

Asset Management & Investment Funds Update

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August 2022



SFDR Level 2 Decision Tree

On 25 July 2022, SFDR Level 2 was published in the EU Official Journal with no change to the previously indicated effective date of 1 January 2023. There are also no material amendments to the Level 2 measures adopted by the Commission in April this year (see [here](#) for further details) which means that the final Level 2 measures materially reflect the ESA RTS adopted in February and October 2021.

In addition, ESMA has published word versions of the disclosure templates at Annex 1-5 of SFDR Level 2 which are accessible [here](#) on its website.

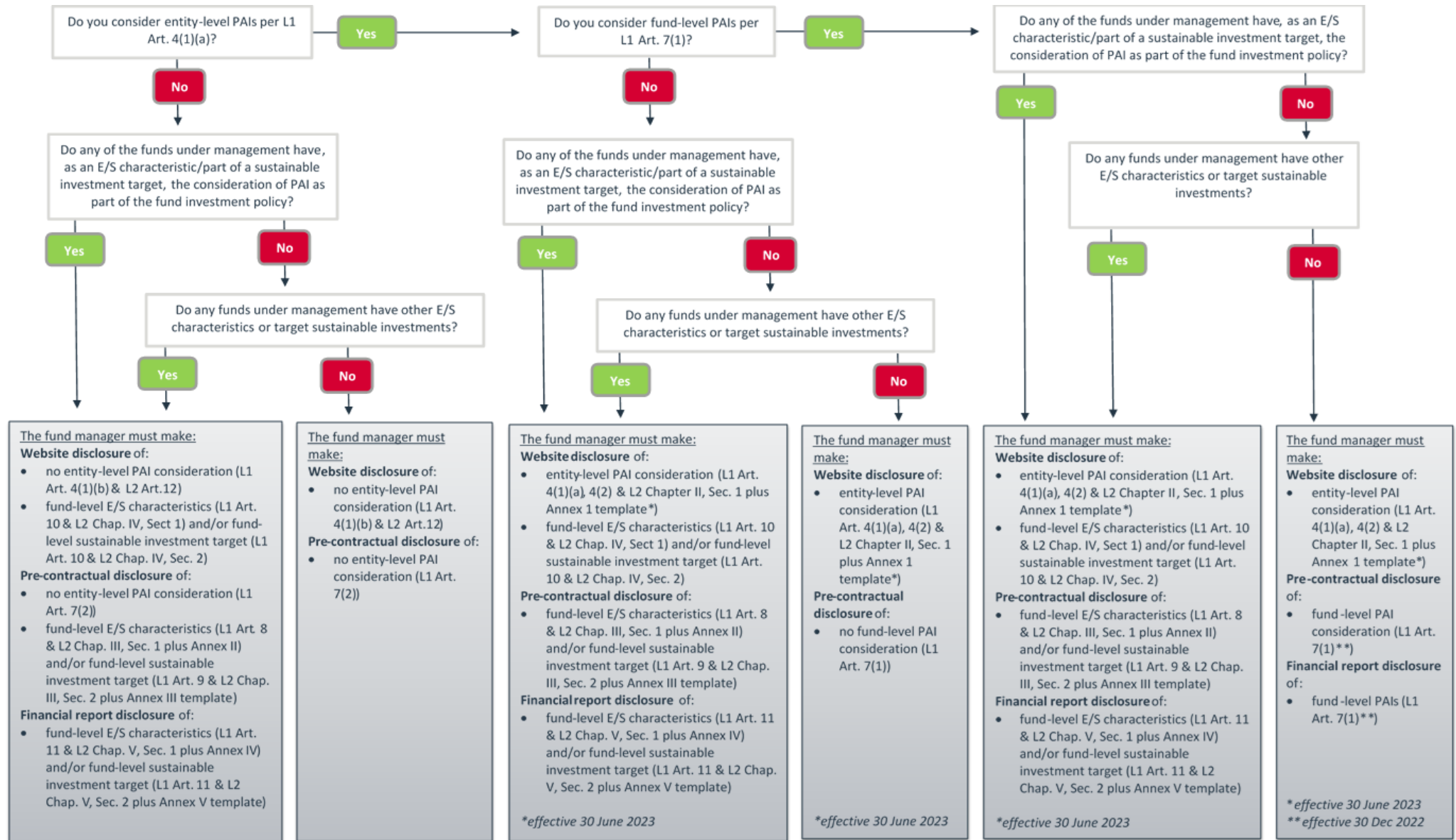
Decision tree

SFDR Level 2 sets out detailed and prescriptive disclosure obligations in respect of:

1. fund managers' consideration of the principal adverse impacts (**PAIs**) of investment decisions on sustainability factors; and
2. funds with environmental or social (**E/S**) characteristics in scope of SFDR Article 8 and funds targeting sustainable investments in scope of SFDR Article 9.

The decision tree below may be used by fund managers in determining whether they are, based on their SFDR (**L1**) compliance approach, in scope of Level 2 (**L2**) disclosure rules and if so, the relevant disclosure rules to which they will be subject from 1 January 2023 (other than where indicated).

Note, L1 rules came into effect on 10 March 2021 other than those in respect of financial report disclosures for funds in scope of Articles 8 or 9, which came into effect on 1 January 2022, and fund-level PAI disclosures, which come into effect on 30 December 2022.



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