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# New transparency requirements on investments' environmental and social impacts and for “green” products

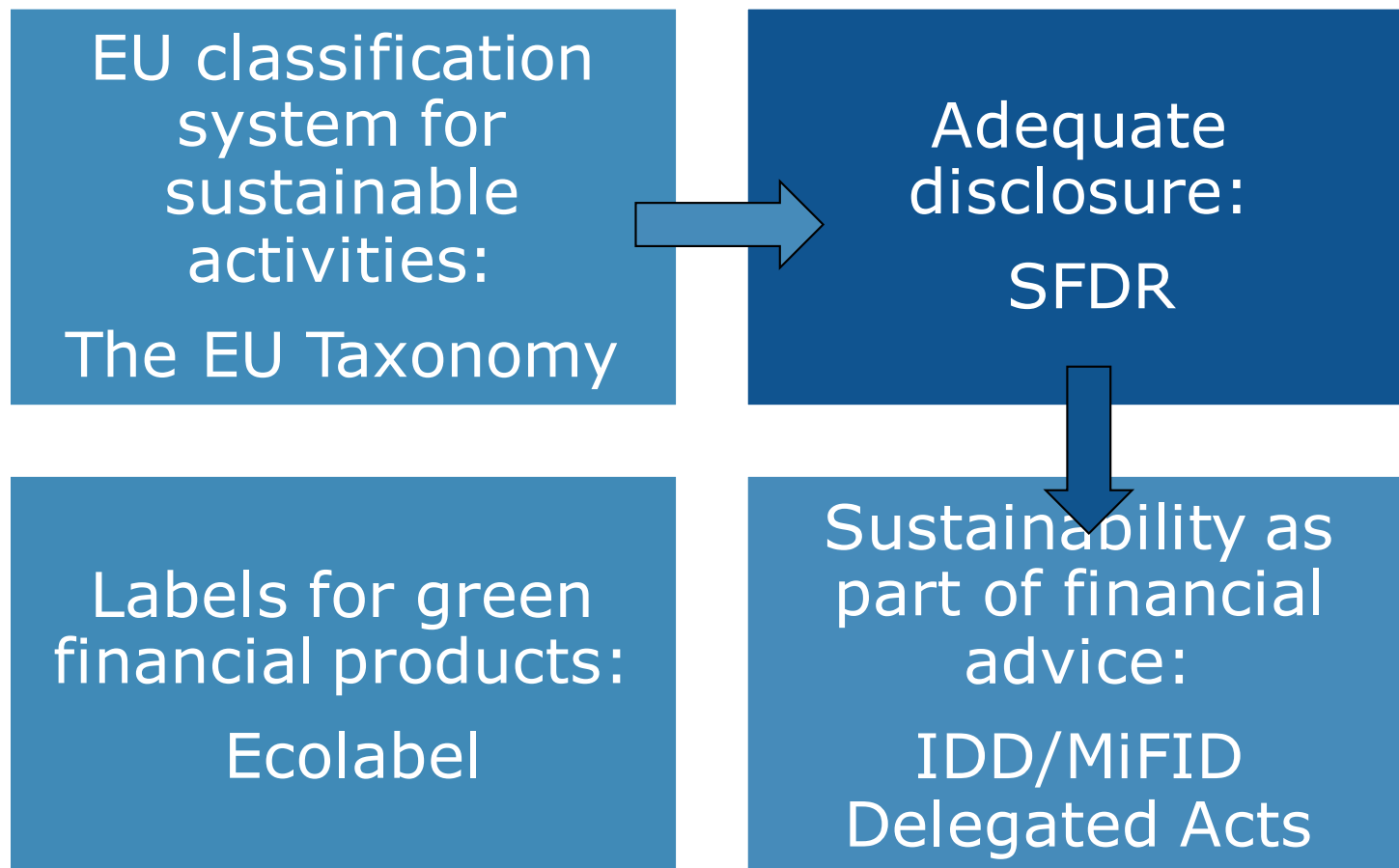
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Finanza Sostenibile  
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# Key buildings blocks for the EU's ESG transparency framework



# Regulation on sustainability-related disclosures - background



- ❑ Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (“SFDR”) supplements existing sectoral disclosures
- ❑ Applies to a broad range of financial market participants, financial advisers and financial products
- ❑ In-built proportionality for companies with less than 500 employees
- ❑ ESAs delivered seven draft RTS to the Commission:
  - ❑ on the adverse impact of investment decisions on sustainability factors; and
  - ❑ disclosures for products with either environmental or social characteristics or with sustainable investment objectives, including RTS on “do not significantly harm” principle.

ESAs delivered seven draft RTS to the Commission:

1. On the adverse impact of investment decisions on sustainability factors;
  - ❑ **Details on what should be included in the due diligence statement and summary**, mandatory and opt-in indicators to be reported
  - ❑ Details on disclosure of alignment with Paris agreement
2. Disclosures for products with either environmental or social characteristics or with sustainable investment objectives, including RTS on “do not significantly harm” principle:
  - ❑ **Annexed templates** to pre-contractual and periodic disclosures
  - ❑ Art 8 products can include investments with a sustainable objective

# Key changes to the CP



## Adverse impact indicators

- Addressed concerns around the number of indicators and materiality assessment

## Product disclosures

- Difficulty to deliver one set of disclosures for the very different products in the scope
- ESAs developed templates to:
  - ensure comparability of the disclosures across products
  - help consumers differentiate between products that promote E/S characteristics from those that have a sustainable objective
- Adjustments being made following outcomes of consumer testing conducted in the NL and PL, and a public survey (example in the Annex)



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# Supervisory Statement

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# Time gap between entry into force of Level 1 and



- SFDR enters into force in March 2021
- The Commission has proposed that the application date of the RTS should be delayed, in a [letter](#) sent to the ESAs on 20 October
- ESAs intend to provide some guidance to support supervisory convergence in this period



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# Taxonomy disclosures

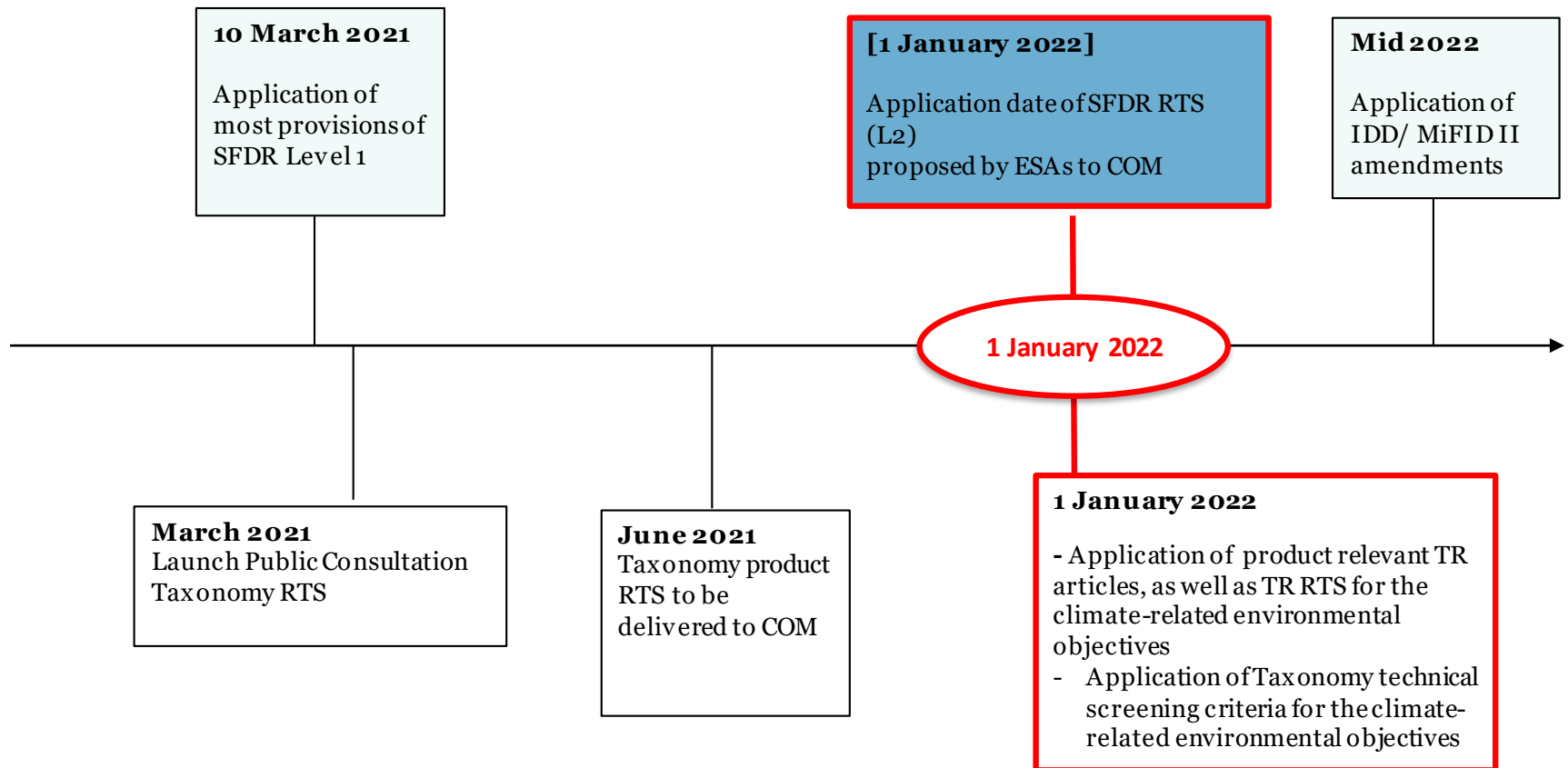
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- The Taxonomy Regulation (TR) establishes the framework for a **unified classification system** on what can be considered an environmentally sustainable economic activity in the European Union.
- By amending the Sustainable Finance Disclosure Regulation, **the TR requires additional disclosure for products investing in taxonomy-eligible activities.**
- The ESAs have been empowered in the TR to define the details of the content and presentation of those additional disclosure obligations in RTS.

- The product-related empowerments cover:
  - Pre-contractual information for Article 8 products promoting environmental taxonomy characteristics (a taxonomy-subset of so-called “light green” products);
  - Pre-contractual information for Article 9 products with environmental taxonomy objectives (a taxonomy-subset of so-called “dark green” products”); and
  - Periodic information for Article 8 and 9 products referred to above.
- The disclosures required by these empowerments require **identification of the environmental taxonomy objectives of the product.**
- The disclosures also require **an explanation of how and to what extent the activities invested are aligned with the taxonomy.**

- The ESAs see merit in achieving a single rulebook for sustainability disclosures under the SFDR and TR.
- The aim of the draft RTS being prepared is to **allow a common set of requirements for all sustainability related products in scope of SFDR and TR.**
- The amending RTS will be drafted with the following objectives in mind:
  - **Amending the SFDR RTS already prepared** by the ESAs as a basis for sustainability disclosures under the TR;
  - The subset of products that are taxonomy-related to have **additional disclosure obligations** within the broader set of sustainability disclosure established by the SFDR RTS; and
  - A **standardised presentation**, by amending the templates for pre-contractual and periodic information proposed in the SFDR RTS, to require additional more specific information on taxonomy-aligned investments.





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**Questions?**

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