



global witness

To: Mr. Hartwig Löger, Federal Minister of Finance, Federal Ministry of Finance, Austria
Mr. Alfred Lesjek, Head, Financial Markets Directorate, Federal Ministry of Finance, Austria

Cc: Mr. Jeppe Tranholm-Mikkelsen, Secretary General of the Council of the European Union
Mr. Jean-Claude Juncker, President of the European Commission
Mr. Valdis Dombrovskis, Vice- President of the European Commission
Mr. Olivier Guersent, Director-General, Directorate- General for Financial Services,
Financial Stability, and Capital Markets Union

19 November 2018

Ensuring a speedy and positive progression on COM/2018/354, concerning the development of disclosure requirements for sustainable investments and sustainability risks by financial market participants and corporate entities.

Dear Mr Hartwig Löger, Mr Alfred Lesjek,

We, the undersigned, are writing to express our appreciation for the Council’s constructive engagement with the Sustainable Finance Agenda, and to express our ambitions for the future.

Two significant events recently occurred:

- On 5 November, the European Parliament voted on the final text of the “Disclosure Regulation”¹, an outcome that saw strong political consensus around key provisions to ensure that there is a process in place for end-investors and wider stakeholders to have accurate and reliable information concerning the way their money is invested, and whether that reflects their sustainability concerns. This vote constitutes the first on a

¹ COM(2018) 354 final

- legislative proposal following the Commission’s May Package, and it has established the political will for the rest of the legislative proposals.
- The ECOFIN Conclusions on Climate Finance². The Council adopted its Conclusions ahead of COP24 conference which states the need to “*make swift and ambitious progress on making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development*”, recognising that public policy plays a crucial role for the achievement of this purpose, and for aiding the flow of both private and public capital towards achieving the ambitions of the Paris Agreement and Agenda 2030.

We see clear connections in the ambitions set out in both of the above developments. We consider that transparency on how investors approach the integration and disclosure of sustainability risks is a crucial step in the fight against greenwashing and the proliferation of unreliable and inconsistent ESG data in the market. The Parliament’s Report on the Disclosure Regulation also includes clear provisions that introduce processes to counteract this, which would allow both investors and the public to operate and invest in a much more informed manner.

Given these recent and significant events, we strongly support the objective of finalising a Council position on this file under the Austrian Presidency and therefore call for urgency on this matter. Such a development would allow the incoming Romanian Presidency to begin trilogue negotiations with a goal to finalise this file within the current European Parliament mandate.

The speed of the process should be accompanied by a strong positive position on the key features of the Parliament’s Report:

- The proper definition of ‘sustainable investment’ including ‘do not harm’ clauses (Article 2).
- The proper definition of ‘sustainability risks’ that focus on both materially financial risks for financial institutions and negative impacts on the society and the environment (Article 2).
- The requirement for investors to put in place due diligence policies on ESG factors and sustainability risks, based on the OECD Guidance³ (Article 2 and Article 3)
- More specific information on what and how sustainability should be integrated in the investment decision-making process, including shareholder engagement and voting. (Article 3 and part of Article 4).
- The mainstreaming of sustainability-related impact disclosure for all financial products (Article 5). Impact disclosure for the ‘green niche’ of financial products will fail to mainstream sustainability in the whole financial system.

² [Climate finance: Council adopts conclusions ahead of COP24 conference](#)

³ [OECD Guidance – Responsible Business Conduct for Institutional Investors – Key Considerations for due diligence under the OECD Guidelines for Multinational Investors \(2017\)](#)

- The extension of the scope to include credit institutions.
- Specific disclosure on the degree of alignment of climate-friendly products with the Paris Agreement (Article 5).
- Integrated reporting containing both financial and non-financial information in annual financial statements (Article 7).
- The empowerment to allow the Commission to adopt delegated acts on the IORP II Directive (Article 10).
- The revision of the Non-Financial Reporting Directive to define sustainability risks and the use of harmonised indicators in order to ensure that investors get comparable and useful corporate sustainability data (Article 11).

We appreciate your continued engagement and effort on this crucial file, as well as the sustainable finance agenda more widely.

Yours sincerely,

ActionAid
E3G
European Coalition for Corporate Justice
Finance Watch
Frank Bold
Germanwatch
Global Witness
Kritische Aktionäre
Rainforest Action Network
ShareAction
Themis Research
UNI Europa Finance
WWF