



CHEVALIER & SCIALES
LUXEMBOURG LAW FIRM

SFDR comparison table

2023

INVESTMENT FUNDS



'Investment funds work informs much of boutique independent law firm Chevalier & Sciales' deal flow and it is this determined focus on work in the sector which ensures that clients receive 'very client focused and pragmatic' advice to fund managers on their fund structuring, regulatory and operational requirements. Although it also handles work in the retail space, the firm has gained most traction within the alternatives space, including on debt, private equity and hedge funds.'

Testimonial: 'The practice is very client focused and pragmatic. But most importantly, the partners have an extensive knowledge in their respective fields.'

'Well-positioned to handle alternative funds, whether first-time managers or historical players, the firm advises on time-to-market vehicles with a high demand for RAIFs and SCSps. Concerning asset classes, Chevalier & Sciales practice covers a diversity of assets, such as PE and real estate and is increasingly active in relation to crypto, hedge and debt funds.'



LITIGATION, ARBITRATION & DISPUTE RESOLUTION



'The boutique combines creative strategies with a practical, business-centric approach, whether managing high-stakes disputes for private entities and financial institutions, advising on contentious matters or in alternative dispute resolutions. They successfully represented a financial institution in the enforcement of a €500 million arbitral award against a European State in the Grand-Duchy of Luxembourg.'

'Headed by Rémi Chevalier, the arbitration department recently handled the defense of claimants in an investment arbitration regarding the application of the \$1 billion bilateral investment treaty between Switzerland and the Czech Republic. Chevalier has been appointed counsel before the European Courts of Human Rights.'



OTHER 2024 RANKINGS:

Private equity

Restructuring & Insolvency

Mergers & Acquisitions

Banking, finance & capital markets

Tax law

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INTRODUCTION

In recent times, the landscape of financial markets has been notably reshaped by the rise of ESG (Environmental, Social, and Governance) investing. As highlighted in the ESMA Sustainable Finance Roadmap 2022-2024:

“As ESG investing continues to take hold, a wide array of new products is becoming available in the market. This trend is expected to make an important contribution to Europe’s transition to a low carbon economy under the European Green Deal. However, the combination of growing investor demand, a fast-evolving market and legislative/regulatory measures which can only apply with a certain time lag creates room for misalignment between demands for investments that can make a sustainability impact and the available investing opportunities marketed as sustainable. There are multiple consequences of this misalignment which can ultimately be reconnected to the risk of mis-selling. However, greenwashing does not necessarily originate only at the moment a product is offered to the final investors. In fact, different steps of the investment chain may well contribute to the ultimate misrepresentation of the real sustainability profile of a certain investment to the end investors.”

To address such challenges and provide clarity, the Sustainable Finance Disclosure Regulation (SFDR) introduces specific provisions—Articles 6, 8, and 9—that are designed to set clear expectations on the sustainability disclosures required by financial market participants.

Understanding the distinctions between these articles is paramount for entities looking to avoid the pitfalls of greenwashing and misrepresentation.

Article 6 concerns general principles on sustainability-related disclosures and is applicable to all financial products. It requires transparency on how sustainability risks are integrated into investment decisions and the potential impacts of those risks on returns.

Article 8 pertains to products that promote environmental or social characteristics. However, these products do not necessarily have a sustainable investment as their primary objective.

Article 9 specifically addresses products that have sustainable investments as their core objective, with a broader commitment to, for instance, achieving a carbon-neutral portfolio or other sustainability goals.

In the dynamic realm of sustainable finance, aligning with the correct SFDR category is more than mere adherence to regulations. It is a reflection of your genuine dedication to sustainability and clarity. Selecting the right category fortifies your brand against heightened oversight from regulatory bodies and discerning investors concerned about greenwashing. By being well-informed and making the right disclosures, you position your entity as a genuine advocate for a sustainable future, fostering trust and solidifying your role in Europe’s green transition. Please check out our table which summarizes the main features and disclosure for each type of product.

For more information about sustainable finance and ESG funds, [click here](#).

	Dark Green Taxonomy aligned products (art.9 SFDR & art.5 Taxonomy Regulation)	Dark Green non-Taxonomy aligned products (art.9 SFDR)	Light Green Taxonomy aligned products (art. 8 SFDR & art.6 Taxonomy Regulation)	Light Green non-Taxonomy aligned products (art.8 SFDR)	Other products (art.6 SFDR & art.7 Taxonomy Regulation)
Characteristics	<ul style="list-style-type: none"> Invest in an economic activity that contributes to environmental objectives as set out under the Taxonomy Regulation and social objectives. Do not significantly harm any of the above objectives The money is invested in companies which follow good governance practices Comply with the relevant technical screening criteria set out under Taxonomy Delegated Acts 	<ul style="list-style-type: none"> Invest in an economic activity that contributes to environmental or social objectives (other than those included in the Taxonomy Regulation) Do not significantly harm any of those objectives and the money is invested in companies which follow good governance practices 	<ul style="list-style-type: none"> Promote environmental or social characteristics, or a combination thereof, provided that the companies in which investments are made follow good governance practices Include some sustainable investments with environmental objectives as set out under the Taxonomy Regulation Do not significantly harm any of those objectives Align with the relevant technical screening criteria set out under Taxonomy Delegated Acts 	<p>Promote environmental or social characteristics, or a combination thereof, provided that the companies in which investments are made follow good governance practises. They may, further, make some sustainable investments non-Taxonomy aligned</p>	<p>Sustainable investments or promotion of environmental and/or social characteristics is not the objective of the product</p>
Scope	<p>All investments of the dark green Taxonomy-aligned product must:</p> <ul style="list-style-type: none"> contribute at least to one of the six environmental objectives set out in the Taxonomy Regulation (art. 5 Taxonomy Regulation) comply with the technical screening criteria set out in the Taxonomy Delegated Acts (art. 3 Taxonomy Regulation) comply with the principle of 'Do no significant harm'(art. 3 Taxonomy Regulation) be aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, the eight fundamental conventions in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights (art. 3 Taxonomy Regulation) 	<p>All investments of the dark green product must contribute to environmental and/or social objectives other than those set out in the Taxonomy Regulation (art. 9 SFDR) and comply with the principle of 'Do no significant harm'(art. 2 SFDR)</p>	<p>Light green Taxonomy- aligned products shall promote environmental or social characteristics, or a combination thereof, provided that the companies in which investments are made follow good governance practises (art. 8 SFDR). In addition, the product may make some Taxonomy-aligned sustainable investments with the following characteristics (art. 6 Taxonomy Regulation):</p> <ul style="list-style-type: none"> contribute to one of the six environmental objectives set out in the Taxonomy Regulation (art. 3 Taxonomy Regulation) comply with the technical screening criteria set out in the Taxonomy Delegated Acts (art. 3 Taxonomy Regulation) comply with the principle of 'Do not significant harm'(art. 3 Taxonomy Regulation) be aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, the eight fundamental conventions in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights (art. 3 Taxonomy Regulation) 	<p>Light green products shall promote environmental or social characteristics, or a combination thereof, provided that the companies in which investments are made follow good governance practises (art. 8 SFDR). In addition, the product may make some non-Taxonomy aligned sustainable investments contributing to environmental and/or social objectives other than those set out in the Taxonomy Regulation</p>	<p>Other financial products should not make sustainable investments or promote environmental and/or social characteristics (art. 6 SFDR).</p>

	Dark Green Taxonomy aligned products (art.9 SFDR & art.5 Taxonomy Regulation)	Dark Green non-Taxonomy aligned products (art.9 SFDR)	Light Green Taxonomy aligned products (art. 8 SFDR & art.6 Taxonomy Regulation)	Light Green non-Taxonomy aligned products (art.8 SFDR)	Other products (art.6 SFDR & art.7 Taxonomy Regulation)
Disclosures at product level	<p>i. Pre-contractual disclosures on the integration of sustainability risks (art.9 SFDR), positive or negative consideration of principal adverse impacts (art.7 SFDR), sustainable investment objectives (art. 9 SFDR and art. 5 Taxonomy Regulation)</p> <p>ii. Template provided in Annex III of RTS</p> <p>iii. Periodic reports (Annex V of RTS)</p> <p>iv. Website disclosures (art. 10 SFDR)</p> <p>All the above disclosures should be reviewed and adapted regularly.</p>	<p>i. Pre-contractual disclosures on the integration of sustainability risks (art. 9 SFDR), positive or negative consideration of principal adverse impacts (art. 7 SFDR), sustainable investment objectives (art. 9 SFDR)</p> <p>ii. Template provided in Annex III of RTS</p> <p>iii. Periodic reports (Annex V of RTS)</p> <p>iv. Website disclosures (art. 10 SFDR)</p> <p>All the above disclosures should be reviewed and adapted regularly.</p>	<p>i. Pre-contractual disclosures on the integration of sustainability risks (art. 8 SFDR), positive or negative consideration of principal adverse impacts (art. 7 SFDR), promotion of environmental and social characteristics (art. 8 SFDR), sustainable Taxonomy aligned investments (art. 6 Taxonomy Regulation)</p> <p>ii. Template provided in Annex II of RTS</p> <p>iii. Periodic reports (Annex IV of RTS)</p> <p>iv. Website disclosures (art. 10 SFDR)</p> <p>All the above disclosures should be reviewed and adapted regularly.</p>	<p>i. Pre-contractual disclosures on the integration of sustainability risks (art. 8 SFDR), positive or negative consideration of principal adverse impacts (art. 7 SFDR), promotion of environmental and social characteristics (art. 8 SFDR), sustainable non-Taxonomy aligned investments (if any) (art. 8 SFDR)</p> <p>ii. Template provided in Annex II of RTS</p> <p>iii. Periodic reports (Annex IV of RTS)</p> <p>Website disclosures (art. 10 SFDR)</p> <p>All the above disclosures should be reviewed and adapted regularly.</p>	<p>i.Pre-contractual disclosures on integration or not of sustainability risks (art. 6 SFDR), consideration or not of principal adverse impacts (art.7 SFDR) and the statement included in art.7 of Taxonomy Regulation</p> <p>The above disclosures should be adapted in case the product wishes to become a light green product (art. 8 SFDR) or a dark green product (art. 9 SFDR).</p>
Disclosures at entity level	<p>Website disclosures:</p> <ul style="list-style-type: none"> • Sustainability risk policy (art. 3 SFDR) • Positive or negative consideration of principal adverse impacts of investments decisions (art.4 SFDR) • Remuneration policy in relation to the integration of sustainability risks (art.5 SFDR) 	<p>Website disclosures:</p> <ul style="list-style-type: none"> • Sustainability risk policy (art. 3 SFDR) • Positive or negative consideration of principal adverse impacts of investments decisions (art.4 SFDR) • Remuneration policy in relation to the integration of sustainability risks (art.5 SFDR) 	<p>Website disclosures:</p> <ul style="list-style-type: none"> • Sustainability risk policy (art. 3 SFDR) • Positive or negative consideration of principal adverse impacts of investments decisions (art.4 SFDR) • Remuneration policy in relation to the integration of sustainability risks (art.5 SFDR) 	<p>Website disclosures:</p> <ul style="list-style-type: none"> • Sustainability risk policy (art. 3 SFDR) • Positive or negative consideration of principal adverse impacts of investments decisions (art.4 SFDR) • Remuneration policy in relation to the integration of sustainability risks (art.5 SFDR) 	<p>Website disclosures:</p> <ul style="list-style-type: none"> • Sustainability risk policy (if it is considered, otherwise a negative statement and the reasons why sustainability risks are not taken into consideration) (art.3 SFDR) • Positive or negative consideration of principal adverse impacts of investments decisions (art.4 SFDR) • Remuneration policy in relation to the integration of sustainability risks (if they are considered, otherwise a negative statement and the reasons why sustainability risks are not taken into consideration) (art.5 SFDR)

	Dark Green Taxonomy aligned products (art.9 SFDR & art.5 Taxonomy Regulation)	Dark Green non-Taxonomy aligned products (art.9 SFDR)	Light Green Taxonomy aligned products (art. 8 SFDR & art.6 Taxonomy Regulation)	Light Green non-Taxonomy aligned products (art.8 SFDR)	Other products (art.6 SFDR & art.7 Taxonomy Regulation)
Benefits and/or Limitations	<p><u>Benefits:</u></p> <ul style="list-style-type: none"> Increasing investors' and market interest increasing domestic market shares in Luxembourg Reduced rate of subscription tax depending on the proportion of investments in sustainable economic activities <p><u>Limitations:</u></p> <ul style="list-style-type: none"> High compliance cost Possible reclassification of product from art. 9 SFDR to art. 8 SFDR in case investments are not exclusively sustainable 	<p><u>Benefits:</u></p> <ul style="list-style-type: none"> Increasing investors' and market interest increasing domestic market shares in Luxembourg <p><u>Limitations:</u></p> <ul style="list-style-type: none"> High compliance cost Possible reclassification of product from art. 9 SFDR to art. 8 SFDR in case investments are not exclusively sustainable 	<p><u>Benefits:</u></p> <ul style="list-style-type: none"> Increasing investors' and market interest increasing domestic market shares in Luxembourg More flexible than art.9 SFDR products Reduced rate of subscription tax depending on the proportion of investments in sustainable economic activities <p><u>Limitations:</u></p> <ul style="list-style-type: none"> High compliance cost 	<p><u>Benefits:</u></p> <ul style="list-style-type: none"> Increasing investors' and market interest increasing domestic market shares in Luxembourg More flexible than art.9 SFDR products <p><u>Limitations:</u></p> <ul style="list-style-type: none"> High compliance cost 	<p><u>Benefits:</u></p> <ul style="list-style-type: none"> Lower compliance cost <p><u>Limitations:</u></p> <ul style="list-style-type: none"> Decreasing investors' and market interest

GLOSSARY OF TERMS

RTS: Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of 'do no significant harm', specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports.

SFDR: Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

Taxonomy/Taxonomy Regulation: Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.

Taxonomy Delegated Acts: The legislative acts to be adopted by the Commission in accordance with Article 10 (3), 11(3), 12(2), 13(2), 14(2) or 15(2) of the Taxonomy Regulation.



HOW CAN WE ASSIST YOU?

We provide advice on the full spectrum of Luxembourg investment vehicles and fund regimes, including specialised investment funds (SIF), reserved alternative investment funds (RAIF), and unregulated common limited partnerships (SCS) and special limited partnerships (SCSp). We also offer insights into structuring your investment vehicle as a European Long-Term Investment Fund (ELTIF), European Venture Capital Fund (EuVECA), or European Social Entrepreneurship Fund (EuSEF).

In particular, our team also:

- Assists fund managers in preparing SFDR-related disclosures, whether they are article 6, 8 or 9 SFDR.
- Helps clients establish impact advisory committees and draft impact policies.
- Assists clients with drafting fund documentation, reviewing service provider agreements, making regulatory filings with the CSSF (if necessary), and incorporating both the general partner and the fund.
- Introduces clients to service providers that meet their requirements, including custodian banks, AIFMs, fund administrators, registrars and transfer agents, and auditors.
- Provides corporate support services throughout the fund's life cycle, such as amending fund documents, restructuring, and launching or closing of sub-funds.
- Advises on AIFMD-related issues.



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CHEVALIER & SCIALES
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Chevalier & Sciales is a Luxembourg law firm established in 2005 with specialist expertise in investment management, litigation, arbitration and dispute resolution, tax, banking, finance and capital markets, private wealth management and corporate transactions. Our dynamic litigation and transaction teams have an international reputation for bringing together excellence and intellectual rigour with a practical and business-minded approach in serving our clients.

Our aim is to offer a one-stop-shop service to our clients and to provide tailored solutions to meet their needs, responsively and cost-effectively. Our practice areas are structured to ensure a comprehensive understanding of our clients' business and markets. We work with recognised service providers to provide you with the assistance and services you require through every aspect of your transactions and business.

Chevalier & Sciales is highly recommended for its expertise in investment funds, litigation, arbitration and dispute resolution.

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