

EU Sustainable Finance Disclosure Regulation (SFDR) The Essentials

What is it?

The SFDR is an important part of the EU Sustainable Finance Action Plan, which is designed to mobilise finance for sustainable growth. It is mainly meant to enhance ESG transparency of financial products and those who issue them.

Who does it affect?

Stakeholders in scope:

- Asset managers & asset owners operating in the EU (referred as Financial Market Participants-FMPs)
- Financial advisers (FAs)

Products in scope:

- Mutual funds & mandates
- Pension fund/products & certain insurance products (e.g. life-insurance)

What are the main requirements?

- Transparency on how FMPs and FAs integrate sustainability risks (i.e. the impact of ESG factors on the performance of products) in investment decision processes, remuneration policies, products and advice.
- Transparency on how FMPs and FAs consider principal adverse impacts at firm and product level (whether or not they have an express ESG or Green focus).

How does this impact my business?

- Updates of company website, periodic and pre-contractual information whether or not the product has an express ESG/Green focus
- Potential impact on the way products are labelled/ marketed
- Potential impact on products underlying investments
- Potential impact on risk management processes

Live date

- Most Level 1 obligations came into application on 10 March 2021.
- Regulatory Technical Standards (RTS) should apply by 1 July 2022 ([the EC is yet to endorse the RTS](#))

What is ICMA doing for its members?

- Through its Asset Management and Investors Council (AMIC) [ICMA responded to the 2020 consultation on SFDR](#) and has [produced a briefing note on the ESAs final recommendations on SFDR RTS](#).
- A new dedicated taskforce within the AMIC.

ICMA contacts

For more information, please contact the Secretariat of the Asset Management & Investors Council (AMIC): amic@icmagroup.org

or

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