

Sustainable Finance Disclosure Regulation (SFDR)

What is SFDR?

SFDR (Regulation 2019/2088) is a European Union (EU) regulation regarding the publication of information from financial market participants on the sustainability of their investment decisions even if they are not managing ESG or sustainable investments.

What is the objective of SFDR?

The objective is to have a set of harmonised rules for the financial industry with regard to the integration of sustainability risks, the consideration of adverse sustainability impacts on their processes and the provision of sustainability related information with respect to financial products. SFDR sets requirements for fund managers based in the EU as well as those managing capital raised in the EU i.e. managers based in the UK, the U.S, Asia or Africa and raising funds in Europe.

Who is impacted by SFDR?

It is applicable to all financial market participants based in the EU, or marketing in the EU. This includes a diverse set of entities but specifically includes:

- Alternative investment fund managers (AIFMs)
- Managers of social entrepreneurship funds
- Insurance firms offering insurance-based investment products
- Investment firms offering portfolio management
- Credit institutions providing portfolio management

EU 2019 / 2088 regulations – key dates for compliance

Date	Requirements
10 March 2021	<p>The website to reflect:</p> <ul style="list-style-type: none"> • How sustainability risks are included in due diligence reporting and investment committee decision-making • How adverse sustainability impacts of investment decisions are considered in the investment process • Clear articulation of ESG aims • For ESG funds, publication of the methodology used to assess ESG impacts of investments • How remuneration policy is consistent with the integration of sustainability risk <p>Prospectus/private placement memoranda (PPM) to reflect:</p> <ul style="list-style-type: none"> • How the fund factors sustainability risk into decision-making • What the anticipated potential impact of the decision will be on the investment return • For ESG funds, publication of how fund objectives will be met, details of the benchmark used to measure success, and reasons for suitability of the benchmark
1 January 2022	ESG fund managers must include progress on ESG objectives in annual reports.
30 December 2022	Fund managers must explain in prospectuses, PPMs and pre-contractual investment information how they consider adverse sustainability of investment decisions. The additional reporting requirements will come into force on the afore mentioned date depending on manager’s size and average employee numbers.

How can IQ-EQ assist?

- Gap analysis of manager and fund documentation affected by SFDR
- Amendment and/or compilation of web content and prospectus/PPM
- Defining ESG due diligence scope in line with SFDR
- Amending management systems to ensure SFDR requirements are met in the investment process

About us*

We are IQ-EQ, a leading investor services group employing over 4300 people across 24 jurisdictions worldwide. We bring together that rare combination of global expertise with a deep understanding of the needs of our clients. We have the know how and the know you to support fund managers, global companies, family offices and private clients.

Key contacts

If you'd like to speak to us about any information in this document, please contact any member of the team. They would be delighted to discuss your requirements.



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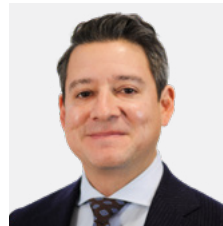
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* Information correct as of 6 October 2022

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