

## European Commission Formally Adopts the Consolidated Regulatory Technical Standards (RTS) Under the Sustainable Finance Disclosure Regulation (SFDR) and Taxonomy Regulation

## **April 21, 2022**

On 6 April 2022, the European Commission ("**Commission**") adopted the consolidated final <u>regulatory technical standards</u> ("**RTS**") to the Sustainable Finance Disclosure Regulation (2019/2088/EU) ("**SFDR**") and the EU Taxonomy Regulation (EU/2020/852) ("**Taxonomy Regulation**").

The SFDR came into force on 10 March 2021 and imposes environmental, social and corporate governance ("ESG") disclosure and reporting requirements for a wide range of "financial market participants", including investment firms and fund managers. The Taxonomy Regulation supplements (and should be read alongside) the SFDR, and establishes an EU-wide classification system or 'framework' which is intended to provide businesses and investors with a common language to identify to what degree their economic activities can be considered environmentally sustainable. The RTS specify the content, methodologies and presentation of information required to be disclosed under both regulations, including the specification of mandatory website, pre-contractual and periodic reporting templates. To date, financial market participants have only been required to comply with the main provisions of the SFDR and Taxonomy Regulation (i.e. the level 1 requirements) and have not been required to comply with the RTS, which had not been finalised and adopted until now.

The RTS will now be reviewed by the European Parliament and Council and, provided that there are no objections to it, it will be published in the Official Journal of the EU. The RTS are expected to come into force on 1 January 2023, provided there are no further delays to its implementation.

Given that the RTS have now been finalised, firms should ensure that they familiarise themselves with the requirements contained therein, including the mandatory templates, to ensure compliance from 1 January 2023.

## **Related Professionals**

John Verwey

Partner

Michael Singh

Associate

