



EUROPEAN  
COMMISSION

Brussels, **XXX**  
[...] (2020) **XXX** draft

**COMMISSION DECISION**

of **XXX**

**establishing the EU Ecolabel criteria for retail financial products**

(Text with EEA relevance)

**COMMISSION DECISION**

of **XXX**

**establishing the EU Ecolabel criteria for retail financial products**

(Text with EEA relevance)

DRAFT

# COMMISSION DECISION

of **XXX**

## establishing the EU Ecolabel criteria for retail financial products

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EC) No 66/2010 of the European Parliament and of the Council of 25 November 2009 on the EU Ecolabel<sup>(1)</sup>, and in particular Article 8(2) thereof,

After consulting the European Union Ecolabelling Board,

Whereas:

- (1) Under Regulation (EC) No 66/2010, the EU Ecolabel may be awarded to those products with a reduced environmental impact during their entire life cycle.
- (2) Regulation (EC) No 66/2010 provides that specific EU Ecolabel criteria are to be established according to product groups.
- (3) In order to reflect best practice in the market for this product group, it is appropriate to establish a set of criteria for 'retail financial products'.
- (4) The EU Ecolabel Fitness check Report<sup>(2)</sup> of 30 June 2017, reviewing the implementation of Regulation (EC) No 66/2010, concluded on the need to develop a more strategic approach for the EU Ecolabel, also including the bundling of closely related product groups where appropriate.
- (5) The Sustainable Finance Action Plan<sup>(3)</sup> adopted on 8 March 2018 recognises the usefulness of labelling schemes to retail investors who would like to express their investment preference on sustainable activities. It recognises the lack of labelled financial products as a barrier for investors to directly channel their funds into sustainable investments. It sees the potential merit in the use of the EU Ecolabel Regulation to create a voluntary EU-wide labelling scheme for specific financial products offered to retail investors.

---

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

<sup>2</sup> Report from the Commission to the European Parliament and the Council on the review of implementation of 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) and the Regulation (EC) No 66/2010 of the parliament and of the Council of 25 November 2009 on the EU Ecolabel (COM(2017) 355).

<sup>3</sup> Communication from the Commission to the European Parliament, the European Council, the European Central Bank, the European Economic and Social Committee and the Committee of the Regions, Action Plan: Financing Sustainable Growth (COM(2018) 97 final).

- (6) The New Circular Economy Action Plan for a cleaner and more competitive Europe <sup>(4)</sup> adopted on 11 March 2020 stipulates that careful yet decisive measures to steer financing towards more sustainable production and consumption patterns are required to accelerate the green transition.
- (7) The EU Ecolabel criteria for retail financial products aim, in particular, to promote products that finance, through purchasing of shares, bonds and/or loans, activities that have limited impacts in terms of climate change mitigation and adaptation, and that are not environmentally and socially harmful activities. Moreover, EU Ecolabel financial products incentivise changes at the corporate level to improve the alignment of activities with the environmental objectives of Regulation (EU) 2020/852<sup>(5)</sup> and/or grow shareholder value. The criteria also support transparency for the retail investors by ensuring the investors are provided with adequate information regarding the financial product.
- (8) The new criteria and related assessment and verification requirements for the product group should remain valid until 31 December 2024, taking into account the developments of the Delegated Acts to Regulation (EU) 2020/852.
- (9) The measures provided for in this Decision are in accordance with the opinion of the Committee established by Article 16 of Regulation (EC) No 66/2010,

HAS ADOPTED THIS DECISION:

*Article 1*

The product group ‘retail financial products’ shall comprise the following products that are provided as a service to retail investors:

- The service of managing an investment product that has been packaged for retail investors in accordance with the requirements laid down in Regulation (EU) No 1286/2014 on packaged retail and insurance-based investment products (PRIIPs). This shall include:
  - Equity, bond and mixed<sup>(6)</sup> investment funds, to include those referred to as Undertakings for the Collective Investment in Transferable Securities (UCITS)

---

<sup>4</sup> Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, A new Circular Economy Action Plan for a cleaner and more competitive Europe (COM(2020) 98 final)

<sup>5</sup> 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

<sup>6</sup> Mixed funds shall be considered as synonymous to hybrid funds

and Alternative Investment Funds (AIFs) that are marketed to retail investors upon a national discretion (according to Article 43 of Directive 2011/61/EU<sup>(7)</sup>);

- Insurance-based investment products (IBIPs), to include unit-linked and multi-option life insurance products that have unit-linked insurance products as underlyings.
- The service of managing a fixed-term deposit or savings deposit product as referred to in Article 2(1) point 3 of Directive 2014/49/EU<sup>(8)</sup> on deposit guarantee schemes. The service shall be provided by the credit institution on whose balance sheet the deposits held (liabilities) and the associated loans granted as credits (assets) appear.

Units or shares in European Long Term Infrastructure Investment Funds (ELTIFs) and real estate funds can be present in the underlying assets of a Retail AIF or insurance product applying for an EU Ecolabel.

The retail financial product shall be registered or authorised for marketing or distribution in a Member State of the European Union.

## *Article 2*

For the purpose of this Decision, the following definitions shall apply:

- (1) ‘alternative investment funds’ (AIFs) means collective investment undertakings, including investment compartment thereof, which:
  - a) raise capital from a number of investors, with a view to investing it in accordance with a defined investment policy for the benefit of those investors; and
  - b) do not require authorisation pursuant to Article 5 of Directive 2009/65/EC
- (2) ‘asset’ means a resource with economic value that an individual, corporation or country owns or controls with the expectation that it will provide a future benefit;
- (3) ‘bond’ means a fixed income security that represents a loan made by an investor to a borrower (typically corporate or governmental);
- (4) ‘deposit’ means a credit balance which results from funds left in an account or from temporary situations deriving from normal banking transactions and which a credit institution is required to repay under the legal and contractual conditions applicable, including a fixed-term deposit and a savings deposit
- (5) ‘equity’ means a type of asset that signifies ownership in a corporation and represents a claim on part of the corporation’s assets and earnings

---

<sup>7</sup> 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

<sup>8</sup> Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes

- (6) ‘European Long Term Infrastructure Investment Funds’ means collective investment undertaking which has been authorised in accordance with Regulation 2015/760<sup>9</sup>)
- (7) ‘investment fund’ means investment products created with the purpose of gathering investors' capital, and investing that capital collectively through a portfolio of financial instruments such as stocks, bonds and other securities
- (8) ‘packaged retail and insurance-based investment product’ or ‘PRIIP’ means according to Regulation 1286/2014<sup>3</sup>) a product that is one or both of the following:
- a) a packaged retail investment product (PRIP);
  - b) an insurance-based investment product;
- (9) ‘packaged retail investment product’ or ‘PRIP’ means an investment, including instruments issued by special purpose vehicles as defined in point (26) of Article 13 of Directive 2009/138/EC<sup>10</sup>) or securitisation special purpose entities as defined in point (an) of Article 4(1) of the Directive 2011/61/EU<sup>11</sup>) of the European Parliament and of the Council (19), where, regardless of the legal form of the investment, the amount repayable to the retail investor is subject to fluctuations because of exposure to reference values or to the performance of one or more assets which are not directly purchased by the retail investor;
- (10) ‘retail investor’ means:
- a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU<sup>12</sup>)
  - b) a customer within the meaning of Directive 2002/92/EC<sup>13</sup>), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of Directive 2014/65/EU
- (11) ‘transferable securities’ means:
- a) shares in companies and other securities equivalent to shares in companies;
  - b) bonds and other forms of securitised debt (debt securities);
  - c) any other negotiable securities which carry the right to acquire any such transferable securities by subscription or exchange;

---

<sup>9</sup> Regulation (EU) 2015/760 of the European Parliament and of the Council of 29 April 2015 on European long-term investment funds

<sup>10</sup> Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II)

<sup>11</sup> 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

<sup>12</sup> 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

<sup>13</sup> Directive 2002/92/EC of the European Parliament and of the Council of 9 December 2002 on insurance mediation

- (12) ‘undertaking collective investment transferable securities (UCITS)’ means an undertaking for collective investment in transferable securities authorised in accordance with Article 5 of Directive 2009/65/EC<sup>14</sup>)
- (13) ‘unit-linked’ means that the financial benefits provided by an insurance contract are directly linked to the value of assets contained in an investment fund;
- (14) ‘unit-linked life insurance products’ an insurance product which offers a maturity or surrender value and where that maturity or surrender value is wholly or partially exposed, directly or indirectly, to market fluctuations;

### *Article 3*

In order for a product to be awarded the EU Ecolabel under Regulation (EC) No 66/2010 for the product group ‘retail financial products’, it shall fall within the definition of that product group as specified in Article 1 of this Decision and shall comply with the criteria and related assessment and verification requirements set out in Annex I to this Decision.

### *Article 4*

The EU Ecolabel criteria for the product group ‘retail financial products’ and the related assessment and verification requirements shall be valid until 31 December 2024.

### *Article 5*

For administrative purposes the code number assigned to the product group ‘retail financial products’ shall be ‘055’

### *Article 6*

This Decision is addressed to the Member States.

Done at Brussels,

*For the Commission*

*Virginijus Sinkevičius*

*Member of the Commission*

---

<sup>14</sup> Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS)