



SUSTAINABLE FINANCE DISCLOSURE REGULATION

COMPANIES DIRECTLY IMPACTED

If your institution is a financial market participant based in the EU, you must gather and consider ESG related information about your investments

Mandatory from 2022:

- Disclosure of alignment of your ESG-related products with climate objectives as per EU Taxonomy
- Initial reporting period for entity-level principle adverse impacts (PAI) is 2022 calendar year

Mandatory from 2023:

- Disclosure of alignment of your ESG-related products with remaining four objectives
- Disclosure of Taxonomy alignment of non-financial undertakings with environmental objectives
- Disclosure of PAI at entity-level for 2022 by June 2023
- Monitoring of PAI at entity level for 2023 and all following years

Mandatory from 2024:

- Disclosure of alignment of general financial products with climate objectives as per EU Taxonomy
- Disclosure of Taxonomy alignment of financial undertakings with environmental objectives
- Disclosure of PAI at entity-level for 2023 by June 2024

REQUIRED ACTIONS

Milestones and Action Points

Effort

- ✓ **Define strategy for the long-term positioning of your business and products in the context of sustainability/sustainable finance**
 - Define roadmap for developing your ESG profile, e.g., addressing your strategic goals to facilitate sustainable finance and clarifying how ESG-related information is reflected in your strategic investment decisions
 - Define and communicate your institution's ESG profile to your stakeholders
 - Assign responsibility for monitoring and maintaining your company's ESG profile
 - Consider certification by and delivery of ESG data to data providers, such as EcoVadis, Integrity Next, Prewave, etc.
- ✓ **Assess your financial product portfolio and categorize into**
 - Non ESG related products
 - Light green products (environmental/social characteristics)
 - Dark green products (sustainable investment objective)
- ✓ **Determine internal processes and IT infrastructure**
 - Define approach to and corresponding processes for distributing ESG profile and general information (website, etc.), assigning clear responsibilities for data sourcing, monitoring and quality management
 - Analyse regulatory, statutory, and voluntary reporting requirements – ideally across the various ESG initiatives currently evolving – and derive corresponding data needs
 - Define data sourcing strategy and identify potential providers for both inbound (on investments) and outbound (to market participants) communication of ESG data
- ✓ **Develop reporting and analytics capabilities**
 - Integrate ESG data into your data warehouse and build data marts to facilitate reporting and analytics
 - Develop an integrated ESG analytics and reporting infrastructure, covering both inbound, outbound, and internal reporting needs
 - Integrate ESG data into finance and risk platforms to facilitate ESG-based pricing and ESG risk management

- = low
- = mid
- = mid-high
- = high



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HOW DO WE SUPPORT

- Status Quo- / Gap analysis
- Planning of measures and resource requirements
- Stakeholder identification and management
- Project setup, planning and management
- Selection of Data and Software providers
- Setup of business and IT processes
- Interaction and communication with authorities and external partners
- Implementation of regulatory and periodic reporting
- Go Live including introduction and training of new processes
- Change Management

**For more information on SFDR and ESG
related projects**

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