

SFDR Principal Adverse Impact (PAI) solution

Sustainable Finance Disclosure Regulation (SFDR) introduces various disclosure-related requirements for financial market participants and financial advisors at entity, service and product level. The aim of the regulation is to provide more standardization and transparency on sustainability products within the financial markets, preventing greenwashing and ensuring comparability.

SFDR defines three categories of product which their manufacturers must report to investors on:

1. Financial products which have “sustainable investment” as their objective (Article 9)
2. Financial products which promote, amongst others, ESG characteristics of the investment (Article 8)
3. All other financial products – products that do not purport to promote any kind of ESG objective

For the first two categories, Financial Market Participants (FMPs) and financial advisers need to disclose pre-contractual and periodic reports regarding how adverse impacts have been considered, use of suitable benchmarks and how objectives are measured. For larger FMPs, they must also publish Principal Adverse Impact Disclosures across their investment portfolios or funds.

ICE solution

To aid in compliance, ICE offers an SFDR Principal Adverse Impact (PAI) solution, which offers continuously updated input values for most of the SFDR indicators. The dataset is taken from our wider ESG Data service that captures over 550 company-reported data points from publicly-available sources and reports as well as ESG risk analysis based on data from our data collaborator, RepRisk. It also leverages our extensive global securities database and established corporate hierarchy information, so that ICE’s SFDR PAI solution allows clients to link equity and fixed income security holdings to the closest disclosing corporate entity. Flexible delivery is available including an easy to use, customizable user interface (ICE Data Viewer for ESG), XML and flat file.

SDFR requirement	ICE solution
14 Mandatory Corporate Indicators	14
33 Optional Corporate Indicators	27
2 Mandatory Sovereign Indicators	2
8 Optional Sovereign Indicators	8



Corporate ESG indicators

To address the 14 mandatory and 33 optional corporate entity indicators, ICE has mapped data points from our core ESG solution to produce a dedicated file aligned to the PAI disclosure report format.



Data derivation

The requirements defined under the **Delegated Act** state a specific presentation of some of the indicators which may require calculation or derivation on top of the originating company disclosure. ICE will perform these for each company in the service.



Sovereign ESG indicators

Coverage includes the 10 indicators required for PAI reporting. Carbon Intensity values are available for up to 212 countries and are taken from established sources, then aggregated and normalized, with the goal of maximizing coverage and obtaining the latest possible data.



Estimated values

To assist clients with achieving the best possible coverage, ICE is leveraging the cross-sector data forming our core Entity ESG Data solution and applying a multifactor model utilizing both an historical and bucketed model approach with anchors around revenue, workforce breakdown and other inputs to produce values which can be inserted in lieu of those which have not been disclosed by investee companies. ICE provides identifying metadata against these data points to retain full lineage of disclosure inputs.

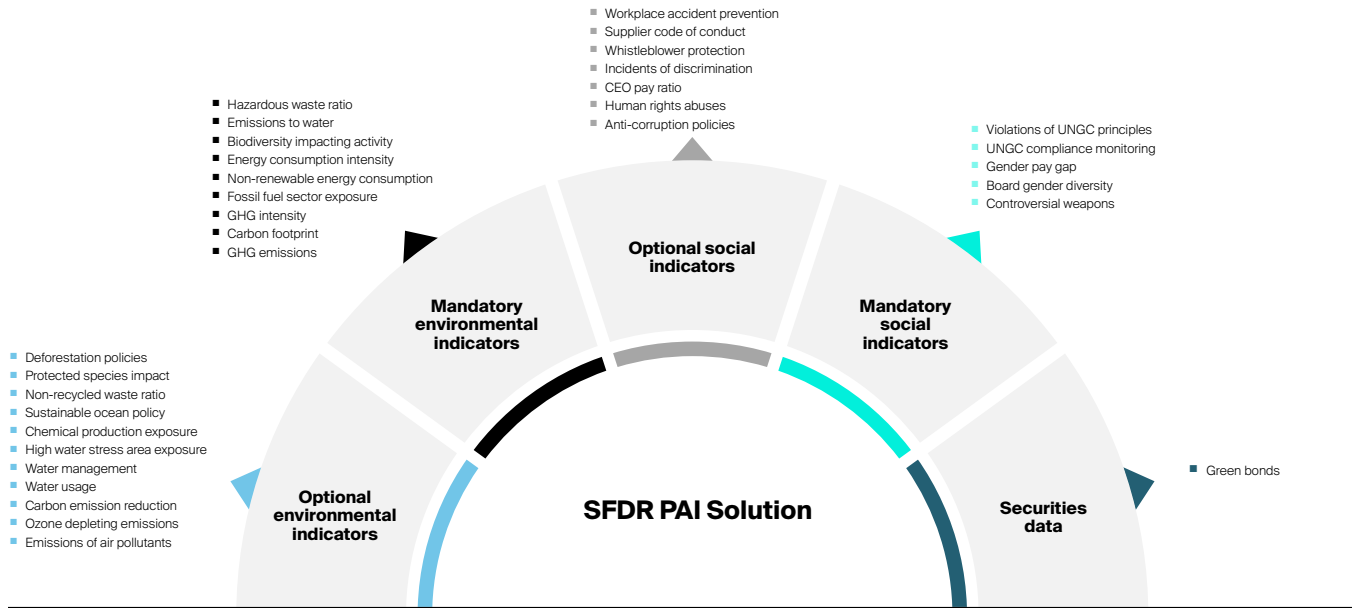
Data partner:




RepRisk is an ESG data science firm leveraging the combination of AI and machine learning with human intelligence to systematically analyze public information in 23 languages and identify material ESG risks. With daily data updates across 100+ ESG risk factors, RepRisk provides consistent, timely, and actionable data for risk management and ESG integration across a company's operations, business relationships, and investments. reprisk.com.



SFDR PAI indicator coverage




Why ICE for ESG?




High-quality data

A broad range of high-quality ESG data solutions, including indices, reference data and climate tools.



Expertise

Nearly 20 years in creating sustainable products and solutions provides us with diverse insights on ESG and sustainable development.



Technology

Leading exchange platforms and technology provide access to sustainable markets and powerful ESG data.

 **For more information:** Visit ice.com/sustainable-finance-data.

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