

# ROUNDTABLE ON SUSTAINABLE FINANCE

Afternoon session



# NEW TRANSPARENCY REQUIREMENTS ON ENVIRONMENTAL AND SOCIAL IMPACTS OF INVESTMENTS AND FOR “GREEN” PRODUCTS

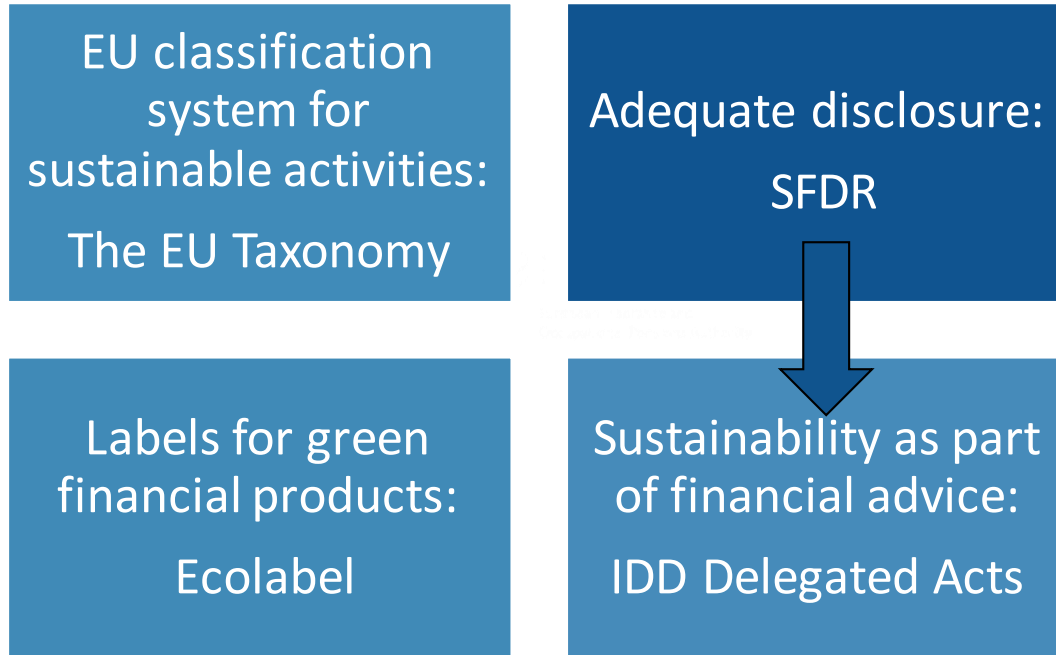
EIOPA Roundtable on Sustainable Finance

Presenter: David Cowan and Ursula Bordas

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EIOPA REGULAR USE

# KEY BUILDINGS BLOCKS FOR THE EU'S ESG TRANSPARENCY FRAMEWORK



# WHAT ARE THE KEY OBJECTIVES REGARDING TRANSPARENCY?

## Entity level

- Ensure financial market participants take responsibility for the sustainable impact of their investments
- Public disclosure of aggregated adverse impact helps market and consumers

## Product level

- Prevent greenwashing (empty promises) and misselling through:
  - Robust regulatory framework
  - Risk-based conduct supervision
- Reduce information asymmetry/overload and enhance consumer engagement
  - Labels and layering
  - Use of digital disclosures (website)
- Transparency is not just about the point of sale – it is about the whole product life cycle

# 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 have to deliver 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.

# OUTCOME OF THE ESAS' PUBLIC CONSULTATION

- ❑ ESAs received 153 responses
  
- ❑ Focus in responses on:
  - methodology and indicators for Principal Adverse Impact reporting
  - availability of data for indicators of Principal Adverse Impact reporting
  - request for more clarity on the boundaries between Article 8 (“light green”) and Article 9 (“dark green”) products
  
- ❑ Most industry respondents called for shorter pre-contractual information

# KEY ASPECTS CURRENTLY UNDER DISCUSSION

## Adverse impact indicators

- ❑ Addressing concerns around the number of indicators and materiality assessment

## Product disclosures

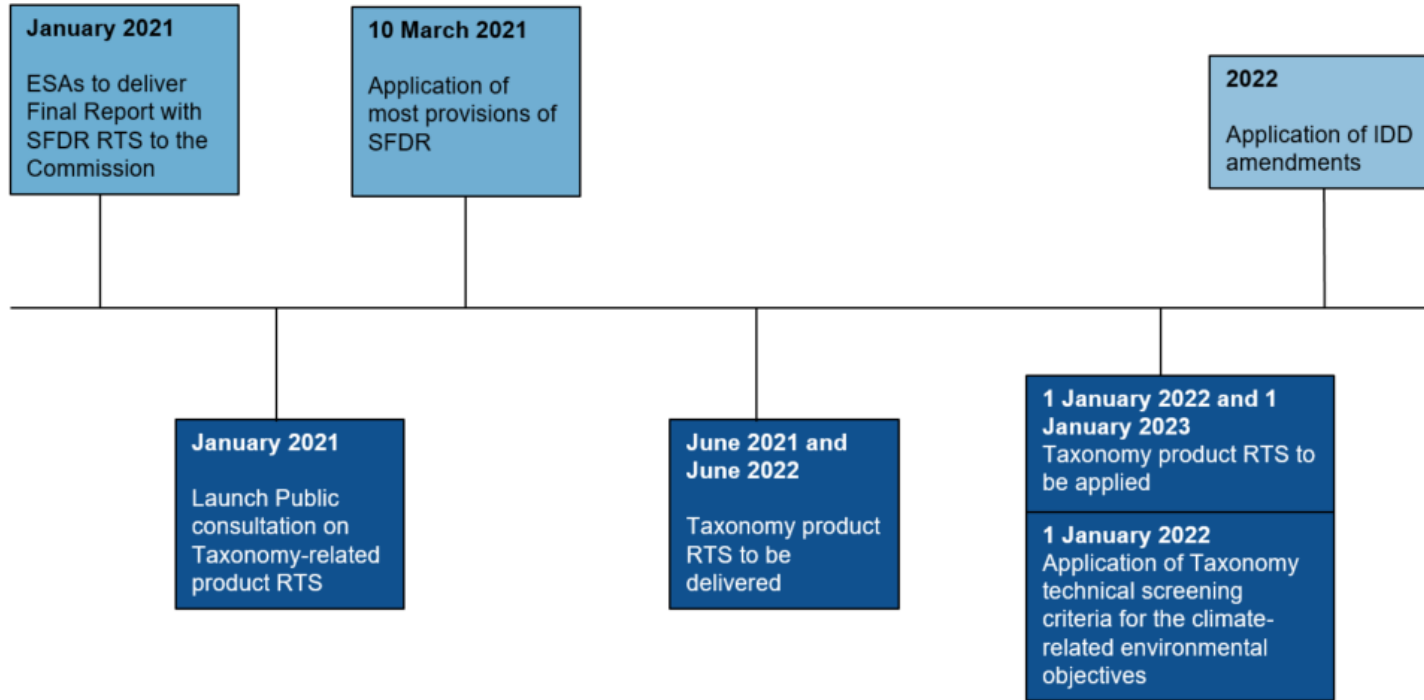
- ❑ Difficulty to deliver one set of disclosures for the very different products in the scope
- ❑ ESAs developed templates to:
  - ❑ ensure comparability of the disclosures across products
  - ❑ help consumers differentiate between products that promote E/S characteristics from those that have a sustainable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

# TIME GAP BETWEEN ENTRY INTO FORCE OF LEVEL 1 AND 2

- 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



# TIMING





# THANK YOU!

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