



# **Sustainable Finance Disclosure Regulation ("SFDR"):**

## **What is next?**



# What is SFDR?

**SFDR is a European regulation that imposes mandatory Environmental Social and Governance obligations on financial market participants (“FMPs”) and financial advisers with an aim to improve transparency in the market of sustainable products and prevent greenwashing. Such obligations include the disclosure of information on the integration of sustainability risks into investment decision-making, and the impact of sustainability factors on their returns.**

# What are the 3 levels of SFDR requirements?

1

Level 1 requirements apply from 10 March 2021, and cover the disclosure of information on how sustainability risks are integrated into investment decisions.

2

Level 2 requirements apply from 1 January 2022, and cover the disclosure of information on the adverse impact of investments on sustainability factors.

3

Level 3 requirements apply from 1 January 2023, and cover the disclosure of information on the sustainability characteristics of financial products.

# Key upcoming disclosure dates



- Second Reference Period starts (effective from 1 January 2023 to 31 December 2023)
- From this date, non-financial undertakings to start disclosing the full Key Performance Indicators on taxonomy-alignment under Article 8 of the Taxonomy Regulation ("TR") Delegated Act (Transparency of undertakings in non-financial statements)
- From this date, application of SFDR Regulatory Technical Standards ("RTS"), including Art 5 and 6 TR product disclosures for "all environmental objectives".



- Deadline for first FMP principal adverse impacts statement under SFDR RTS to be published, in relation to First Reference Period.



- Deadline for financial market participants to update the information on the sustainability characteristics of their products.

# Conclusion

**It's important to note that the SFDR requires ongoing compliance, and FMPs and advisers will need to continue to monitor and update their disclosures as required. In addition, the SFDR may be subject to future updates or changes, so it's important to stay up-to-date on the latest developments. The SFDR is enforced by national competent authorities in each EU member state, and penalties for non-compliance can include fines and other sanctions.**



**For more information on SFDR and how we can help,  
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