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NEW REGULATION ON THE ESTABLISHMENT OF A FRAMEWORK TO FACILITATE SUSTAINABLE INVESTMENT

Regulation (EU) 2020/852 of the European Parliament and of the Council, of 18 June 2020 on the establishment of a framework to facilitate sustainable investment ("Regulation"), amending Regulation (EU) 2019/2088, was published on June 22.

This Regulation establishes the **criteria for determining whether an economic activity qualifies as environmentally sustainable** for the purposes of establishing the degree to which an investment is environmentally sustainable and applies to:

- Measures adopted by Member States or by the Union that set out requirements for financial market participants or issuers in respect of financial products or corporate bonds that are made available as environmentally sustainable;
- Financial market participants that make available financial products;
- Undertakings which are subject to the obligation to publish a non-financial statement or a consolidated non-financial statement pursuant to Article 19a or Article 29a of Directive 2013/34/EU of the European Parliament and of the Council.

Further, the **rules on transparency of environmentally sustainable investments, of financial products that promote environmental characteristics and other financial products**, and also, **the rules on transparency of undertakings in non-financial statements**, are set.

According to the Regulation, the following shall be **environmental objectives**:

- a) Climate change mitigation;
- b) Climate change adaptation;
- c) Sustainable use and protection of water and marine resources;
- d) Transition to a circular economy;
- e) Pollution prevention and control;
- f) Protection and restoration of biodiversity and ecosystems.

The Commission shall adopt delegated acts with the purpose of establishing **technical screening criteria** for determining the conditions under which a specific economic activity qualifies as contributing substantially to each environmental objective.

The Regulation shall enter into force of 12 July 2020. We stress, however, that as regards environmental objectives a) climate change mitigation and b) climate change adaptation, articles 4, 5, 6 and 7 and Article 8 (1), (2) and (3) shall apply from **1 January 2022**, while in relation to environmental objectives c) Sustainable use and protection of water and marine resources, d) Transition to a circular economy, e) Pollution prevention and control and f) Protection and restoration of biodiversity and ecosystems, said articles of the Regulation shall only apply from **1 January 2023**.