

EU SFDR Tracker

Last updated: **24 May 2021**

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This **Tracker** provides you with:

- **a high level background** to the EU Sustainable Finance Disclosure Regulation (SFDR) and
- some of the key provisions it contains.

The **Annex** sets out:

- **a table of the key dates** in relation to the Level 1 text (with links to the relevant documents)
- **a table of the Level 2 and Level 3 measures**, setting out
 - what measures the European Supervisory Authorities (ESAs) must develop
 - the timing of this work (where known) and
 - links to the relevant documents.

1. The SFDR

The EU's [Regulation on disclosures relating to sustainable investments and sustainability risks](#) (the **SFDR**) was published in the Official Journal of the EU (the **OJ**) on **9 December 2019**. It was subsequently amended by the Framework (or Taxonomy) Regulation.

The key Level 1 provisions of the SFDR became effective as of **10 March 2021**.

2. What does the SFDR cover?

The SFDR imposes **transparency and disclosure requirements** on

- **financial market participants (FMPs)** - i.e., AIFMs, UCITS managers and MiFID firms providing the service of portfolio management and
- **insurance intermediaries** providing insurance advice on insurance-based investment products and **financial advisors (FAs)**,

in respect of the integration of sustainability risks in the investment decision-making process and advisory processes.

The SFDR is intended to govern the way in-scope FMPs and FAs carry out activities, not to regulate their access to the market.

It addresses concerns that disclosures in the above sectors were unsystematic and inconsistent, by requiring in-scope firms to:

- **publish written policies** on the integration of sustainability risks in their investment decision-making process
- **make pre-contractual disclosures** on how they incorporate sustainability risks in their businesses
- **comply with pre-contractual transparency rules** on sustainable investments
- **publish an online description** of the sustainable investments target and information on the methodologies used to assess, evaluate and monitor the effectiveness of investments
- **describe in periodic reports** the specification of the impacts of sustainable investments by means of relevant sustainability indicators and
- **ensure that all the information** published on their websites is **kept up-to-date**, including a clear explanation of any amendments to the published information.

Many aspects of the SFDR will apply to all asset managers, even those which do not have an express ESG-focus or sustainability-focus (although some aspects will be relevant only when a financial product has a specific ESG-focus).

3. Developing Level 2 measures

See the Annex below for more information on the development of Level 2 measures under the SFDR.

After the SFDR was published in the OJ on 9 December 2019 (and amended by the Framework Regulation), attention turned to developing the necessary Level 2 measures under it.

These generally take the form of regulatory technical standards (RTS).

The final Level 2 measures will give more detail on what information the various disclosures should contain and how this should be presented.

To date, there have been two main consultation processes:

(a) Level 2 measures on the content and format of what FMPs must disclose

On **23 April 2020**, the Joint Committee of the European Supervisory Authorities (ESAs) published a [consultation paper](#) setting out draft RTS to specify the content and format of what FMPs must disclose.

The consultation period closed on **1 September 2020**.

On **21 September 2020**, the ESAs published a further [survey](#) regarding the presentation of information in existing pre-contractual and periodic disclosures provided by (among others) AIFMs and UCITS management companies. The purpose was to standardise disclosures by requiring the use of specific templates, thereby making it easier to compare ESG information in different financial products in different Member States.

The survey closed on **16 October 2020**.

The ESAs were originally intended to submit a Final Report containing their advice to the Commission by **30 December 2020** so the measures could be finalised and become effective from **10 March 2021**.

However, the ESAs' proposals were widely criticised as being unduly onerous and complex. Along with the COVID-19 pandemic, this delayed the production of the Final Report to the Commission.

In **November 2020**, the Commission wrote to the Chairs of the ESAs to confirm a delay to the Level 2 measures under SFDR, to an unspecified date.

The SFDR 1 text, though, became effective on **10 March 2021** and the Commission noted its expectation that firms will comply with its high level and principles-based requirements from that date.

On **2 February 2021**, the ESAs published their [Final Report](#) and proposed that the final RTS should apply from **1 January 2022**.

(b) Level 2 measures on taxonomy related sustainability disclosures

On **17 March 2021**, the ESAs published a [consultation paper](#) on taxonomy-related sustainability disclosures required as a result of provisions inserted in the SFDR by the Framework (or Taxonomy) Regulation.

The consultation period closed on **12 May 2021**.

Among other things, the consultation paper proposes amendments to the draft measures which the ESAs submitted to the Commission in their Final Report of **2 February 2021**, referred to above.

The ESAs intend to publish a Final Report setting out draft RTS by **late June or early July 2021**, with the final measures applying from **1 January 2022** or **1 January 2023**, depending on the specific measure concerned.

Annex

(a) Level 1

Key stages in the development of the Level 1 text

Date	Publication
24 May 2018	The European Commission adopts a Proposal for a Regulation
9 November 2018	The European Parliament's ECON Committee publishes its Final Report
17 December 2018	The Council of the EU publishes its General Approach
7 March 2019	The European Parliament and the Council of the EU agree a Level 1 text
18 April 2019	The European Parliament adopts the agreed text at plenary session
8 November 2019	The Council of the EU adopts the agreed text
9 December 2019	The SFDR is published in the Official Journal of the EU

(b) Level 2

Technical standards to be developed under the SFDR

Article	Topic covered	Measure to be developed	Current status	Dates to watch
2a (1)	Principle of 'do no significant harm'	<p>Regulatory technical standards (RTS) to specify:</p> <ul style="list-style-type: none"> the details of the content and presentation of information in relation to the principle referred to in Article 2(17) <p>taking into account</p> <ul style="list-style-type: none"> the content, methodologies and presentation in respect of the sustainability indicators referred to in Article 4(6) and 4(7). 	<p>Consultation opened 23 April 2020 closed 1 September 2020</p> <p>Final Report published 2 February 2021</p>	1 January 2022 – ESAs' proposed application date for RTS
4(6)	Transparency of adverse sustainability impacts at entity level	<p>RTS on</p> <ul style="list-style-type: none"> the content, methodologies and presentation of information referred to in Article 4(1) to 4(5) <p>in respect of</p> <ul style="list-style-type: none"> the sustainability indicators in relation to adverse impacts on the climate and other environment-related adverse impacts. 	<p>Consultation opened 23 April 2020 closed 1 September 2020</p> <p>Final Report published 2 February 2021</p>	1 January 2022 – ESAs' proposed application date for RTS

Level 2 (cont'd)

Article	Topic covered	Measure to be developed	Current status	Dates to watch
4(7)	Transparency of adverse sustainability impacts at entity level	<p>RTS on</p> <ul style="list-style-type: none"> the content, methodologies and presentation of information referred to in Article 4(1) to 4(5) <p>in respect of</p> <ul style="list-style-type: none"> sustainability indicators in relation to adverse impacts in the field of social and employee matters, human rights, anti-corruption and anti-bribery matters. 	<p>Consultation opened 23 April 2020 closed 1 September 2020</p> <p>Final Report published 2 February 2021</p>	1 January 2022 – ESAs' proposed application date for RTS
8(3)	Transparency of the promotion of environmental or social characteristics in pre-contractual disclosures	<p>RTS to specify</p> <ul style="list-style-type: none"> the details of the presentation and content of information to be disclosed pursuant to Article 8 <p>taking into account</p> <ul style="list-style-type: none"> the various types of financial products, their characteristics and the differences between them, as well as the objective that disclosures are to be accurate, fair, clear, not misleading, simple and concise. 	<p>Consultation opened 23 April 2020 closed 1 September 2020</p> <p>Final Report published 2 February 2021</p> <p>Survey opened 21 September 2020 closed 16 October 2020</p>	1 January 2022 – ESAs' proposed application date for RTS
8(4)	Transparency of the promotion of environmental or social characteristics in pre-contractual disclosures	<p>RTS to specify:</p> <ul style="list-style-type: none"> the details of the content and presentation of the information referred to in Article 8(2)(a) <p>taking into account</p> <ul style="list-style-type: none"> the various types of financial products, their characteristics and the differences between them, as well as the objective that disclosures are to be accurate, fair, clear, not misleading, simple and concise. <p>Where necessary to achieve the above objective, the ESAs are mandated to develop draft amendments to the RTS referred in Article 8(4).</p>	<p>Consultation opened 17 March 2021 closed 12 May 2021</p>	<p>1 June 2021 – ESAs to submit technical advice to Commission in respect of climate change mitigation and climate change adaptation environmental objectives</p> <p>1 June 2022 – ESAs to submit technical advice to Commission in respect other environmental objectives)</p>

Level 2 (cont'd)

Article	Topic covered	Measure to be developed	Current status	Dates to watch
9(5)	Transparency of sustainable investments in pre-contractual disclosures	<p>RTS on</p> <ul style="list-style-type: none"> the details of the presentation and content of the information disclosed pursuant to Article 9. 	<p>Consultation opened 23 April 2020 closed 1 September 2020</p> <p>Final Report published 2 February 2021</p> <p>Survey opened 21 September 2020 closed 16 October 2020</p>	1 January 2022 – ESAs' proposed application date for RTS
9(6)	Transparency of sustainable investments in pre-contractual disclosures	<p>RTS to specify</p> <ul style="list-style-type: none"> the details of the content and presentation of the information referred to in Article 9(4)(a) <p>taking into account</p> <ul style="list-style-type: none"> financial products, their objectives under Article 9(4)(a), and the differences between them as well as the objective that disclosures are to be accurate, fair, clear, not misleading, simple and concise. <p>Where necessary to achieve the above objective, the ESAs are mandated to develop draft amendments to the RTS referred in Article 9(5).</p>	<p>Consultation opened 17 March 2021 closed 12 May 2021</p>	<p>1 June 2021 – ESAs to submit technical advice to Commission in respect of climate change mitigation and climate change adaptation environmental objectives</p> <p>1 June 2022 – ESAs to submit technical advice to Commission in respect other environmental objectives)</p>
10(2)	Transparency of the promotion of environmental or social characteristics and of sustainable investments on websites	<p>RTS to specify</p> <ul style="list-style-type: none"> the details of the content of the information referred to in Article 10(1)(a) and (b) and the presentation requirements referred to in the second sub para of Article 10(1). 	<p>Consultation opened 23 April 2020 closed 1 September 2020</p> <p>Final Report published 2 February 2021</p>	1 January 2022 – ESAs' proposed application date for RTS
11(4)	Transparency of the promotion of environmental or social characteristics and of sustainable investments in periodic reports	<p>RTS to specify:</p> <ul style="list-style-type: none"> the details of the content and presentation of information referred to in Article 11(1) <p>taking into account</p> <ul style="list-style-type: none"> the various types of financial products, their characteristics and objectives and the differences between them. 	<p>Consultation opened 23 April 2020 closed 1 September 2020</p>	1 January 2022 – ESAs' proposed application date for RTS

Level 2 (cont'd)

Article	Topic covered	Measure to be developed	Current status	Dates to watch
11(4) (cont.)	Transparency of the promotion of environmental or social characteristics and of sustainable investments in periodic reports	<p>RTS to specify:</p> <ul style="list-style-type: none"> the details of the content and presentation of information referred to in Article 11(1) <p>taking into account</p> <ul style="list-style-type: none"> the various types of financial products, their characteristics and objectives and the differences between them. 	<p>Final Report published 2 February 2021</p> <p>Survey opened 21 September 2020 closed 16 October 2020</p>	1 January 2022 – ESAs' proposed application date for RTS
11(5)	Transparency of the promotion of environmental or social characteristics and of sustainable investments in periodic reports	<p>RTS to specify</p> <ul style="list-style-type: none"> the details of the content and presentation of the information referred to in Article 11(1)(c) and 11(1)(d) <p>taking into account</p> <ul style="list-style-type: none"> financial products, their characteristics and objectives and the differences between them <p>Where necessary, the ESAs to develop draft amendments to the RTS referred to in Article 11(4).</p>	<p>Consultation opened 17 March 2021 closed 12 May 2021</p>	<p>1 June 2021 – ESAs to submit technical advice to Commission in respect of climate change mitigation and climate change adaptation environmental objectives</p> <p>1 June 2022 – ESAs to submit technical advice to Commission in respect other environmental objectives)</p>
13(2)	Content of marketing communications	<p>Implementing technical standards (ITS) to determine:</p> <ul style="list-style-type: none"> the standard presentation of information on the promotion of environmental or social characteristics and sustainable investments for financial market participants and financial advisers to use in their marketing communications. 	TBC	No timetable specified

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