



9 January 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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## EU Updates

### General

#### 19 December 2022 [Global] – **COP15 adopts a Paris-style treaty setting shared global goals for the protection of nature**

Countries gathered at the 15th UN Conference of the Parties (COP15) to the Convention on Biological Diversity adopted the “Kunming-Montreal Global Biodiversity Framework”. The Treaty sets 4 common goals, underpinned by 23 targets. These include a “30 by 30” rule, under which at least 30% of the world’s lands and waters, and at least 30% of degraded natural areas, shall be respectively placed under conservation or restoration by 2030. Once again, reducing pollution and climate change are among the Treaty’s objectives. Countries will have to prepare national biodiversity action plans and finance strategies within COP16 in 2024. This may bring about regulatory reforms requiring businesses to increasingly monitor and disclose their risks, dependencies and impacts on natural resources and ecosystems along their operations, value chains and investment portfolios. ([link](#))

## Asset management

### 27 December 2022 [EU] – **Commission adopts *corrigendum* on SFDR RTS**

The Commission approved a slightly modified version of the regulatory technical standards (RTS) issued under the EU's Sustainable Finance Disclosure Regulation (SFDR). The new version contains a limited number of formal corrections to the original disclosure standards and templates, which should not affect the rules' substance. The Commission is still due to publish answers to questions on the SFDR from the European financial supervisory authorities. ([link](#))

### 21 December 2022 [EU] – **ESMA publishes risk analysis on use of EU Ecolabel by retail funds**

As part of its studies concerning the potential introduction of a voluntary EU Ecolabel for retail financial products, the European Securities and Markets Authority (ESMA) has tested 3 key Ecolabel criteria on a sample of 3,000 sustainability-oriented UCITS equity funds, with 1 trillion Euro assets under management. Findings showed that only 16 funds (0.5 % of the sample) would meet the proposed minimum portfolio “greenness” threshold of 50 % and the related exclusion requirements. ESMA acknowledges that the current limited availability of Taxonomy-related information constitutes a major challenge. The paper also illustrates the impact of different threshold calibrations on the number of eligible funds and potential volumes of green finance channelled through Ecolabel funds. ([link](#))

## Insurance

### 28 December 2022 [France] – **French supervisor warns against greenwashing risks in life insurance market**

The Autorité de Contrôle Prudentiel et de Résolution (ACPR) issued a warning on greenwashing risks tied to the marketing of life insurance products. The supervisor identified certain practices deemed contrary to the disclosures-related guidance issued by the Autorité des Marchés Financiers (AMF) (*Recommandation* DOC-2020-03, as amended on 27 January 2022). Among other things, the ACPR recommends that insurance firms (i) ensure that any ESG-related claims rest on sufficiently precise and objective elements, (ii) refer the public to the relevant SFDR website disclosures, and (iii) avoid giving the impression that the entire insurance product possesses the advertised sustainability characteristics when only a portion of the product is concerned. The ACPR expects that products marketed as “sustainable” are either at least (a) 80% compliant with Article 9 SFDR, or (b) 75% compliant with Article 9 and for the rest falling under Article 8 SFDR. The recommendation will come into effect on 1 April 2023. ([link](#))



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