



6 March 2023

Climate and the Financial Sector

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

General

27 February 2023 [UK] – **FCA and Transition Plan Taskforce both encourage UK companies to begin publishing net zero plans**

The Transition Plan Taskforce (TPT) set up by the UK Treasury has launched a new sandbox to help accelerate capabilities in relation to UK companies' transition plans – including as to metrics, datasets, assurance methodologies, assumptions and financial analysis. The TPT is developing mandatory standards for listed companies and financial firms to ensure comparable plans, with the work completed by the end of 2023. Although asset managers and listed companies are required to publish climate related disclosures since January 2022 (on a comply or explain basis), the UK FCA has encouraged other financial firms and UK-listed companies to also draw up plans for transitioning before formal rules are finalised. [[link](#) - [link](#)]

28 February 2023 [EU] – **EU lawmakers reach political agreement on Taxonomy-aligned “EU Green Bond Standard”**

Following the Commission's 2021 regulatory proposal, the European Parliament and Council have jointly finalised the terms of the EU's new voluntary “EuGBS”. Bond issuers (wherever headquartered) will be able to refer to the EUGBS to attest their

intention to invest the proceeds of bonds in economic activities that are aligned with the EU Taxonomy. The regulation aims to establish a system for the registration and supervision of entities acting as external reviewers, and to regulate the supervision of issuers of EuGBs. The regulation will enter into force 12 months after being officially approved. [[link](#) – [link](#)]

Asset management

2 March 2023 [EU] – **Hedge fund industry representative questions ESMA’s approach to regulating ESG funds**

The global head of markets of the Alternative Investment Management Association (AIMA) expressed doubts as to ESMA’s power to impose additional requirements on certain types of ESG funds, in the absence of a clear legislative mandate. In November 2022, ESMA proposed to require funds that make use of sustainable terms in their name to meet certain minimum requirements, including sustainable investment thresholds, in order to justify their labels. After a wave of declassification of “Article 9” funds at the start of the year, scrutiny is now turning to “Article 8” funds. According to the “Securities and Markets Stakeholders Group” which advises ESMA, 80% of existing Article 8 funds may need to change their names. [[link](#)]

Insurance

27 February 2023 [EU] – **EIOPA issues report on EEA insurers’ green investments**

Acknowledging that insurers can play a significant role in helping the economy transition to a sustainable path, the European insurance supervisor analysed how much of EEA insurers’ current direct investments in equity and bonds are environmentally sustainable. The study was based on the EU Taxonomy of sustainable activities and the NACE classification framework. The derived overall share of Taxonomy-aligned investments was estimated at 2.6%. [[link](#)]



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