



Are you ready for SFDR/Taxonomy upcoming deadlines?

All you need to know to get your Article 9 / Impact Fund compliant with new EU Regulation by January 1st 2022

The Sustainable Finance Disclosure Regulation and The Taxonomy – What are the requirements for impact funds?

The Regulation EU 2019/2088 (“**SFDR**”) and Regulation EU 2020/852 (“**Taxonomy**”) are pillars of the EU Sustainable Finance Agenda. While SFDR lays down **sustainability disclosure obligations** for financial market participants and financial products, the Taxonomy Regulation standardizes the concept of sustainable investments and provides a common classification system to identify “**environmentally sustainable**” economic activities.

The two regulations are strictly connected: all SFDR “green” funds (Art. 8 or Art.9) making sustainable investments with an environmental objective will have to state which of the six Taxonomy objectives they contribute to, as well as apply Taxonomy ‘substantial contribution’ criteria and Do No Significant Harm test to their investments.

Are you ready for January 1st 2022 disclosures?

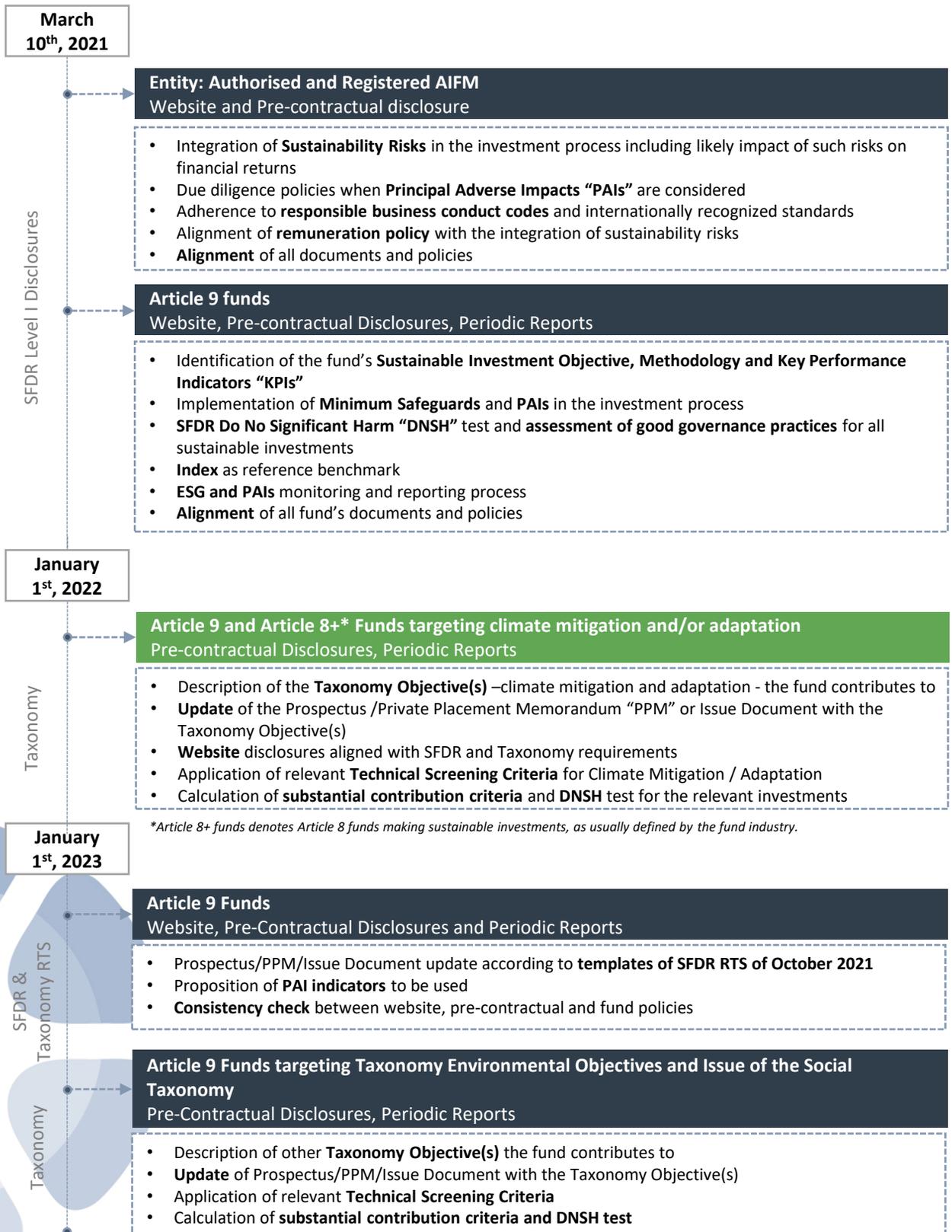
To comply with SFDR, Art.9 and Art.8 impact funds with sustainable investments targeting climate mitigation and / or adaptation must apply several requirements by 1st January 2022, both being caught by the Taxonomy Regulation in addition to SFDR level 1 disclosures:

- **Article 9 funds** investing in economic activities contributing to the **climate adaptation/mitigation objective**, and **Article 8 funds** making **sustainable investments targeting climate mitigation/adaptation** must include a high-level statement on which **environmental objective(s) of the Taxonomy regulation** the fund contributes to, and a description of how and to what extent the investments qualify as taxonomy-aligned environmentally sustainable activities by implementing the **Technical Screening Criteria** identified in the respective delegated act.
- **Both Art.9 and Art.8 impacts funds** mentioned above must apply the **Do No Significant harm “DNSH”** principle only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. These must also calculate the taxonomy alignment of economic activities in their portfolio.
- **Article 8 funds** which do not make any sustainable investments and **Article 6 funds**, must include the statement *“The investments underlying this financial product do not consider the EU criteria for environmentally sustainable economic activities”*.

Innpect’s Support – SFDR and Taxonomy Compliance

Innpect supports Impact Funds and Fund Managers investing across all sectors and geographies with ensuring compliance with SFDR and EU Taxonomy. Our expertise in structuring and managing impact funds, gives us the knowledge to guide your investment team in identifying the Fund’s sustainable investment objective/characteristics, and methodology in line with SFDR and Taxonomy definitions; implement requirements in the Fund’s due diligence process, reporting and monitoring framework; and finally develop the tailor-made disclosure sections within this challenging timeline.

At what stage can Innpect support you with SFDR and Taxonomy disclosures?



Get your Impact Fund SFDR and Taxonomy compliant with Innpact

Contact our advisory experts



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Innpact is a leading impact finance specialist providing advisory and third-party fund management services.

Our team, based in Luxembourg and Mauritius, has unrivalled expertise in designing impact funds and blended finance vehicles.

We work with fund managers, sponsors and investors around the world on impact investing projects totalling more than \$7 bn targeting the Sustainable Development Goals.

We provide our services with motivation, dedication and smile, being faithful to our mission and our values.

Dedicate to Impact Finance.



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