November 2026

SFDR Review: AMICE Key Messages for the Trilogues

The review of the Sustainable Finance Disclosure Regulation (SFDR) provides an important opportunity to establish a simpler, clearer and more effective framework for sustainability-related product disclosures, while addressing the practical shortcomings identified under the existing regime. The move towards a product categorisation framework and more streamlined disclosures can provide greater clarity for consumers and financial market participants, provided that the final rules are proportionate and operational in practice.

As the co-legislators enter trilogue negotiations, AMICE welcomes the significant convergence achieved between the European Parliament and the Council of the EU on the overall architecture of the revised framework, including the three product categories and the 70% threshold. The trilogues should preserve this progress while ensuring that the detailed requirements appropriately reflect different financial products, investment structures and asset classes.

For mutual and cooperative insurers, it is particularly important that the final framework:

- **provides sufficient certainty in Level 1**, with essential category and eligibility conditions agreed by the co-legislators and appropriately delimited Level 2 mandates;
- **preserves flexible and workable recognition of sovereign bonds**, ensuring that their important role in prudent, diversified and liability-driven insurance portfolios does not mechanically penalise product categorisation;
- **provides proportionate treatment of multi-option insurance products**, with categorisation primarily at the level of the underlying investment options rather than duplicative categorisation or assessment at wrapper level;
- **applies the 70% threshold in a proportionate and operational manner**, including appropriate treatment of phase-in periods, temporary deviations and prudential portfolio-management needs;
- **supports credible real-economy transition**, through sufficiently forward-looking Transition criteria combined with appropriate safeguards against greenwashing; and
- **provides sufficient implementation time**, with at least 24 months once the Level 2 measures necessary for implementation have been finalised.

These elements are essential to ensuring that the revised SFDR combines credible sustainability standards and meaningful consumer information with legal certainty, prudent portfolio management and policyholder protection.

These key messages focus on issues of particular importance for the trilogue negotiations and should be read alongside AMICE's broader position on the SFDR review.

Against this background, AMICE calls on the co-legislators to give particular consideration to the following priorities in the trilogue negotiations.

Association of Mutual Insurers and Insurance Cooperatives in Europe aisbl | www.amice-eu.org
Rue du Trône 98/14 | B-1050 Brussels | T: +32 2 503 38 78 | E: secretariat@amice-eu.org
RLE Brussels, French-speaking division | Company number: 0893.970.608 | EU transparency register: 62503501759-81

1. Ensure legal certainty in Level 1 and sufficient time for implementation

The essential elements governing product categorisation and eligibility should be established in Level 1. Level 2 measures should support the technical implementation of those requirements and should not materially alter the eligibility conditions agreed by the co-legislators.

The final agreement should therefore:

- establish the essential category definitions and eligibility conditions in Level 1;
- provide clear Level 1 rules for the treatment of sovereign bonds;
- clearly delimit mandates for Level 2 measures; and
- provide firms with sufficient time to implement the framework once the measures necessary for implementation are available.

AMICE considers that firms should have at least 24 months to implement the revised framework once the Level 2 measures necessary for implementation have been finalised.

Disclosure formats intended for retail investors should be informed by appropriate and representative consumer testing before finalisation. Implementation should also take due account of interactions with Solvency II, the IDD, PRIIPs, the EU Taxonomy and other relevant EU legislation.

Data requirements should remain proportionate and operational. They should provide appropriate transparency concerning data sources, estimates and methodologies without requiring financial market participants to disclose confidential or proprietary information or methodologies of third-party data providers.

Clear Level 1 requirements, a complete technical framework and an appropriate implementation period are necessary to ensure legal certainty and consistent application.

2. Preserve workable recognition of sovereign bonds

Sovereign bonds are an indispensable component of insurers' investment portfolios, supporting asset-liability management, diversification, liquidity and prudent risk management. Their treatment under SFDR should therefore not mechanically penalise the categorisation of insurance products or create incentives for insurers to alter prudent investment strategies solely to meet categorisation requirements.

AMICE welcomes the progress made towards recognising the specific characteristics of sovereign debt within the categorisation framework. The final compromise should preserve sufficient flexibility for sovereign bonds directly in Level 1, recognising that sustainability alignment may not always be assessed in the same way as for corporate investments.

The final framework should therefore:

- retain appropriate recognition of sovereign bonds directly in Level 1;
- avoid eligibility methodologies that are disproportionately granular or insufficiently adapted to the characteristics of sovereign issuers;
- permit sovereign bonds to contribute towards the relevant threshold where alignment with the objective of the relevant category can be credibly demonstrated;

- ensure that, where such alignment cannot be reliably assessed because an appropriate methodology is unavailable, the treatment of sovereign bond holdings do not mechanically penalise product categorisation; and
- avoid creating incentives for insurers to reduce holdings of liability-matching assets or assume additional portfolio risk solely to meet SFDR categorisation requirements.

More broadly, the framework should appropriately reflect differences between asset classes and investment structures when specifying how a positive contribution may be demonstrated.

The final framework should also provide proportionate recognition of sustainability-related fixed-income instruments, including green, social and sustainability bonds and, subject to appropriate safeguards, sustainability-linked bonds, where these instruments comply with recognised standards and appropriate verification requirements. Such recognition should complement Taxonomy-based approaches and reflect the important role of fixed-income investment in long-term insurance portfolios.

The SFDR framework should recognise the specific characteristics of sovereign bonds and ensure that their treatment remains compatible with insurers' prudent, long-term and liability-driven investment strategies.

3. Establish proportionate rules for multi-option products

The final framework should appropriately reflect the structure of multi-option insurance products, which may provide policyholders with a large and/or changing range of underlying investment options with different sustainability characteristics.

The final agreement should:

- provide for categorisation primarily at the level of the underlying investment options, rather than imposing an additional layer of categorisation at wrapper level;
- avoid duplicative categorisation, assessment or disclosure requirements at wrapper level;
- allow insurers to communicate relevant sustainability characteristics at overall product level; and
- permit references and hyperlinks to underlying disclosures where this provides clearer and more concise information to consumers.

This approach should enable consumers to understand the sustainability characteristics of the investment choices available to them without imposing unnecessary duplication.

For multi-option products, categorisation should primarily take place at the level of the underlying investment options, without creating an unnecessary additional layer of assessment at wrapper level.

4. Apply the 70% threshold in a proportionate and operational manner

There is broad convergence between the co-legislators around a 70% positive-contribution threshold. The final compromise should combine the credibility and comparability provided by a common threshold with sufficient flexibility for prudent portfolio management.

The final framework should provide for:

- a clearly defined and sufficiently long phase-in period;

- proportionate treatment of temporary and non-material deviations from the threshold, including those resulting from market or valuation movements;
- appropriate treatment of investments held for hedging and liquidity-management purposes and of illiquid assets;
- appropriate treatment of different asset classes and investment structures, including real estate, infrastructure and private and unlisted assets; and
- consistency with insurers' applicable prudential obligations.

A temporary deviation resulting from market developments should not automatically result in loss of categorisation where the product continues to pursue the investment strategy and sustainability objective underpinning the relevant category and appropriate steps are taken to restore compliance.

The 70% threshold should ensure comparability and integrity without creating incentives that could adversely affect diversification, prudent risk management or policyholder protection.

5. Combine robust safeguards with forward-looking Transition criteria

The Transition category should facilitate the allocation of capital towards credible real-economy transition while maintaining effective safeguards against greenwashing.

The treatment of investments in companies with fossil-fuel-related activities remains an important issue for the trilogues. The European Parliament position provides for specified conditions for certain such investments, including requirements relating to Taxonomy-aligned capital expenditure, emissions-reduction strategies and, where relevant, the phase-out of coal or lignite activities.

AMICE considers that the final framework should give appropriate weight to:

- credible, science-based transition plans supported by appropriate evidence;
- measurable and time-bound transition targets;
- relevant forward-looking transition indicators; and
- transparent reporting on implementation, progress and outcomes.

Transition criteria should allow an effective distinction between credible transition pathways and activities presenting material greenwashing risks, while recognising that undertakings undergoing genuine transformation may retain exposure to legacy activities during the transition process.

The framework should therefore avoid relying exclusively on an issuer's current sustainability performance where credible and measurable evidence demonstrates progress towards the relevant transition objective.

The Transition category should combine robust safeguards with sufficiently forward-looking criteria to enable capital to finance credible and measurable real-economy transition.

Conclusion

The positions of the co-legislators provide a constructive basis for reaching a balanced compromise. The trilogues should preserve the progress already achieved while ensuring that the final framework is credible, proportionate, legally certain and operational across different financial products, investment structures and asset classes.

For mutual and cooperative insurers, the revised SFDR should combine credible sustainability standards, legal certainty, consistency with prudent portfolio management and clear, decision-useful information for consumers.

Such an outcome would enable insurers to continue providing long-term savings and protection products while contributing to the financing of Europe's sustainable transition and real economy.