



**Best Practice Guide to
completing the European ESG
Template (EET) V1.1.1**





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Our ambition is to improve the financial wellbeing of all UK consumers. We do this by focusing the convening the power of our broad industry membership base around the key issues to deliver practical solutions and devise innovative, evidence-based strategic proposals for government, policy makers and regulators that address major consumer issues.

TISA membership is representative of **all sectors of the financial services industry.** We have **over 240-member firms involved in the supply and distribution of savings, investment products and associated services**, including the UK's major investment managers, retail banks, online platforms, insurance companies, pension providers, distributors, building societies, wealth managers, third party administrators, Fintech businesses, financial consultants, financial advisers, industry infrastructure providers and stockbrokers.

As consumers, the financial services industry and the economy react to and recover from the effects of the pandemic, the importance of the three key pillars of work that TISA prioritises has never been more apparent:

- **Strategic policy initiatives that influence policymakers** regarding the financial wellbeing of UK consumers & thereby enhancing the environment within which the industry operates in the key areas of **consumer guidance, retirement planning, later lifetime lending, vulnerable customers, financial education, savings and investments.**
- TISA is recognised for the **expert technical support provided to members** on a range of operational and regulatory issues targeted at improving infrastructure and processes, establishing standards of good practice and the interpretation and implementation of new rules and regulations covering **MiFID II, CASS, ESG/RSI, operational resilience, Cyber Risk, SM&CR** and a range of other areas.
- **Digital transformation initiatives** that are driving ground-breaking innovation and the development of industry infrastructure for greater operational effectiveness and revenue promoting opportunity for firms. TISA has become a major industry delivery organisation for consumer focused, digital industry infrastructure initiatives – **TISAtech** (a digital marketplace that brings together financial institutions and FinTechs for greater collaboration and innovation) and **TURN** (TISA Universal Reporting Network – a digital platform providing a secure data exchange for financial services using blockchain technology) – alongside projects **Digital ID** and **Open Savings, Investment & Pensions.** This reflects TISA's commitment to open standards and independent governance.

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1. Introduction

The purpose of this guide is to assist industry participants who wish to complete the European ESG Template (EET). The guide is intended for all users of the EET, regardless of where they are domiciled.

This is the second version of the guide; updating V1 (May 2022), which focused on completion of Phase 1 of the EET (V1.0).

This version has been updated to assist with the completion of the updated version of the EET (V1.0) to EET V1.1, and V1.1.1.

If you do not plan to complete EET V1.1 (or V1.1.1) at this point, you may wish to refer to the previous version of this guide.

What is the EET?

The EET is a cross-sectoral template comprising the views of the banking, asset management, structured product, insurance and pensions industries. It has been developed as an industry initiative to standardise data exchange between these industry participants. It is designed to help support meeting the regulations although there is no regulatory requirement to use the template in order to comply with regulation*.

EET V1.0 was designed to address MiFID II/IDD sustainability preference rules from August 2022.

EET V1.1 came into effect from 1st December 2022, with the objective of addressing information required under SFDR/Taxonomy RTS from 1 January 2023 (pre-contractual and periodic reporting and SFDR PAI reporting at entity level).

EET V1.1.1 is available on the FinDatEx website, containing the supplementary data fields for disclosures of EU Taxonomy fossil gas and nuclear holdings. This version was published in January 2023, with the supplementary fields being optional (“O”). **When the amending CDR are published in the OJ, the fields will become conditional (“C”) and there will be an editorial update of V1.1.1.**

A transitional phase is allowed during which time V1, V1.1 and V1.1.1 will coexist. **This will end on 30 April 2023.** V1.1.1 will eventually replace V 1.1.

The transition period for both V1 and V1.1 to V 1.1.1 is until end of April 2023.

Why has the EET been developed?

A number of new regulations which focus on sustainable finance have introduced the need to disclose and exchange a significant amount of data. Many of the concepts and data points in the EET are new and have been introduced because of the need to exchange new information between manufacturers and distributors. EET V1.1 contains a high number of data fields focusing on the implementation of the SFDR level 1 and RTS, EU Taxonomy disclosure requirements, and the delegated acts complementing MiFID II and IDD with regard to the introduction of the concept of clients’

sustainability preferences. The content and structure of the template have been intensively discussed at a cross industry level and subject to numerous consultations. They reflect the current regulatory situation and market needs, but in a fast moving and evolving environment, further updates are to be anticipated as outlined below.

Please note the following development:

As a consequence of the adoption on 30 October by the European Commission (EC) of the draft Commission Delegated Regulation (CDR) implementing the amended SFDR RTS, FinDatEx [publishes](#) supplementary data fields to facilitate the exchange of information between product manufacturer and distributor/insurer regarding investments in fossil gas and nuclear.

The supplementary template includes data fields related to pre-contractual and periodic information regarding Taxonomy-aligned fossil gas and nuclear activities, as per the draft CDR (see [here](#) and [here](#)).

These supplementary data fields were integrated into the EET main structure in early 2023, creating EET V1.1.1. The expectation is that the amending CDR will enter into force and apply in by the start of February 2023 at the latest. The supplementary data fields **are not included in V1.1**, but are available now in EET V1.1.1 template on the FinDatEx website for information purposes.

Who is responsible for the development of the EET?

Translation of these new concepts into points of data capture, and the format in which the data should be populated into the template has been the focus of the FinDatEx working group throughout 2021/2022. The challenge of reaching consensus in the group has demonstrated that interpretations of the requirements vary. In order to ensure there is consistency in the way market participants complete the template, it is necessary to provide clear explanation.

The guide assumes there is already familiarity with the EMT or other FinDatEx templates and does not intend to provide explanation on data fields for which there are existing explanatory documents. The template has been drafted in the same style as other FinDatEx templates, using the Excel format and applying the same naming convention, abbreviations and separators.

As described by FinDatEx in the disclaimer that may be found on the EET template:

The use of this template is not compulsory. It is free of use, intellectual property and copyright. It has been designed by FinDatEx, a joint venture representing European asset managers, banks, insurers, pension funds and distributors.

FinDatEx aims to be inclusive, open and transparent to all EU financial services representatives from all sectors affected by the standardisation process.

2. Scope of the guide

The guide is designed to clarify the data that is required for each section of the EET from an operational perspective. It will outline which regulatory requirements the data is designed to meet, and the preferred methodologies for use in completing the EET.

The guide is not designed to provide background to, or interpretation of regulation beyond what is necessary to complete each section. Neither FinDatEx nor TISA can answer questions relating to regulatory interpretation.

This guide aims to provide a common understanding and to help firms with completion of the EET V1.1. EET V1.1 contains minor changes to the version of the EET published in May 2022 (EET V1.0) published in May 2022 (EET V1.0) which was designed to facilitate data exchange required for regulation applying from 2 August 2022 (when MiFID and IDD suitability requirements come into effect). From 1 January 2023 further obligations under SFDR and Taxonomy came into effect and therefore the EET has been amended to reflect the changing obligations.

Changes are limited to the following areas:

Correcting typographic errors

Clarifying comments/definitions (where multiple questions were raised)

Limited adaptations due to changes between the SFDR Draft RTS (used as the basis for the EET V1.0, and the final RTS published on 25 July 2022)

Addition of eight new fields specific to structured products which have been added to the end of the EET

EET V1.1.1 (additional data fields)

Supplementary data fields for disclosures relating to investments in fossil gas and nuclear.

Complementary PAI information regarding social violations has been added

No structural changes have been made between EET V1, EET V1.1 and EET V1.1.1,

For full detail of the changes made, please refer to the table in Annex 1

2.1 Entity-level and product-level reporting

Although the EET may contain data that may be used to support entity level reporting, it is designed to capture data at the fund/product level.

The reporting of the EET is done at the ISIN level, as there is no common identifier for a fund. This does mean much of the data in the template will be replicated for share classes in the same fund.

3. Overview of EET

The European ESG Template is a template designed to facilitate the exchange of information between Product Manufacturers and their distributors or service providers regarding multiple regulations: SFDR, EU Taxonomy, MIFID, IDD. It allows for consolidation of ESG related data information concerning sustainability of financial products. This template and the information it will hold complements data captured in other templates e.g., EMT V4, or EPT.

The EET V1.1 is based on the final SFDR RTS (published in the Official Journal of the European Union (EU) on 25 July 2022). Funds will need to provide pre-contractual and periodic disclosures under SFDR RTS as of 1 January 2023. EET V1.1.1 includes additional data fields for disclosures required by the CDA of investments in EU taxonomy fossil gas and nuclear.

SFDR product scope

It is the intention that manufacturers will complete the EET for all SFDR scope products (for Phase I, product manufacturers may have prioritised Article 8 and 9 products). The scope within an EET should be aligned with the scope of the complementary EMT so it can be assured that the recipient of EMT and EET have sufficient information to promote the fund in a compliant way. In the case of an SFDR scope product that is also an Article 8 or 9 product, completion of this section may be used by distributors as part of the information gathering and assessment process necessary to meet sustainability preferences.

Where a product manufacturer produces an EMT V4 and an EET, the information contained against each ISIN should correspond with the information in each template.

I complete this information as a Manufacturer because:

Product manufacturers will be required to update pre-contractual information and periodic reports with prescribed templates capturing specific and granular information e.g., minimum share of Taxonomy-aligned/sustainable investments as well as PAI consideration for the respective fund according to their planning for pre-contractual commitments. The EET V1.1 allows for a more standardized method of data exchange.

I may want this information as a Distributor (e.g., Advisor, Insurer, Discretionary Fund Manager) because:

This information will facilitate distributors in assessing to which extent the product meets the customer sustainability preferences, i.e., minimum portion of Taxonomy-aligned assets, minimum portion of sustainability investments and/or PAI consideration.

I may want this information as a Financial Market Participant (FMP) that is subject to SFDR entity level reporting (e.g., Insurer, Fund Manager) because:

This information may be used for estimations of PAI information of target investments.

3.1 Reporting at share class/ISIN or product level

The report is designed to collect information for multiple products in one single file. If it is preferred manufacturers may alternatively split their product range across multiple versions of the EET.

For funds with multiple share classes, each share class should be described in a different line. There should be one line per ISIN code.

It is necessary to provide duplicate information because:

As the information in the EET is generally consistent at the product or fund level this does result in duplication of information across the share classes of a fund. However, it is important to remember that different financial participants utilise different share classes and, as there is no industry wide recognised fund identifier it is necessary for the information to be provided at the share classes level so all participants can link the information to the share class they utilise.

3.2 Reporting language & 'standalone' documents

EET 1.1 disclaimer extract:

Each insurance company needs to have the product disclosures (pre-contractual, periodic and web disclosures) translated and published in the language of the countries of distribution, for products to be distributed within the unit-linked insurance sector. Otherwise the insurance company is not allowed to distribute anymore Art. 8 or Art. 9 funds, starting from 01.01.2023 onwards. The insurance industry decided to use only translated documents provided by asset managers to avoid any liability. There is no legal obligation for asset managers to deliver these translations. But if they don't do it, insurers will not distribute the product. The insurance company needs a deeplink directly to the standalone PDF Annex document and not to the prospectus or annual report, as the insurance company cannot integrate a funds prospectus or annual report in their processes.

The EET includes datapoints from SFDR disclosures –the pre-contractual document, periodic reporting and website disclosure.

Whilst pre-contractual and periodic disclosures form part of the prospectus and annual report and do legally not exist as a standalone document, the insurance industry has expressed the need for a direct link to a standalone document.

Additionally, insurers have outlined they **may** require documents in a national language and that English **may** not be sufficient in some EU countries.

These provisions are not a regulatory requirement for product manufacturers and it remains at the discretion of the product manufacturer to follow this need subject to their existing commercial arrangements or ambitions.

3.3 Frequency of EET updates

This section is split into two categories:

Frequency of Exchange:

EET V1.0 was required to be exchanged from 1st June 2022, in order to assist distributors in the assessment process required to meet the MiFID changes effective 2nd August 2022 and EET V1.1 will be available from 1 December 2022. **The frequency of exchange may also depend on the preferences of the distributors e.g for the updates of their own IT systems some may require monthly uploads.**

This is at the discretion of the distributor and manufacturer and is not within the scope of this Guide.

Frequency of update:

The EET contains different datasets that will be updated at different frequencies e.g., precontractual information when a new precontractual document is published, or periodic information when the periodic report is updated (usually annually). When updating an EET, the relevant values and dates should be updated and a fully completed EET must be exchanged (with the relevant updates). In other words, even if you only update a small number of data points, you must still exchange the full EET.

Most manufacturers are expected to populate the EET on an annual basis or when there is a material change to any of the data (e.g., updates to pre-contractual templates). When updating an EET, the relevant values and dates should be updated, as the data reported should be consistent with the most recently published versions.

Common data should be updated **when a new pre-contractual or periodic report** is produced.

Format

FinDatEx does not specify the file format for the EET template. File formats can be agreed between the manufacturer and recipients of the template. **Common formats used are CSV, XLS and XML.**

Some fields in the EET are multi-select (i.e., can contain more than 1 data item) in those cases the different data item should be separated by the pipe character |. Other separators are possible but please note this is specifically in reference to data field separator and not value separator e.g., for fields with multiple choices. The EET uses '/' and ';' in examples.

For example

The field '11040_Manufacturer_Other_Commitments' has options A, B, C, D, E and F

(where A=TCFD, B= NZAMI or NZAOA, C= SBT for FI, D= Stewardship Code, E = UNGC, F= Participation to the « Non-Disclosure Campaign » from CDP)

If a manufacturer commits to TCFD and UNGC the field should be completed as A|E

Ideally the field separators should be a Pipe '|' (although we do know many creators use the CSV format and therefore the field separator is a comma, if using this approach please ensure no field entry contains a comma as part of the text) and multiple entries in a field should be separated by a semicolon ';':

When using numbers, a '.' should be used as a decimal point (not a comma ','). In case you may create a CSV format, while using a semicolon (";") as a field separator, please make sure that multiple entries within a field should be separated by a comma (",").

When using numbers, a '.' should be used as a decimal point (not a comma ',').

3.4 EET deployment: phased approach

The development and the deployment of this template follows a phased approach, related to the implementation timeline of the different regulations:

Phase I

EET V1.0 was available from 1st of June 2022 to enable market participants to start exchanging files with all the existing data points completed according to the 'simplified filling rules'*.

Information that was not necessary to support the regulations that came into force on August 2nd was not Mandatory for Phase I.

*'Simplified filling rules' refers to the Mandatory and Conditional fields denoted by Column F in the EET V1.

Phase II

The EET V1.1 template is available from 1 December 2022, however a tolerance period during which either version may be used will exist until 30 April 2023.

In order to use the EET template, it is recommended to '**copy and paste**' the template from the FinDatEx website.

It is recommended that users do not mix V1.0 and V1.1 in the same EET file.

Phase III

As announced by FinDatEx (<https://findatex.eu/news/71/findatex-publishes-eet-v1-1-supplementary-data-fields-regarding-investments-in-fossil-gas-and-nuclear>) a new version V1.1.1 was published in Jan 2023, in anticipation of the official publication of the new SFDR RTS templates in the European Journal. The new version will replace V 1.1 and the additional fields have been appended at the end of the field list of V. 1.1 in order to form V 1.1.1 There is no second file to be produced for the new datapoints added.

The transition period from V1 and V1.1 to V 1.1.1 is until end of April 2023, i.e., the same transition period applies for V1,1 and V1.1.1 and there may be three versions of EET in circulation during this period.

3.5 What do I need to complete for Phase II?

It is expected that manufacturers will complete the EET for all SFDR scope products. For Phase I, some manufacturers gave priority to Article 8 and 9 products. It is recommended to align the scope of an EET with the scope of the complementary EMT to ensure that the recipient of the data has all information available to distribute a fund in a compliant way.

In the case of a product that is in SFDR scope and that is also an Article 8 or 9 product, completion of this section may be used by distributors as part of the information gathering and assessment process necessary to meet sustainability preferences.

Distributors may not accept products to meet the MiFID sustainability preferences requirements that do not include this information for article 8 and 9.

NB: It is possible that some firms may decide to skip Phase II and prepare for Phase III. The pre-requisite for this is timing, if the new RTS templates are officially published in the European Journal and the FinDatEx announce that the new supplementary data fields in V 1.1.1 become effective (changing from optional to conditional).

3.6 What do I need to complete Phase III?

In order to complete preparations of Phase III the fields from the EET V1.1 and the additional fields published by FinDatEx <https://findatex.eu/news/72/findatex-publishes-eet-v1-1-1> were combined into one file, called EET V1.1.1 and published on 18 January 2023.

The population of the additional fields in V1.1.1 may vary by product and is dependent on the product features. Also, it may depend on the regulatory requirements of the EET consumer, whether for e.g., MiFID, IDD and/or SFDR entity level reporting this information is considered to be relevant.

3.7 Pre-contractual and periodic disclosures (20390-20790 except for field 20590)

20390-20470: Minimum (or planned) Sustainable investment and taxonomy assets allocation breakdown

20480-20560: Last reported Sustainable investment and taxonomy assets allocation breakdown

20570-20580: Art. 9 supplementary product specific information

20600-20790: Taxonomy aligned investments

For definitions and calculation methodology of the above fields, as in other areas please refer to the RTS.

The majority of the information to be completed in this section is linked to information disclosed in the pre-contractual and periodic disclosure templates. The values disclosed have to be identical to the information disclosed in the annexes.

If these sections are completed, then the relevant dates for these sections must also be completed.

These are: 20130 for pre-contractual and 20150 for periodic disclosures.

These dates should be the dates the data applies from and should not be a future date. For example, if a manufacturer discloses information on the minimum (or planned) Sustainable investment and taxonomy asset allocation breakdown these should be a current commitment to those minimums and the date should reflect when that commitment is valid from. Once the pre-contractual and periodic reports are published the information in these sections should match the date in those section and the dates reflect the precontractual/periodic report dates. It is expected that product manufacturers will complete this information after the pre-contractual changes are authorised by the relevant National Competent Authority (NCA).

3.8 Clients' ESG preferences under MiFID II/IDD (20590)

20590: MiFID IDD Target Market-Manufacturer angle (from a client perspective)

4. Presentation of the EET template

The EET template contains five worksheets. The Regulatory Schedule worksheet is not part of the EET. This worksheet indicates only when different disclosure obligations come into effect and do not affect how the template is completed.

In order to use the EET template, it is recommended to **'copy and paste'** the template from the FinDatEx website.

EET

This is the principal worksheet of the EET. It describes the main content of the EET file that should be exchanged between Product manufacturers and distributors or service providers.

The remaining four worksheets simply provide some additional information, to help fulfil some specific data points and to provide some additional guidelines (on country specific data).

Stewardship codes (12000)

ESG Label-Standard List (20060)

Commitments (11040)

The first three worksheets are codifications for what is necessary to complete certain data points (i.e., Stewardship codes, ESG labels, and ESG commitments of the manufacturer of the product)

Country specific explanations

This contains the guidance of the German associations for German ESG target market categorisation.

4.1 EET worksheet

The EET Worksheet presents the different data points included in the file in a similar way as all the other FinDatEx templates. The main difference between the EET and previous templates resides in additional columns (F to Q) that describe the filling rules for the different datapoints.

"Mandatory" means that the concerned datapoint should be filled in any case.

"Conditional" means that the datapoint should be filled if another datapoint contains a certain value.

"Optional" means that the data point is not required by regulation and shall be filled, if required by some distributors, on a best effort basis, taking into account that the information may not be available yet.

Columns "I" to "O" indicate what data points are required under the different part of the concerned regulations.

Columns “F” and “G” indicate what data points are “Mandatory”, “Conditional” or “Optional” for the 2 implementation phases: 1st of June 2022 and 1st of January 2023.

4.1.1 EET Data Set Information (1-10)

This section is designed to secure the exchange of information between the different participants. The manufacturer should indicate in advance what part of the regulation he intends to cover in the file so that it is possible for checks to be performed to ensure that the information required is available and is consistent.

4.1.2 Manufacturer Information (10000-11040)

Manufacturer commitment to responsible investment

Information about the manufacturer about its commitment towards Sustainability issues may be considered by distributors in their selection process (PRI/PRB statements). The response provided in this field must be consistent with the response provided in the German product categorisation (60440) These data fields relate to the portfolio manager of the product. If the product is managed by an external manager, then these fields apply to the external manager.

Product or Financial Instrument Data

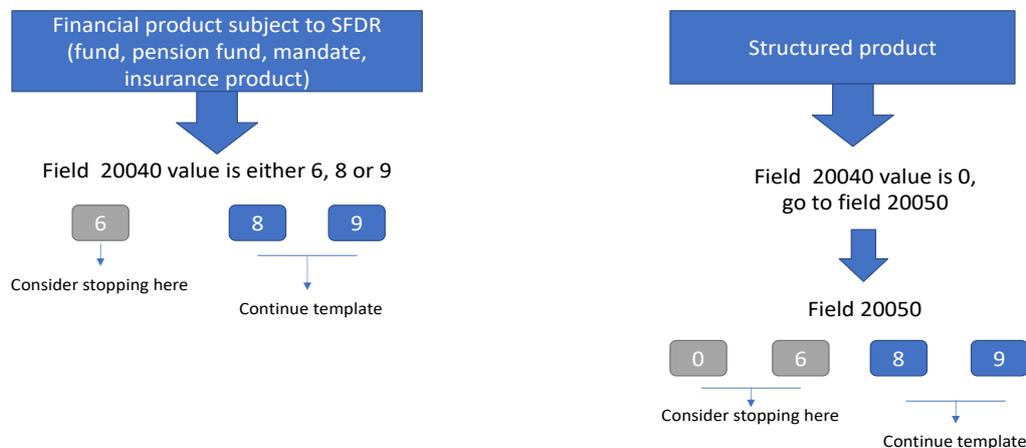
It is the intention that manufacturers will complete the EET for all SFDR scope products; however, for Phase I some product manufacturers gave priority to Article 8 and 9 products. In the case of a product that is in SFDR scope, that is also an Article 8 or 9 product, completion of this section may be used by distributors as part of the information gathering and assessment process necessary to meet sustainability preferences. Distributors may not accept products to meet the MiFID sustainability preferences requirements that do not include this information for article 8 and 9.

If completing this section for non-Article 8 or 9 products, then you may consider only completing the data fields up to field 20050.

The EET should contain at least a link to a website address where this information is available.

The EET scope also includes structured products, which are not considered as financial products under SFDR, but are within the scope of MiFID. As result, manufacturers of structured products may wish to provide certain SFDR-like information, even though the product is not directly under the SFDR reporting scope.

What is the type of product?



Fields:

20040_Financial_Instrument_SFDR_Product_Type

20050_Financial_Instrument_SFDR_Product_Type_Eligible

These fields are similar in nature and design, but one shows if the product is captured by SFDR (and the product type) whereas the second field is for products that are not part of SFDR (e.g., structured products).

If the product is considered a ‘financial product ’under SFDR then

Fill in field 20040 with the relevant data (6,8,9) denoting if the product corresponds to being an Article 6, Article 8 or Article 9 product.

Field 20050 should be left blank

If the product is not considered a ‘financial product ’under SFDR then

Fill in field 20040 with ‘0’ – this denotes the product is not covered by SFDR;

Fill in the field 20050 with the relevant data that denotes if the product follows rules as if it were covered by SFDR.

This section aims at providing distributors with all the necessary information relevant to comply with product screening (suitability testing in IDD or MiFID regulations) and reporting obligations, except for the principal adverse impact sustainability indicators and negative screening features that are described in other sections.

The “Main criteria used for a first screening of ESG related products” subsection indicates the type of product according to SFDR regulation, or if the product is not in the scope of SFDR, how it should be considered. PAI consideration is also a key information to be filled in for distributors.

The “Product disclosure” subsection gives information on how to access to the latest SFDR document available for the product.

The “Art. 8 & Art. 9 Product Specific Information” gathers sustainability characteristics of the product, mainly extracted from SFDR disclosures requirements. Distributors should find the minimum proportion of sustainable investments in this section.

MiFID2/IDD sustainability preferences

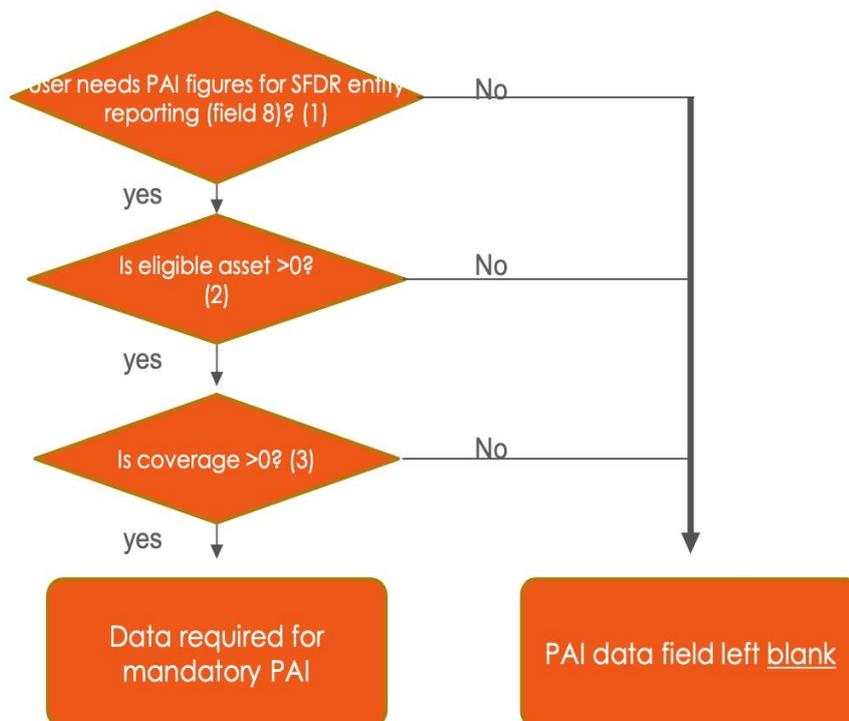
	Art.8 /Art.8 like	Art.9/Art.9 like
Minimum taxonomy percentage (7.a)	Scoping: field 20180, If Yes -> min. % in field 20450	Scoping: field 20230, If Yes -> min. % in field 20450
Minimum Sustainable investment (7.b)	Scoping: fields 20170/20180, If yes -> min. % in field 20420	Scoped in by definition, Minimum % in field 20450
PAI consideration (7.c)	Scoping: field 20100 If yes, answer conditional fields from 30020 to 31340 to specify which of the PAI are considered	

The “MiFID/IDD Target Market – Manufacturer angle” is a common datapoint between the EMT and the EET to ensure consistency between both templates.

The “Taxonomy Aligned investment” subsection contains relevant disclosure information related to the European Taxonomy regulation. Distributors should find the minimum proportion of investments aligned with the EU taxonomy.

4.1.3 Principal Adverse Impacts (PAI)

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



In this section you may disclose information relating to consideration of PAIs. This is useful information for distributors as part of the information gathering process when they are assessing products to meet client sustainability preferences, as it is one of the three sustainable preferences criteria under MiFID2/IDD.

When the answer to field 20100 is "Yes", it shall at a minimum be specified which of the mandatory PAIs are being considered (conditional fields under the PAI section – fields 30020 to 31340). In case the producer of the EET is populating any of the fields in the PAI then the optional fields at the beginning of the PAI section, indicating the reference period, shall be considered as mandatory. This allows the consumer of the EET to understand to which period the PAI metrics and commitments refer to.

Consideration of principal adverse impacts has been defined within the template as a commitment to reduce or mitigate adverse impacts and can be done quantitatively or qualitatively.

In their consultation paper of 27 January 2022, ESMA outlined the following: 'a qualitative evaluation could then be initiated for each category that is important/key for the client or not. This qualitative evaluation could be based on the approaches in which the product considers PAIs (e.g., exclusion strategies/ controversial policies/ voting and engagement policies).'

As a distributor (e.g., Advisor, Insurer, Discretionary Portfolio Manager) the firm would like this information because:

The firm is required to match products that meet an EU client's sustainability preferences (sustainable investment minimum % including taxonomy alignment minimum % & PAIs considered) as part of a wider MiFID client suitability process.

At a fund level, the firm would like this information because:

The portfolio management team requires information at a fund level to determine whether the fund is suitable for inclusion within an Impact, thematic, exclusions or ESG risks & opportunities strategy; to calculate the minimum sustainable investment %, including taxonomy alignment minimum %, PAIs considered, exclusions, themes and SFDR regulatory classification of a strategy.

The "principal adverse impact indicators" section contain all the information related to SFDR RTS annex 1 (Tables 1 and 2), should the manufacturer decide to quantitatively consider them at the level of a product.

If you select Y for the following data field:

20100_Financial_Instrument_Does_This_Product_Consider_Principle_Adverse_Impact_In_Their_Investment Y/N

You must then select either Y or N to each of the individual indicators starting from 30020

Each indicator is described through 4 datapoints:

Example:

1. 30020_GHG_Emissions_Scope_1_Value: indicates the last known value at the end reference period.
2. 30030_Emissions_Scope_1_Considered_In_The_Investment_Strategy: Denotes if this indicator is considered in the investment process of the product. Since the regulation recognises that a product may consider PAI by a qualitative approach, the manufacturer may indicate that a given indicator is considered without giving a metric.
3. 30040_GHG_Emissions_Scope_1_Coverage indicates the weight of investments with available data either because it is publicly available or because it was estimated. The numerator is the total financial exposure of investments with available data. The denominator is the Net Asset Value of the product. For consistency, the Net Asset Value to be used should be the NAV as determined for unit pricing. This will include uncommitted and revenue cash and other debtors and creditors and will align with the NAV disclosed in TPT.
4. 30050_GHG_Emissions_Scope_1_Eligible_Assets: indicates the weighted proportion of investments for which the indicator is meaningful, as some indicators are not relevant for some financial instruments (government bonds for example).

The numerator is the total financial exposure of investments that are meaningful. The denominator is the Net Asset Value of the product

a. Mandatory indicators

- i. Climate and other environment-related indicators
 - a) for Investee companies 30020 to 30970
 - b) for investment in sovereign and supranational 31170 to 31200
 - c) for investment in real estate 31290 to 31360
- ii. Social and employee, respect for human rights, anti-corruption and anti-bribery matters
 - a) for investee companies 30980 to 31160
 - b) for investment in sovereign and supranational 31210 to 31280

b. Additional indicators

- i. Climate and other environment-related indicators
 - a) for Investee companies 31370 to 32030
 - b) for investment in sovereign and supranational 32040 to 32070
 - c) for investment in real estate 32080 to 32430
- iii. Social and employee, respect for human rights, anti-corruption and anti-bribery matters
 - a) for investee companies 32440 to 33180
 - b) for investment in sovereign and supranational 33190 to 33440

FAQ on PAI

Q1 Why shall I provide the PAI quantification?

A1 Many of the users of the EET are required to publish mandatory PAI's quantification (for their entity level disclosures) once a year (at least by 30 June for the previous calendar year data). In order to calculate the PAI indicators across their AUM, they need to obtain the mandatory PAI's information of all products underlying their own products (MOP, mandates, funds of funds).

Q2 Why shall the PAI information be provided in the EET when the EET is about product reporting and PAI publication is an entity level requirement?

A2 The PAI information to be included in the EET is at product level, in order to support the end-user (i.e. manufacturer of a financial product using other underlying financial products) to apply look through and calculate PAI information for all assets under management.

Q3 Why is the information about whether a PAI is considered optional, while the quantification is mandatory? Aren't the 2 notions connected?

A3 The consideration of PAI is a product feature (typical for article 8 and article 9 products). When a

product has answered yes to the question in field 20100, it is then required to specify which PAI is considered by answering yes or no for each relevant PAI.

The PAI quantification is not linked to the PAI consideration in the investment decision process. Manufacturers are required to quantify and publish mandatory PAI's across all their assets under management, regardless of whether the products consider or not the PAI in the investment decision.

Q4 What if I am sure that none of the users are publishing PAI information (no distribution through insurance products, funds of funds or mandates)?

A4 In this particular case, the product manufacturer shall indicate «no » in the field 00080. The information required only for column K is no longer mandatory, the fields linked to PAI quantification are no longer required.

Q5 What if I do not have the information on a particular PAI? Shall I put zero or leave it blank?

A5 You shall leave it blank and put 0 in the coverage line. For many PAI indicators, 0 has a meaning e.g. no emissions.

Q6 The first PAI quantification deadline is June 30 (and the deadline to provide the information in the EET is 30/4) but I would like to provide EET V1.1 now in order to reflect the information in my pre-contractual SFDR template for distribution purpose. Can I publish an EET V1.1 now with no PAI information?

A6 Yes, proceed as above. Indicate « no » in the field 00080, leave the PAI quantification blank. To avoid any uncertainty, you may also consider putting 0 in the coverage fields.

Q7 As a user of the EET, shall I accept templates where the PAI quantification is blank?

A7 This may be correct, for all the reason mentioned above in questions Q4, Q5 and Q6. Please refer to the answer that has been given to the field 00080. If you require the PAI quantifications, it is suggested that you reach out to the relevant producer/manufacturer and request that they add the information to their EET.

Q8 My fund does not publish PAI indicators. Shall I provide information anyway?

A8 Yes, refer to Q1 answer.

Q9. Why shall I provide information about coverage, eligibility and total AUM?

A9 This information is required by the manufacturers of the top products in order to aggregate PAI data across all AUM.

5. Screening criteria

Negative screening policies may be considered by investors and distributors in their due diligence for selecting products. A

The EET gives an overview of the existing rules in order to facilitate due diligence but may not provide sufficiently detailed information to reflect the granularity of all exclusion policies.

As an exclusion policy may not be fully described by these fields, and this section is optional, some manufacturers may consider that completing these additional fields could lead to misunderstanding on how they operate and may leave them blank.

In such cases, distributors should use the website disclosures from the manufacturer to fully understand the exclusions policies of the product.

Manufacturers may disclose if the product excludes holdings associated with the relevant sector/activity via the 'Y/N' flags in this section.

Sector or activity-based exclusions are generally described by indicating a threshold, whether it applies on Revenues, Capex or Opex, and if the scope integrates support activities (upstream) and/or distribution (downstream) on top of production.

6. Country Specific Information

German and French Market have asked for additional datapoints that will be required by distributors and could be used in other markets.

For the French Market, 4 additional datapoints are added.

The first data point is related to the French regulation, which has defined specific criteria for ESG funds.

The other three datapoint are designed to allow distributors to test the client's preferences and appetite for PAI integration regarding the families of PAI indicators as whole, based on a possible focus of the client on environmental, social or governance aspects, using the categories presented in the SFDR RTS (instead of an approach based on each PAI indicator) such as emissions, energy performance, water & waste, etc.

For the German Market, additional datapoint that defines the category of fund, based on a combination of regulation requirements, exclusions and industry standards.

7. Supplementary tabs

The supplementary tabs contain useful information to refer to when completing specific sections of the EET.

1. Stewardship codes (for field 12000_Manufacturer_Stewardship_Code_Signatory)

2. ESG labels (for field 20060_Financial_Instrument_ESG_Label_Or_Standard)
3. Commitments (for field 11040_Manufacturer_Other_Commitments)

Country-specific explanations

8. Further developments

The current version of the EET has been revised to meet the requirements of the SFDR and Taxonomy RTS from 1/1/2023. The EET will be subject to ongoing review as further regulatory requirements emerge and come into effect. The TISA Best Practice Guide will be updated to accompany any further revisions of the EET.

A number of key developments for which updates are anticipated are outlined below.

1. *Amendments to SFDR RTS disclosures (exposure to fossil gas and nuclear activities)*

On 30th September, the ESAs published a [Final Report](#) containing amendments to disclosures in pre contractual documents, on websites and in periodic reports about the exposure of financial products to investments in fossil gas and nuclear energy activities which are included in the Taxonomy. The SFDR RTS require amendment to include the revisions. On 31 October the EC adopted the proposals which are now subject to scrutiny by European Council and Parliament. The normal timescale for scrutiny is three months and changes may be expected to come into effect 15 days after Official Journal publication. The scrutiny period could be accelerated, or extended on request.

The timing for the industry to incorporate the changes is uncertain, and although it is unlikely the changes will apply before the end of 2022, it is possible they could apply from as early as February. The amendments may require additional disclosures for Article 8 and 9 products, even where no exposure is planned. As outlined on page 5, FinDatEx [publishes](#) supplementary data fields on their website for information, and will incorporate these additional data fields into the EET V1.1, (creating the EET V1.1.1) when the amended SFDR RTS formally come into effect.

2. *ESAs [mandate](#) to amend the SFDR PAI*

The ESAs received a mandate (in April 2022) to refine the SFDR PAI with a proposal due to the EC by April 2022. In a letter to the European Commission, published 14 November, the ESAs requested an extension of six months to complete this mandate in a letter published 14 November, due to the complexity involved and the need to conduct a public consultation in 2023. The industry may not expect to see final changes on the basis of this mandate before the end of H2 2023 at the earliest.

3. *ESMA Draft Guidelines on the use of ESG terms in fund names*

On 18th November, ESMA published a consultation on draft Guidelines for the use of ESG and sustainability related terms in fund names. It proposes the introduction of quantitative thresholds for funds that make use of ESG related terms or feature 'sustainable' in their name. They are also proposing to apply exclusion criteria to these funds. The consultation is open until 25 January and ESMA propose the Guidelines may come into effect Q3/Q4 2023.

Annex 1

Table with changes to V1.1

Field	Description of change	Definition
Various	Current version of EET V1.1 highlights changes in red. Various minor corrections to typo errors. Format of fields change (-> changes in field numbering and description):	
17	11011_Manufacturer_PRI_Notation_Percentage	Notation of the Manufacturer by the PRI on the "Investment & Stewardship policy"
30	20070_Financial_Instrument_Percentage_Of_Minimum_SFDR_Art_8_Funds	Proportion in look through of art 8 sub invested funds for funds of funds Nav based
31	20080_Financial_Instrument_Percentage_Of_Minimum_SFDR_Art_9_Funds	Proportion in look through of art 9 sub invested funds for funds of funds Nav based
32	20090_Financial_Instrument_Main_ESG_Focus Category MF added)	Indication of the "main focus" of the Financial_Instrument (for example E for green bonds...). E or S or G or MF (Multi focus) or Blank (if no focus at all)
34-39	Fields changed from O (optional) to C (conditional) from 1/1/23 and additional definitions added	Additional definitions regarding links to 'stand-alone' annex documents, provision of documents for Article 6 products, language, insurer requirements
43,44,45,47,48	Fields changed from O (optional) to C (conditional from 1/1/23	
40	20170_Financial_Instrument_Sustainable_Investments_Art_8 I » category removed as V1.1 is based on approved pre-contractual	Does the art 8 product invest in sustainable investment?
46	20230_Financial_Instrument_Environmentally_Sustainable_Investment_EU_Taxonomy_Art_9	Does the minimum specified in field 20220 include EU Taxonomy Environmental sustainable investment?

	I » category removed as V1.1 is based on approved pre-contractual	
60,61,63,66,67	Fields changed from O (optional) to C (conditional from 1/1/23)	
69-81	Fields changed from O (optional) to C (conditional from 1/1/23)	
83,84	Fields changed from O (optional) to C (conditional from 1/1/23)	
86-102	Fields changed from O (optional) to C (conditional from 1/1/23)	
95-100	Breakdown of environmental objectives): From « Y/N » to percentage (due to Final RTS)	
103	Field not used anymore -> PAI information snapshot (rather than period)	
104	30010_PAI_Reference_Date M for mandatory	Date to which data refers
105-240	Majority of data points have changes from O (optional) to M(mandatory) and C (conditional). Some additional explanations added in relation to calculation methodologies and conditionality	
581-588	Supplementary fields for Structured Products	
581	70000_Financial_Instrument_Sustainability_Risk_Is_Deemed_To_Be_Relevant	SFDR art 6.1 Yes / No
582	70010_Financial_Instrument_Total_Fund_AUM_Or_Notional	AUM for a fund and Notional for structured products at PAI_End_Of_Reference_Period in EUR
583	80000_Use_Of_Proceeds_Asset_Pooling	Defines if use of proceeds constitute S - Segregated Sustainable Asset Pool (SAP) U - Unsegregated Sustainable Asset

		Pool (USAP) N - Not a pooled approach (N) and therefore a general part of the balance sheet of the Issuer/Manufacturer
584	80010_Use_Of_Derivative_Exposure_In_Taxonomy_A nd_SFDR_Alignment	Defines if the derivative exposure of a Structured Product is considered part of the assessed Taxonomy Alignment and Minimum Proportion of Sustainable Investment reported.
585	80020_Structured_Product_Funding_Related_EU_SFD R_Minimum_Or_Planned_Investments_Sustainable_In vestments	Please refer to Pre-Contractual Report in the RTS
586	80030_Structured_Product_Derivate_Exposure_Relate d_EU_SFDR_Minimum_Or_Planned_Investments_Sust ainable_Investments	Please refer to Pre-Contractual Report in the RTS
587	80040_Structured_Product_Funding_Related_EU_SFD R_Minimum_Or_Planned_Investments_Sustainable_In vestments_Taxonomy_Aligned	Please refer to Pre-Contractual Report in the RTS
588	80050_Structured_Product_Derivate_Exposure_Relate d_EU_SFDR_Minimum_Or_Planned_Investments_Sust ainable_Investments_Taxonomy_Aligned	Please refer to Pre-Contractual Report in the RTS
Supplementary Taxonomy Information V1.1.1 Gas and Nuclear		
589	90000_Financial_Instrument_Investing_In_EU_Taxono my_Aligned_Fossil_Gas_Activities	
590	90010_Financial_Instrument_Minimum_Percentage_In vestments_Aligned_EU_Taxonomy_Fossil_Gas_ Incl_Sovereign_Bonds	
	90020_Financial_Instrument_Minimum_Percentage_In vestments_Aligned_EU_Taxonomy_Fossil_Gas_Excl_So vereign_Bonds	
	90030_Financial_Instrument_Investing_In_EU_Taxono my_Aligned_Nuclear_Activities	
	90040_Financial_Instrument_Minimum_Percentage_In vestments_Aligned_EU_Taxonomy_Nuclear_ Incl_Sovereign_Bonds	
	90050_Financial_Instrument_Minimum_Percentage_In vestments_Aligned_EU_Taxonomy_Nuclear_Excl_Sove reign_Bonds	

	90060_Financial_Instrument_Minimum_Percentage_Investments_Aligned_EU_Taxonomy_No_Fossil_Gas_and_Nuclear_Incl_Sovereign_Bonds	
	90070_Financial_Instrument_Minimum_Percentage_Investments_Aligned_EU_Taxonomy_No_Fossil_Gas_and_Nuclear_Excl_Sovereign_Bonds	
	90080_Financial_Instrument_Current_Percentage_Investments_Aligned_EU_Taxonomy_Fossil_Gas_Incl_Sovereign_Bonds_Turnover	
	90090_Financial_Instrument_Current_Percentage_Investments_Aligned_EU_Taxonomy_Fossil_Gas_Excl_Sovereign_Bonds_Turnover	
	90100_Financial_Instrument_Current_Percentage_Investments_Aligned_EU_Taxonomy_Nuclear_Incl_Sovereign_Bonds_Turnover	
	90110_Financial_Instrument_Current_Percentage_Investments_Aligned_EU_Taxonomy_Nuclear_Excl_Sovereign_Bonds_Turnover	
	90120_Financial_Instrument_Current_Percentage_Investments_Aligned_EU_Taxonomy_No_Fossil_Gas_and_Nuclear_Incl_Sovereign_Bonds_Turnover	
	90130_Financial_Instrument_Current_Percentage_Investments_Aligned_EU_Taxonomy_No_Fossil_Gas_and_Nuclear_Excl_Sovereign_Bonds_Turnover	
	90140_Financial_Instrument_Current_Percentage_Investments_Aligned_EU_Taxonomy_Fossil_Gas_Incl_Sovereign_Bonds_Capex	
	90150_Financial_Instrument_Current_Percentage_Investments_Aligned_EU_Taxonomy_Fossil_Gas_Excl_Sovereign_Bonds_Capex	
	90160_Financial_Instrument_Current_Percentage_Investments_Aligned_EU_Taxonomy_Nuclear_Incl_Sovereign_Bonds_Capex	
	90170_Financial_Instrument_Current_Percentage_Investments_Aligned_EU_Taxonomy_Nuclear_Excl_Sovereign_Bonds_Capex	
	90180_Financial_Instrument_Current_Percentage_Investments_Aligned_EU_Taxonomy_No_Fossil_Gas_and_Nuclear_Incl_Sovereign_Bonds_Capex	

	90190_Financial_Instrument_Current_Percentage_Inv estments_Aligned_EU_Taxonomy_No_Fossil_Gas_and _Nuclear_Excl_Sovereign_Bonds_Capex	
	90200_Financial_Instrument_Current_Percentage_Inv estments_Aligned_EU_Taxonomy_Fossil_Gas_ Incl_Sovereign_Bonds_Opex	
610	90210_Financial_Instrument_Current_Percentage_Inv estments_Aligned_EU_Taxonomy_Fossil_Gas_Excl_Sov ereign_Bonds_Opex	
611	90220_Financial_Instrument_Current_Percentage_Inv estments_Aligned_EU_Taxonomy_Nuclear_ Incl_Sovereign_Bonds_Opex	
612	90230_Financial_Instrument_Current_Percentage_Inv estments_Aligned_EU_Taxonomy_Nuclear_Excl_Sover eign_Bonds_Opex	
613	90240_Financial_Instrument_Current_Percentage_Inv estments_Aligned_EU_Taxonomy_No_Fossil_Gas_and _Nuclear_Incl_Sovereign_Bonds_Opex	
614	90250_Financial_Instrument_Current_Percentage_Inv estments_Aligned_EU_Taxonomy_No_Fossil_Gas_and _Nuclear_Excl_Sovereign_Bonds_Opex	
Complementary PAI information V1.1.1		
615	100000_List_Of_Countries_Subject_To_Social_Violatio ns	ISO of countries where social violations are triggered