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SFDR Annual Reporting Deadline Looms for Many

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For funds categorised as Article 8 or 9 under the Sustainable Finance Disclosure Regulation ("**SFDR**") with a 31 December financial year end, the periodic reporting deadline of 30 June is approaching with 100 days to go. Now is the ideal time to start preparing for this.

In this Q&A, we set out the key considerations for SFDR periodic reporting.

Which funds are in scope?

Funds classified as Article 8 or 9 under SFDR must provide periodic reports on the attainment of the environmental/social characteristics (Article 8) or the sustainable investment objective (Article 9) and other associated metrics and information. This includes EU alternative investment funds (AIFs) as well as non-EU funds marketed into Europe under any national private placement regimes, provided they are classified as Article 8 or 9. Funds relying on reverse solicitation are not required to prepare the SFDR periodic reports.

What format is the report in?

The SFDR periodic report must be provided in a mandatory template. This applies even if the fund did not use the template for the pre-contractual disclosures. In that scenario, a longer lead time may be required to be able to complete the periodic report as several areas may not have been disclosed or considered at pre-contractual stage.

Where does it need to be published?

The SFDR periodic report should be included in the Alternative Investment Fund Managers Directive (2011/61/EU) ("**AIFMD**") annual financial report for the fund.

Who should the report go to?

The report needs to be made available to investors and relevant EU regulators on request. The latter will depend on the jurisdiction of the fund and where it was marketed in the EU. In some EU Member States they require this to be filed with the regulator.

When does it need to be finalised by?

The report must be prepared within six months following the end of a financial year so for funds with a financial year end of 31 December, the year end is 30 June.

What if the fund had its final closing?

The European Commission has confirmed that regardless of whether the fund is closed the periodic report must be made in the mandatory template.

Where do we start with completing the report?

The starting point should be your SFDR pre-contractual disclosure to review what was committed to for that Article 8 or 9 fund. Beyond this, there should be reference to the regulation itself and consideration of European Commission and regulatory guidance on the periodic reporting requirements.

Where can we get further information?

Please reach out to ukreg@proskauer.com for any further information and support on completing the SFDR periodic reports.

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