

The three European Supervisory Authorities publish Final Report and draft RTS on disclosures under SFDR

The Joint Committee of the three European Supervisory Authorities (EBA, EIOPA and ESMA – ESAs) delivered today to the European Commission (EC) the [Final Report](#), including the draft Regulatory Technical Standards (RTS), on the content, methodologies and presentation of disclosures under the EU Regulation on sustainability-related disclosures in the financial services sector (SFDR).

The proposed RTS aim to strengthen protection for end-investors by improving Environmental, Social and Governance (ESG) disclosures to end-investors on the principal adverse impacts of investment decisions and on the sustainability features of a wide range of financial products. This will help to respond to investor demands for sustainable products and reduce the risk of greenwashing.

Steven Maijoor, Chair of the ESAs Joint Committee, said: *“The significant set of rules issued today provide a strong basis to improve ESG reporting and combat greenwashing. They strike a careful balance between achieving common disclosures across the range of financial products covered by the SFDR and recognising that they will be included in documents that are very diverse in length and complexity. The ESAs have listened to the consultation feedback from stakeholders and have adjusted the proposed disclosures”.*

Main proposals

Entity-level principal adverse impact disclosures

The principal adverse impacts that investment decisions have on sustainability factors should be disclosed on the entity’s website. The disclosure should take the form of a statement showing how investments adversely impact indicators in relation to

- climate and environment; and
- social and employee matters, respect for human rights, anti-corruption and anti-bribery aspects.

The ESAs have updated the list of indicators for principal adverse impacts. The principal adverse impact reporting in the SFDR is based on the principle of proportionality – for companies with fewer than 500 employees, the entity-level principal adverse impact reporting applies on a comply-or-explain basis.

Product level disclosures

The sustainability characteristics or objectives of financial products are to be disclosed in an annex to the respective sectoral pre-contractual and

periodic documentation in mandatory templates and on providers' websites.

Proposals relate to:

- **Pre-contractual information** should include details on how a product with environmental or social characteristics/ sustainable investment objective/ meets those/ that characteristics/ objective.
- **Information on the entity's website** on the environmental or social characteristics of financial products/ sustainable investment objective of the product and the methodologies used.
- **Information in periodic reports** specifying: (I) the extent to which products met the environmental and/or social characteristics by means of relevant indicators; and (II) for products with sustainable investment objectives, including products whose objective is a reduction in carbon emissions.
- **Information in relation to the 'do not significantly harm' principle:** specifying the details for how sustainable investments do not significantly harm sustainable investment objectives.

As the ESAs were not empowered to differentiate the disclosures between financial market participants and products, the RTS contain a harmonised approach to all financial products. Therefore, the same disclosures are required for a very broad range of products attached as annexes to existing sectoral disclosure documents that have different levels of granularity and length.

Next steps

The EC is expected to endorse the RTS within 3 months of their publication.

While financial market participants and financial advisers are required to apply most of the provisions on sustainability-related disclosures laid down in the SFDR from 10 March 2021, the application of the RTS will be delayed to a later date according to the [EC letter to the ESAs](#). The ESAs have proposed in these draft RTS that the application date of the RTS should be 1 January 2022.

The ESAs plan to issue a public supervisory statement before the application date of SFDR in order to achieve an effective and consistent application of the SFDR's requirements and consistent national supervision of the SFDR.

The ESAs will also publish a consultation on taxonomy-related product disclosures under the Taxonomy Regulation which amends the empowerments in Articles 8(4), 9(6) and 11(5) of the SFDR.

Background

On 9 December 2019, the SFDR was published in the Official Journal. The Taxonomy Regulation was published in the Official Journal on 22 June 2020.

The Final Report takes into account the feedback received on the [consultation paper](#) launched in April 2020.

Press release – COVID-19: MEPs want to ensure developing countries' access to vaccines



“Distributing vaccines globally is our exit strategy from the pandemic,” International Partnership Commissioner Jutta Urpilainen told the Development Committee, adding that the Commission will coordinate a “common EU vaccine sharing mechanism”, in which EU countries can donate part of their vaccines through the [COVAX program](#), especially when vaccine production is scaled up.

The EU is also seeking to scale up production capacity in developing countries and to contribute to strengthening their regulatory framework in the pharmaceutical field, she said.

“The main tool that the EU can help developing countries with” remains the COVAX assistance program, which aims to deliver vaccines to poorer countries and to which the EU contributed by €850 million, said the commissioner. She announced that [COVAX will start deliveries](#) to 18 countries, including 12 low and medium income ones, by the end of February, Urpileinen added.

Vaccine manufacturing in developing countries

Welcoming EU’s involvement in the COVAX assistance program and its focus on distributing vaccines to developing countries in need, several MEPs nevertheless questioned the strategy of vaccine sharing, pointing to current shortage of vaccine doses in the EU itself.

Some speakers pressed for suspending vaccine patents as a way out: the EU must allow developing countries to produce their own inexpensive vaccinations

instead of relying on EU charity, they said.

Quote

“We need to fight this pandemic globally as no single nation or even a united EU will be able to solve the crisis alone. It has an immense impact on the developing world, and the full range of consequences is not yet known. We know that developing countries are at risk of losing ten years of progress if nothing is done. If we are to combat this virus effectively, the vaccine has to be available for all. We are calling on the EU to take the lead in enhanced global cooperation and emphasising the role of widespread immunisation against COVID-19 as a global public health good,” said [Tomas Tobé](#) (EPP, SE), the chair of the Committee on Development.

Background

In an [upcoming draft report](#), the committee is set to ask for substantial new funds to assist developing countries worldwide in their fight against COVID-19, including by making vaccines available globally. Last spring, Development Committee Chair Tomas Tobé [called for such action](#), and the committee urged the international community to [protect the most vulnerable](#).

In a debate in November 2020, the [GAVI Alliance](#) told the committee the COVAX assistance program they lead planned to deliver [two billion doses of safe, effective COVID-19 vaccines](#) to developing countries by the end of 2021.

EU Migration Preparedness and Crisis Management Mechanism

EU agencies presented the impact of COVID on migratory flows, migration management, asylum, smuggling trends and returns, and the impact of the situation in Belarus on migratory and asylum related flows. The European, the EEAS, the Council Secretariat, EU Member States and five EU agencies (EASO, Frontex, Europol, eu-LISA and FRA) attended. The network seeks to exchange information on migration trends and ensure continuity with what the Council's emergency mechanism currently does.

Ensuring the protection of children in

migration

FRA took part in an expert meeting on children in migration. Member States' authorities and EU agencies attended the 28 January event. The purpose of the meeting was to discuss the state of play in the implementation of the 2017 European Commission's Communication on protecting migrant children.

Fundamental rights in the Entry- Exit system

This was the third online training course for national authorities organised by European Board and Coast Guard (Frontex). The Entry-Exit system -a large scale IT database- will start operating in 2022. It will record and process the personal data of non-EU nationals travelling to the EU for a short stay. These can be either visa holders or visa exempt travellers. The course gathered authorities that are involved in the set-up of the system.