disclosures relating to sustainable investments and sustainability seeks to ensure that financial market participants, such as insurance and investment advisers, consider sustainability as drivers of value in the advice given as part of their duties towards investors and that they provide investors with the related information.*

*The European Union and Governments from around the world have chosen a more sustainable path for our planet and our economy by adopting the 2016 Paris Agreement on climate change and the United Nations 2030 Agenda for Sustainable Development. Setting ambitious but achievable targets will give a renewed impetus to meeting the European Union's commitment to reach the Union's 2030 climate and energy targets and continue on the path towards a low-carbon economy. The Commission initiative on sustainable finance follows global efforts demonstrating its readiness to assume a leadership role.*

*The Commission is pleased that the Cortes Generales share the view that action at the European Union level as envisaged in the proposals complies with the principle of subsidiarity laid down in the Treaty on European Union and is necessary (i) to address the shortcomings of the existing legal framework by establishing standard criteria for ascertaining what counts as environmentally sustainable investment and (ii) to ensure a coordinated solution to shortcomings in the area of disclosures stemming from the current Union legislation covering financial market participants, insurance and financial advisors.*

*The proposals are now in the legislative process involving the European Parliament and the Council and the explicit support of the Cortes Generales may help timely adoptions of the proposals.*

*The Commission looks forward to continuing the political dialogue with the Cortes Generales in the future.*

*Yours faithfully,*

*Frans Timmermans  
First Vice-President*

*Valdis Dombrovskis  
Vice-President*