

**BANKING AND FINANCE | CAPITAL MARKETS**

# SFDR Level 2 Regulation

## Commission Delegated Regulation (EU) 2022/1288

On 25 July, Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council (“**Delegated Regulation**”) was published at the Official Journal of the European Union.

The Delegated Regulation adopts Level 2 regulation on the sustainability-related disclosures in the financial services regulation, or SFDR, which enters into force on **1 January 2023**.

The Delegated Regulation provides a standardised framework for compliance with the disclosure duties set out in SFDR and, by establishing standardised templates, enables greater comparability between entities. Notably, the following disclosure duties are developed:

### **1. Template statement on principal adverse impacts on sustainability factors**

Financial market participants and financial advisers must, by **30 June** each year, publish a statement on whether they have taken into consideration the principal adverse impacts of investment decisions or of their investment or insurance advice on sustainability factors, as applicable, with reference to the previous year. The Delegated Regulation elaborates on the terms of this statement, the place on the website where it is to be published and the mandatory information in it. **Annex I** to the Delegated Regulation contains a template for the statement to be published by financial market participants, which includes the methodology for quantifying certain negative impacts and a listing of indicators of negative impacts to be considered.

**The Delegated Regulation provides a standardised framework for compliance with the disclosure duties set out in SFDR and, by establishing standardised templates, enables greater comparability between entities.**

## 2. Templates for pre-contractual, periodic and website disclosure about “light green” and “dark green” products

The Delegated Regulation provides templates for disclosure on financial products that promote environmental or social characteristics, or a combination of both (light green) or that have sustainable investments as its objective (dark green), as regards pre-contractual disclosure and periodic disclosure. The Delegated Regulation also elaborates on the publication on the website of information on these financial products.

Templates are provided for disclosure on financial products that promote environmental or social characteristics, or a combination of both (light green) or that have sustainable investments as its objective (dark green).

## 3. Principle of “do no significant harm”

The Delegated Regulation specifies the factors that must be taken into account for compliance with the principle of do no significant harm, which must be observed if a financial product is to be considered as having sustainable investments as its objective (dark green):

- Indicators for adverse impacts in Annex I;
- Alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. ■