

EU's sustainable taxonomy and disclosure of sustainability-related information

For a number of years, sustainable growth and green investments have been a priority on the European political agenda and the EU Commission has set out to make Europe the first climate- neutral continent in 2050. If the EU is to meet this ambitious target, it will take a huge effort from not only Member States but also private businesses and investors. Thus, the EU Commission has initiated an enabling framework for private investors and the public sector to facilitate sustainable investments. A key element in the green transformation is the 2020 Regulation on the establishment of a framework to facilitate sustainable investment (the sustainable taxonomy), which sets a standard for how to identify environmentally sustainable economic activities. Another key element is private entities' disclosure on how and to what extent their activities are associated with economic activities that qualify as environmentally sustainable as well as financial market participants' disclosure of sustainability-related information in regard to the financial products they design and offer. The 2019 Regulation on sustainability-related disclosures in the financial services sector regulates the latter. First, this article gives an overview of the two frameworks in order to analyse the disclosure regimes set out for companies and financial market participants. Second, it applies the new obligations to existing legislative measures, such as MiFID II and sector regulation and discusses how the new obligations call for amendments to the existing frameworks. The article concludes that the new sustainability-related obligations are rather comprehensive, and that compliance with the obligations are complicated by the fact that while many of the obligations apply from 10 March 2021 the detailed level two regulation is still not in place.