

EET V1.1 & EET V1.1.1

INTRODUCTION OF MAIN CHANGES

FEBRUARY 2023

Why a version V1.1?

- V1 (« light version ») objective was to address MiFID2/IDD Sustainability preferences (August 2022), through prioritizing fields required under MiFID2/IDD
- **V1.1** main objective is to address information required under **SFDR/Taxonomy RTS as from 1 January 2023** (Pre-contractual and periodic reporting + SFDR PAI reporting at entity level)
- Focus has been on determining which fields are **mandatory/conditional/optional** (« column g » of the template)

Why V1.1 and not V2?

- Given the very short implementation timeframe, **no structural changes** to the template
- Changes limited to:
 - Correcting typos
 - Clarifying comments/definitions that led to multiple questions
 - (Limited) adaptations required due to changes between Draft RTS (basis for V1) and final RTS
 - Adding 8 new specific fields for structured products, total AUM and risks
- Changes are identified in **red**
- Latest Draft RTS published on 30/09/22 by ESAs in relation with nuclear/gas (JC 2022 42) was not considered in V1.1 as not yet final when V1.1 was issued

Why V1.1.1 ?

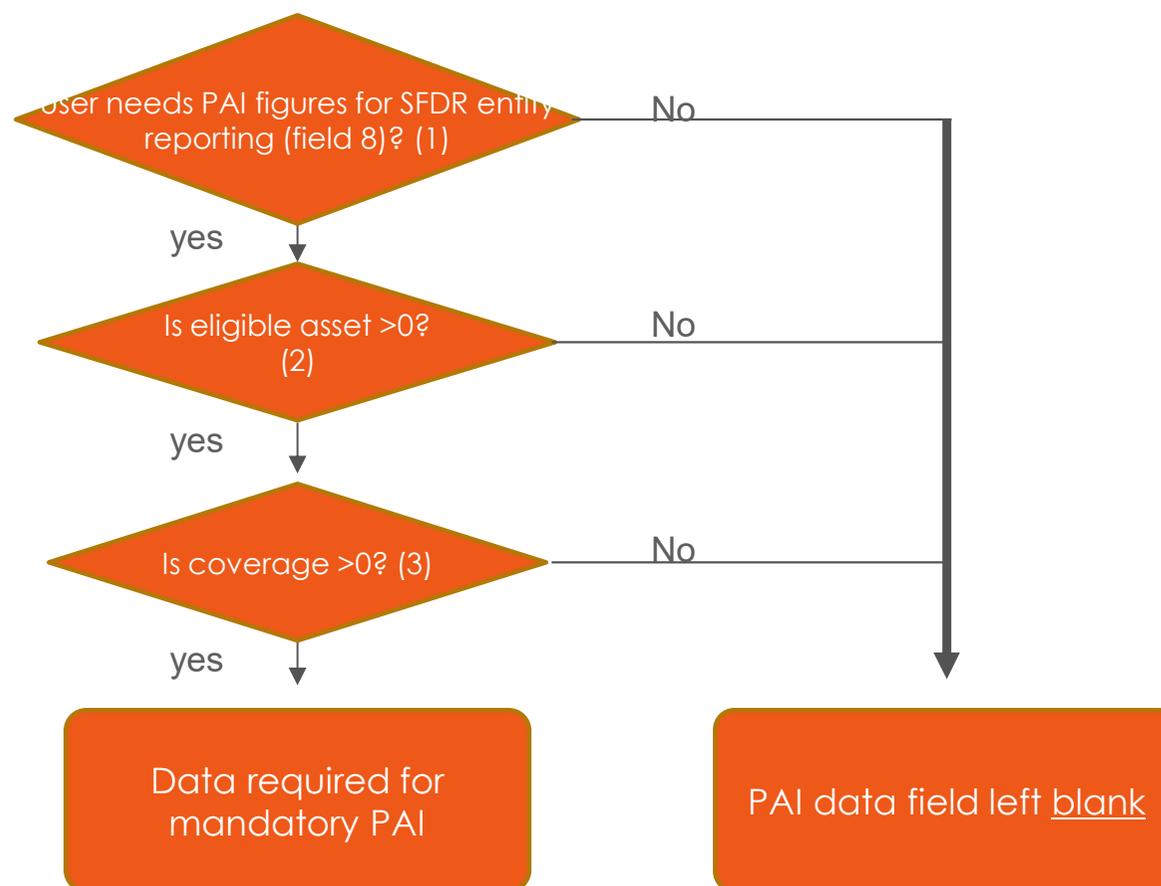
- V1.1.1 includes the **Fossil Gas and Nuclear** additional fields introduced by the updated SFDR templates as published in the OJEU in February 2023 and applicable from 20 February 2023
- When are these fields required? As soon as the updated precontractual and/or periodic template have been published
- Why are the fields optional? To allow phased introduction of the new fields following publication of updated templates

What are the main changes of V1.1 ?

- **Format of fields change** (-> changes in field numbering and description):
 - Field 17 (PRI): Notation changed from letter to percentage decimal (change in PRI methodology)
 - Field 32 (ESG focus): category « MF » added for clarity (multi focus)
 - Fields 40 and 46: « I » category removed as V1.1 is based on approved pre-contractual
 - Fields 95 to 100 (breakdown of environmental objectives): From « Y/N » to percentage (due to Final RTS)
- **Field 103 not used** anymore -> PAI information snapshot (rather than period)
- **8 new fields added** (bottom of template):
 - Are sustainability risks relevant for the financial product (SFDR art.6.1)?
 - Total AUM /Notional
 - 6 fields in relation with structured products (Use of proceeds, derivative, SI, Taxonomy)

When is PAI quantification required?

Not linked to PAI consideration or product classification (all products under scope as they are under the scope of SFDR entity reporting)



- (1) yes in field 8 means that the preparer of the EET is including PAI quantification to enable users that publish PAI statement at entity level to compile PAI indicators
- (2) positive figure means that the portfolio include asset for which the indicator is relevant (corporate or sovereign or real estate)
- (3) positive figure means that data is available for some investments on portfolio

When shall I provide a PAI quantification?

- When the end users of the template (Insurers, Banks, Managers of FoF, mandates,...) require the PAI data in order to compile their own PAI statement
- -> the need to provide the data is not linked to either the product type nor whether a specific PAI is considered in the investment decision
- What if I cannot/do not want to provide this information? Indicate « N » in the field 00080 so that end-users know that you will not provide them with the information required to fill in their own PAI reporting at entity level.
- What if I do not have reliable data for a particular PAI? Indicate 0 in the coverage field.
- Shall I provide PAI information as a yearly/quarterly average or reporting date snapshot? Current EET versions (V1.1 and V1.1.1) foresee snapshot reporting as of reporting date indicated at the beginning of the PAI section.

How to calculate PAI eligible assets and coverage?

Example portfolio

Instrument	Instrument is corporate or sovereign	Corporate indicator data provided e.g. Carbon scope 1	Sovereign indicator data provided e.g. ghg intensity of country	Portfolio weight		
corporate 1	corporate	1	0	5%	1 = Yes	
corporate 2	corporate	1	0	10%	0 = no	
corporate 3	corporate	1	0	15%		
corporate 4	corporate	1	0	10%		
corporate 5	corporate	1	0	10%		
corporate 6	corporate	1	0	20%		
corporate 7	corporate	0	0	10%		
corporate 8	corporate	0	0	5%		
Sovereign 1	sovereign	0	0	10%		
Sovereign 2	sovereign	0	1	5%		



For a corporate indicator			
	eligible assets	85%	i.e. % assets within the portfolio are eligible to be considered for a corporate indicator
	coverage	70%	i.e. of those assets within the portfolio, the data vendor has provided data for x% of the assets by weight for this indicator
for sovereign indicator			
	eligible assets	15%	i.e. 20% of assets within the portfolio are eligible to be considered for a sovereign indicator
	coverage	5%	i.e. of those assets within the portfolio, the data vendor has provided data for 10% of the assets by weight for this indicator

Timing of V1.1?

Regulatory deadlines

- Pre-contractual: 1/1/23
- Reporting: linked to Year End (reports issued from 1/1/23)
- SFDR PAI (entity): 30/6/23

V1.1 expected from 1 December 2022 (anticipating 1/1/23 deadline)
but there is a tolerance until 30/4/23
-> V1 and V1.1 in parallel until 30/4/23 *

V1.1 is based on approved Pre-contractual template

Periodic reporting data to be included as from when first periodic template issued (for funds, linked to annual report year end)

PAI data shall be made available by 30/4/23

* It is recommended not to mix V1 and V1.1 in the same file but to use different files

MOP/Unit-link (fields 34 to 39)

- Fields 34 to 39 shall be used when a product is sold through Unit Link (answer to field 10 will be « Y »)
- When the financial product is distributed through Unit Link products, the SFDR templates shall be made available as a separate document, available through a deep link
- The information shall be made available in the different languages of the distributing countries
- The method to provide multiple links to documents in different languages in the template is concatenation

Why is the template password protected?

- The template on the website is the reference master document providing the list of fields and explanation
-> important to prevent inadvertent alteration
- Use copy paste function to create your own reporting template/file

Questions ?

For any question, please contact first your association, then the FinDatEx coordinators: esg@findatex.eu (Joakim Alpius, Nathalie Dogniez, Ghislain Perisse, Michael Pilous) or the secretariat of the EET working group: esg.secretariat@findatex.eu (Boris Bartels).