



10 April 2023

# Climate and the Financial Sector

This weekly newsletter highlights climate-related regulatory, litigation and enforcement developments relevant to the financial sector.

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## General

### 5 April 2023 [EU] – **EU Commission launches a consultation on additional criteria for EU Taxonomy**

The EU Commission has launched a consultation on two draft delegated regulations related to the EU Taxonomy. The first draft delegated regulation sets out new criteria for the inclusion of economic activities that have a significant impact on the objectives of the EU Taxonomy. These new criteria determine whether these activities significantly harm one of the other environmental objectives of the EU Taxonomy. Some transport-related activities (e.g. sustainable fuel) would be eligible under the climate change objectives of the Taxonomy under the second draft of the delegated regulation. Feedback is expected by 3 May 2023. [\[link\]](#)

### 4 April 2023 [International] – **ISSB votes to delay some climate-related disclosures**

As mentioned in the staff paper for the meeting issued on 30 March 2023, the International Sustainability Standards Board (ISSB) has decided to give companies an additional year to start reporting on other sustainability-related risks. Companies can familiarize themselves with the concepts and requirements of the ISSB standards

(which have not yet been finalized) during their first year of reporting. For example, in the first year, companies will not be required to provide annual sustainability-related disclosures at the same time as the related financial statements, nor will they be required to provide comparative information or scope 3 greenhouse gas emissions disclosures. Companies will still need to apply IFRS S1 (i.e. IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information) in the first year they use the ISSB Standards to meet general disclosure requirements where they relate to climate, the ISSB said. [[link](#)]

#### **4 April 2023 [EU] – EU Commission launches a communication on 2040 climate target**

The EU Commission has launched a public consultation to gather people's views on the EU's interim climate change target for 2040. The aim of the consultation is to tackle climate change and to strengthen the EU's leadership role in the fight against climate change. The timing of the discussions on the EU's 2040 climate target is closely linked to the five-year ambition cycle of the Paris Agreement, the EU Commission said. Feedback is expected at by 23 June 2023 and will be included in the impact assessment to be published in 2024. [[link](#)]

#### **4 April 2023 [UK] – UK Government publishes a consultation on strengthening civil environmental sanctions**

The UK Department for Environment, Food and Rural Affairs has published a public consultation proposing to extend the powers of the UK Environment Agency. According to the consultation, the UK government wants to increase the amount of fines that the Environment Agency can impose and make it easier to prosecute environmental crimes. The UK government's options are to increase the cap to £25 million, to increase the cap to £250 million, or to have no cap at all (the current cap is £250,000). Responses to the consultation are expected by 15 May 2023. [[link](#)]

## **Insurance**

#### **6 April 2023 [UK] – The Prudential Regulation Authority launches a consultation on insurance taxonomy**

The Prudential Regulation Authority (PRA) has published a public working draft release note setting out proposals to enhance the current Solvency II reporting and disclosure requirements for insurers. The PRA is seeking to improve data collection in areas where the current reporting requirements are not appropriately tailored. New reporting templates have been made available by the PRA. Insurers are expected to respond by 8 May 2023. [[link](#)]



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