

SUSTAINABLE FINANCE DISCLOSURE REGULATION

The Sustainable Finance Disclosure Regulation (SFDR) introduces environmental, social and governance (ESG) disclosure standards for financial market participants, advisors and products.

These standards have been developed under the EU Regulation on sustainability-related disclosures in the financial services sector, and aims to:

- Strengthen protection for end investors
- Improve the disclosures to investors from a broad range of financial market participants and financial advisors
- Improve the disclosures to investors regarding financial products
- Ensure transparency and easy comparability of products

The SFDR empowers the European supervisory authorities to develop regulatory technical standards (RTS) on the content, methodology and presentation of ESG disclosures at an entity level and a product level.

At entity level, principal adverse impacts that investment decisions have on sustainability factors should be disclosed on the website of the entity. At product level, sustainability characteristics or objectives of financial products, as well as how a product based on sustainable investments complies with the do no significant harm (DNSH) principle, should be disclosed.

SFDR effectively implements a tiered categorisation of financial products:

- Article 6 – financial products without ESG or sustainable investment preferences
- Article 9 – financial products with the objective of ‘sustainable investments’ (including the specific sub-set of a reduction in carbon emissions as an objective)
- Article 8 – financial products promoting environmental or social characteristics
- Others – other financial products, not falling into either Article 6, 8 or 9

Who is affected

SFDR applies to financial market participants and financial advisors with disclosure requirements at both entity (firm) and product levels. It is intended to apply to most financial products marketed to the EU, including those managed by non-EU firms.

What are the implications

Institutional investors and asset managers in the EU now have disclosure obligations around ESG factors.

Market participants must disclose:

- Sustainability risk policies on investment strategies
- Adverse sustainability impacts
- Remuneration policies consistent with sustainability risk integration

How can Refinitiv help?

The data

Based on the draft RTS published in February 2021, Refinitiv has solid coverage across the principle adverse impact indicators in the three tables. We have compared guidelines provided in Annex 1 to ensure we align with how we capture our own data points; anything that doesn't match the required definition is either classed as a partial match or no match.

	Total indicators	Direct match	Partial match	No match
Table 1 (Mandatory): Principal adverse sustainability impacts statement	18	14	2	2
Table 2 (Opt-in): Additional climate and other environment-related indicators	22	10	7	5
Table 3 (Opt-in): Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters	24	17	6	1
Grand total	64	41	15	8

*Subject to change based on coverage results from March 2022.

Based on the final regulatory text and requirements, Refinitiv will cover any data gaps for the mandatory indicators first and evaluate coverage requirements for the remaining opt-in tables.

Find full details in the [SFDR – Principles Adverse impact Indicator Coverage sheet](#).

Solutions

Desktop

Company profiles

Within a company profile you can view details about your chosen company on SFDR tables 1, 2 and 3, allowing you to perform audits at the company SFDR indicator level. The SFDR view provides details on the four closest peers by market capitalisation across country or industry, giving you a better view on a company's performance and allowing you to click through to the original source for each data point.

Adverse sustainability indicator	Metric	Refinitiv - Level of Match	Refinitiv Data Measures	OREPPA		PGN	ULVRL	ELN	HLLNS
				L'oreal SA	2020	Procter & Gamble Co	2020	Unilever PLC	2020
GREENHOUSE GAS EMISSIONS									
1. GHG emissions	Scope 1 GHG emissions	Direct	CO2 Equivalent Emissions Direct, Scope 1	0	43,100	2,218,000	606,771	24,100	
	Scope 2 GHG emissions	Direct	CO2 Equivalent Emissions Indirect, Scope 2	0	12,700	2,566,620	171,906	57,000	
	From 1 January 2023, Scope 3 GHG emissions	Direct	CO2 Equivalent Emissions Indirect, Scope 3	0	11,169,000		60,388,600		
	Total GHG emissions	Direct	CO2 Equivalent Emissions Total (Scope 1 + 2)	0	55,800	4,784,620	778,677	81,100	
2. Carbon footprint	Carbon footprint	Direct	CO2 Equivalent Emissions Scope 1, Scope 2, Scope 3	0	11,224,800		61,167,277		
3. GHG intensity of investee companies	GHG intensity of investee companies	Direct	Scope 1,2&3 /Total Revenue (Mil Euros)	0	401.00		1,205.88		
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	Direct	TRBC Fossil Fuel Industry Groups	0					
5. Share of nonrenewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage	Direct	Renewable Energy Use	0		31.00%		55.56%	
		Direct	Renewable Energy Supply	0					
		Direct	Share of non-renewable energy consumption and non-renewable energy production	0		69.00%		44.44%	
6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	Direct	Total Energy Use To Revenues (Mil Euros)	0	0.0320	0.28	0.14	0.021	
		Direct	TRBC High Impact Industry Groups	0					
BIODIVERSITY									
7. Activities negatively affecting biodiversitysensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversitysensitive areas where activities of those investee companies negatively affect those areas	Partial	Biodiversity Impact Reduction	0	True	True	True	True	False
WATER									
8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	Direct	Water Pollutant Emissions	0	3,754	15,000	16,695		
WASTE									
9. Hazardous waste ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average	Direct	Hazardous Waste	0				1,400	
SOCIAL AND EMPLOYEE MATTERS									
10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	Direct	Anti-Competition Controversies Count; Recent Anti-Competition Controversy; Business Ethics Controversies; Recent Business Ethics Controversies; Recent Critical Countries Controversies; Critical Countries Controversies; Freedom of Association Controversies; Recent Human Rights Controversies; Human Rights Controversies; Public Health Controversies; Recent Public Health Controversies; Environmental Controversies Count; Recent Environmental Controversies; Child Labor	0		4	1		2

SFDR view in Company Profile app

Portfolio analytics

The SFDR template in the Portfolio Analytics app in Refinitiv® Eikon and Refinitiv® Workspace provides portfolio-level aggregation of the RTS Level 2 metrics based on the Annex 1 guidelines for both the current year and previous year.

Since company reporting on the given indicators varies in availability, offer two options for missing data to help with best effort. The first uses calculated estimates by providing The Refinitiv Business Classifications (TRBC) industry group level medians for securities in the portfolio that do not have disclosed data. Stats will be provided to help explain what percentage of each metric was based on reported versus estimated.

The second option allows customers to request information from a company that has not disclosed certain metrics and provide this data via the [Refinitiv contributions tool](#).

**TABLE 1
UNIVERSAL MANDATORY INDICATORS**

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS				
GHG EMISSIONS	2019	2018	% Coverage	<add your text here>
GHG Emissions - Scope 1	646,492,938	681,879,820	77.0	<add your text here>
GHG Emissions - Scope 2	157,703,624	161,599,660	76.5	
GHG Emissions - TOTAL (incl estimates)	829,430,756	869,088,122	81.5	
Carbon Footprint	64,062	67,084	75.9	
GHG intensity	167.04	175.41	70.1	
Exposure to Fossil Fuel Sector (%)	5.0	5.9		
Non-Renewable Energy - Consumption (%)	57.78	60.54	35.8	
Non-Renewable Energy - Production (%)	85.12	85.10	1.9	
Energy Consumption Intensity	2,948.90	3,030.70	10.2	
BIODIVERSITY				
Negative Biodiversity Impact (%)	63.4	68.4	98.2	<add your text here>
WATER				
Emissions to Water (tonnes/1m EUR)	0.238	0.249	10.4	<add your text here>
WASTE				
Hazardous Waste Ratio	12.063	15.418	37.6	<add your text here>
SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS				
SOCIAL AND EMPLOYEE MATTERS				
Violations of UNGC or OECD guidelines (%)				<add your text here>
Lack of Compliance Mechanisms (%)	85.13	85.37	99.2	
Gender Pay Gap (%)	6.20	6.54	28.1	
Board Gender Diversity (%)	27.58	24.95	98.1	
Exposures to Controversial Weapons (%)	0.20	0.88	99.2	

SFDR template in Portfolio Analytics app

Funds

We provide SFDR metrics within the Lipper funds database to determine which funds are classed as meeting SFDR criteria.

This functionality is available within Refinitiv Lipper for Investment Management in both Eikon and Workspace, and allows you to run reports, compare specific data points across funds and benchmark performance and attributes against competitors, based on SFDR flags across article 6, 8 and 9.

Within the Refinitiv suite of products you can retrieve fund data, filter down to the universe you are interested in (including SFDR article criteria) and view which article the fund relates to.

Feed

Additionally, Refinitiv offers a feed solution consisting of company-level data such as ESG, financial fundamentals and business sector information (TRBC). Sovereign-level information covers greenhouse gas (GHG) emissions and many other metrics, as well as fixed income data. The feed is available via Datastream Data Loader and includes all raw data needed to perform the calculations for each metric.

The feed comes with redistribution rights to disclose the outcomes of the metrics calculations on websites and reports, to comply with the periodic and pre-contractual disclosure requirements.

The SFDR article flags are also available via the Lipper Global Data Feed and via API, allowing you to ingest SFDR fund data into your investment decisions, analysis and models.

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