

15 June 2023

Sustainable Finance Package

The Authority would like to draw your attention that on 13 June 2023, the European Commission published its Sustainable Finance [package](#).

The package is comprised of several outstanding elements under the existing sustainable finance frameworks, as well as a new legislative proposal on ESG Ratings. These elements are accompanied by an overall [Communication](#) (and [Annex](#)) outlining the progress made regarding the EU sustainable finance agenda, framework, and specific tools. The Commission package intends to ensure that the EU sustainable finance framework continues to support companies and the financial sector, while encouraging the private funding of transition projects and technologies. Specifically, the Commission is introducing additional activities to the EU Taxonomy and proposing new rules for Environmental, Social and Governance (ESG) rating providers to address transparency on the market for sustainable investments. The package also aims to ensure that the sustainable finance framework works for companies that want to invest in their transition to sustainability. It aims also to make the sustainable finance framework easier to use, thereby continuing to contribute effectively to the European Green Deal objectives.

The Commission package consists of:

- (i) **A Proposal for a [Regulation](#) on ESG ratings & [Annexes](#)** - These new rules will enable investors to make better informed decisions regarding sustainable investments. The proposal will require that ESG rating providers offering services to investors and companies in the EU be authorised and supervised by the European Securities and Markets Authority (ESMA). This will also ensure the quality and reliability of their services to protect investors and ensure market integrity.
- (ii) **The final [Delegated Act\(s\) & Annexes \(technical screening criteria\) under the \[Taxonomy Regulation\]\(#\), namely: the \[Environmental Delegated Act\]\(#\) and the \[amending Climate Delegated Act\]\(#\)](#)** - It presents new set of EU Taxonomy criteria for economic activities making a substantial contribution to one or more of the non-climate environmental objectives. It introduces targeted amendments to the EU Taxonomy Climate Delegated Act, which expand on economic activities contributing to climate change mitigation and adaptation not included so far – in

particular in the manufacturing and transport sectors. The inclusion of more economic activities covering all six environmental objectives, and consequently more economic sectors and companies, will increase the usability and the potential of the EU Taxonomy in scaling up sustainable investments in the EU.

- (iii) **Commission [Notice](#) on the interpretation and implementation of certain legal provisions of the Taxonomy Regulation and links to SFDR (FAQs)** – The FAQ document aims to provide some clarifications on how operators should consider the requirements for compliance with minimum safeguards under the Article 18 of Taxonomy Regulation. It also aims to clarify the status of investments in Taxonomy-aligned economic activities and assets under the SFDR. The document clarifies existing provisions in the applicable legislation and it is merely intended to assist financial and non-financial undertakings in implementing the relevant legal provisions.

- (iv) **A [Recommendation](#) on Facilitating for the transition to a sustainable economy** – The recommendations presented by the Commission on transition finance aim to provide guidance as well as practical examples for companies and the financial sector. These aim to show how companies can use the various tools of the EU sustainable finance framework on a voluntary basis to channel the investments into the transition and manage their risks stemming from climate change and environmental degradation.

- (v) **The [usability guide](#) on the Taxonomy Regulation** – It contains an overview of the recent measures and tools put forward to address key implementation issues and questions raised by stakeholders. The EU Taxonomy User Guide is a guidance document on the Taxonomy for non-experts.

Next Steps

Discussions will shortly commence in the European Council and European Parliament. The MFSA will be closely following ongoing discussions and developments at the European level.