

# Taxonomy Regulation adopted

## New sustainability requirements for product documentation, investment policies and governance

The Taxonomy Regulation entered into force on 2 July 2020. As a result, new product documentation requirements will apply to financial institutions. For each product, it should be disclosed to which extent an investment is sustainable. Additional requirements will be applicable pursuant to the Disclosure Regulation. These also relate to the undertaking as a whole: how is sustainability included in the investment policy and governance?

What do the new regulations mean for your documentation and business?



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### Which parties are subject to the new regulations?

Both the Taxonomy Regulation and the Disclosure Regulation apply to 'financial market participants', including:

- a. banks
- b. investment firms
- c. fund managers
- d. insurance companies
- e. certain pension providers

Moreover, many of the obligations arising from the Disclosure Regulation also apply to insurance and investment advisors.

02

### To which products do the requirements apply?

The requirements arising from both regulations apply to 'financial products', which includes:

- a. investment portfolios managed in accordance with MiFID II (portfolio management);
- b. investment funds and investment companies (AIF or UCITS);
- c. insurance contracts with an investment component;
- d. certain pension products.

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### What are the applicable obligations?

- a. Both regulations require financial market participants to publish information on the sustainability of their products.
- b. More generally, with respect to sustainability and climate risks, financial market participants are required to indicate how these risks are taken into account at product and company level.

What is your policy on sustainability and climate risks?

Please note that even if a product is not marketed as green or sustainable, information must be disclosed. Obligations will thus still apply even if you do not offer green or sustainable products.

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### Where should the information be included?

The new obligations relate to information to be included in:

- a. a fund prospectus
- b. the annual report
- c. key investor information
- d. the website
- e. marketing documentation
- f. periodic reports

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### When will the new rules apply?

- a. On 10 March 2021, the Disclosure Regulation and its Regulatory Technical Standards will become applicable. Therefore, all documents (website, pre-contractual information, periodic reports) should be ready by this date.
- b. On 1 January 2022, the first part of the Taxonomy Regulation will become applicable.

### Why do I need to implement these requirements now?

The new rules require proper preparation.

1. In order to determine which documentation needs to be adapted, products and services will have to be analysed.

2. In order to be able to adapt the documentation properly, the right data must be available. This also requires analysis and preparation.

3. The adjustments must be in line with your company's broader sustainability strategy.

4. Information must be adapted in various places (website, pre-contractual information, periodic reports) as well as in policies, such as the investment policy and the remuneration policy.

5. The new obligations should be embedded in the PARP process.

We are keeping close track of developments regarding these regulations and would be happy to help you meet the new requirements.

### For more information please contact



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