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ESAs propose amendments to extend and simplify sustainability disclosures



The three European Supervisory Authorities (EBA, EIOPA and ESMA – ESAs) have today published a [Consultation Paper](#) with amendments to the Delegated Regulation of the Sustainable Finance Disclosure Regulation (SFDR).

The ESAs are proposing changes to the disclosure framework to address issues that have emerged since the introduction of SFDR. The authorities seek feedback on the amendments that envisage:

- extending the list of universal social indicators for the disclosure of the principal adverse impacts of investment decisions on the environment and society, such as earnings from non-cooperative tax jurisdictions or interference in the formation of trade unions;
- refining the content of other indicators for adverse impacts and their respective definitions, applicable methodologies, formulae for calculation as well as the presentation of the share of information derived directly from investee companies, sovereigns, supnationals or real estate assets; and
- adding product disclosures regarding decarbonisation targets, including intermediate targets, the level of ambition and how the target will be achieved.

Moreover, the ESAs propose further technical revisions to the SFDR Delegated Regulation by:

- improving the disclosures on how sustainable investments “do not significantly harm” the environment and society;
- simplifying pre-contractual and periodic disclosure templates for financial products; and
- making other technical adjustments concerning, among others, the treatment of derivatives, the definition of equivalent information, and provisions for financial products with underlying investment options.

Background

The Joint Committee of the ESAs received a [mandate](#) from the European Commission on 28 April 2022 to review and revise the Regulatory Technical Standards laid down in the SFDR Delegated Regulation. The ESAs [informed](#) the Commission in October 2022 that they will deliver the Final Report under the mandate by the end of October 2023.

Next steps

The ESAs welcome comments to the Consultation Paper until **4 July 2023** via the [response form](#).

The ESAs will organise a joint public hearing and targeted consumer testing during the consultation period. After considering the comments received, the ESAs will prepare a Final Report and submit it to the European Commission.

Details

Publication date

12 April 2023