

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 aim to:

- Strengthen protection for end investors
- Improve disclosures to investors from a broad range of financial market participants and financial advisors
- Improve 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) governing the content, methodology and presentation of ESG disclosures at both an entity (firm) level and a product level.

At entity level, principal adverse impacts (PAIs) that investment decisions have on sustainability factors should be disclosed on the entity's website. 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 8 – financial products promoting environmental or social characteristics
- Article 9 – financial products with the objective of “sustainable investments” (including the specific subset with a reduction in carbon emissions as an objective)
- Others – other financial products which do not fall under Articles 6, 8 or 9



Who is affected

SFDR applies to financial market participants and financial advisors with disclosure requirements at both entity 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 LSEG help?

The data

Based on the draft RTS published in February 2021, LSEG has solid coverage across the PAI indicators in the three tables. We have consulted the 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 LSEG data coverage.

Based on the final regulatory text and requirements, LSEG 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 – principal adverse impact indicator coverage](#)

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 LSEG 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 Articles 6, 8 and 9.

Within the LSEG 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.

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.

APPLIB

MARKETS COMPANY PORTFOLIO CHARTING IDEA GENERATION GOVERNANCE

SHELAS

SHELL PLC

United Kingdom | European Amsterdam | Integrated Oil & Gas

PITCHING

Updated: 21-Dec-2022 11:04:17

Environmental, Social & Governance ESG

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REPRESENTATIVE SFDR: SHELL PLC (SHELAS)

SFDR

Closest four peers by market capitalization and

Oil & Gas

Compare by year

DECLARATION: PLEASE READ

TABLE 1: PRINCIPAL ADVERSE SUSTAINABILITY IMPACTS STATEMENT

Adverse sustainability indicator	Metric	Relevance Level of Match	Relevance Data Measures	SHELL					CVLN					RELLNS					TTEFPA					CORN							
				Shell PLC	Chevron Corp	Reliance Industries Ltd	TotalEnergies SE	ConocoPhillips	Shell PLC	Chevron Corp	Reliance Industries Ltd	TotalEnergies SE	ConocoPhillips	Shell PLC	Chevron Corp	Reliance Industries Ltd	TotalEnergies SE	ConocoPhillips	Shell PLC	Chevron Corp	Reliance Industries Ltd	TotalEnergies SE	ConocoPhillips	Shell PLC	Chevron Corp	Reliance Industries Ltd	TotalEnergies SE	ConocoPhillips			
Indicators applicable to investments in investee companies																															
Climate and other environment-related indicators																															
GREENHOUSE GAS EMISSIONS																															
1. GHG emissions	Scope 1 GHG emissions	Direct	CO2 Equivalent Emissions Direct, Scope 1	60,000,000	57,000,000	43,900,000	33,300,000	17,720,000																							
	Scope 2 GHG emissions	Direct	CO2 Equivalent Emissions Indirect, Scope 2	9,000,000	2,000,000	1,190,000	2,074,000	1,000,000																							
	From 1 January 2023, Scope 3 GHG emissions	Direct	CO2 Equivalent Emissions Indirect, Scope 3	1,299,000,000	408,000,000		391,154,000	224,000,000																							
	Total GHG emissions	Direct	CO2 Equivalent Emissions Total (Scope 1 + 2)	69,000,000	59,000,000	45,150,000	35,374,000	18,720,000																							
2. Carbon footprint	Carbon footprint	Direct	CO2 Equivalent Emissions Scope 1, Scope 2, Scope 3	1,368,000,000	467,000,000		426,528,000	242,720,000																							
3. GHG intensity of investee companies	GHG intensity of investee companies	Direct	Scope 1,2&3 / Total Revenue (Mtl Euros)	6,184.21	3,547.863		2,730.84	6,281.105																							
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	Integrated Oil & Gas	Oil & Gas Exploration and Production	Oil & Gas Refining and Marketing	Integrated Oil & Gas	Oil & Gas Exploration and Production																							
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	0.93%		0.58%																									
		Direct	Renewable Energy Supply																												
		Direct	Share of non-renewable energy consumption and non-renewable energy production	99.07%		99.42%																									
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 (Mtl Euros)	1.018	1.57	1.82	0.93	1.66																							
		Direct	TRBC High Impact Industry Groups																												
BIO-DIVERSITY																															
7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	Partial	Biodiversity Impact Reduction	True	True	True	True	True																							
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	1,000	450			147																							
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		300,000	74,360	165,000																								

SFDR view in Company Profile app

Portfolio analytics

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

Since company reporting on the given indicators varies in availability, we offer two options for missing data to help with best effort. The first uses calculated estimates by providing the LSEG Business Classifications industry group level medians for securities in the portfolio that do not have disclosed data. Statistics 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 allows the company to provide this data via the [LSEG 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	
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



Feed

Additionally, LSEG offers a feed solution consisting of company-level data such as ESG, financial fundamentals and business sector information (LSEG Business Classifications). 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 in compliance 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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