

ESAs consult on Taxonomy-related product disclosures

The three European Supervisory Authorities (EBA, EIOPA and ESMA – ESAs) have today issued a [Consultation Paper](#) seeking input on draft Regulatory Technical Standards (RTS) regarding disclosures of financial products investing in economic activities that contribute to an environmental investment objective. These economic activities are defined by the EU Regulation on the establishment of a framework to facilitate sustainable investment (Taxonomy Regulation).

The proposed draft RTS aim to:

- facilitate disclosures to end investors regarding the investments of financial products in environmentally sustainable activities.; and
- create a single rulebook for sustainability disclosures under the Regulation on sustainability-related disclosures in the financial services sector (SFDR) and the Taxonomy Regulation. This will be done by amending the [draft RTS under the SFDR](#), to minimise overlapping or duplicative requirements between the two regulations.

The consultation paper includes additional taxonomy-related disclosures concern information about which environmental objectives the investments of the product contribute to, and information about how, and to what extent, the activities funded by the product are Taxonomy-aligned.

The ESAs' proposal on how and to what extent activities funded by the product are taxonomy- aligned, consist of two elements:

- a graphical representation of the taxonomy-alignment of investments of the financial product and a key performance indicator calculation for that alignment; and
- a statement that the activities funded by the product that qualify as environmentally sustainable, are compliant with the detailed criteria of the Taxonomy Regulation.

The ESAs also propose to standardise the presentation of the disclosures by amending the templates for the pre-contractual and periodic disclosures proposed in [the draft RTS under the SFDR](#), by adding a new section that includes the disclosures required under the Taxonomy Regulation.

By amending the SFDR, the Taxonomy Regulation empowered the ESAs to develop draft RTS on additional pre-contractual, and periodic disclosure, obligations for financial products making sustainable investments with environmental objectives.

Next steps

The closing date for responses to the consultation is 12 May 2021. Following the consultation period, the draft RTS will be finalised and submitted to the

European Commission. A consumer testing exercise on the amended templates will be conducted in April in the Netherlands and in Poland.

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