

No	PAI	Question	Clarification
Table 1, indicators 1 & 2	GHG Emissions	➤ Enterprise Value Question: For those indicators where Enterprise Value is used, how should we proceed if the Enterprise Value is negative?	The ESAs note that the widely used concept of “enterprise value”, outside the specific reference in Annex I can result in negative enterprise values. In such cases the cash held by the enterprise exceeds all other factors in the equation. However, the ESAs have specified in point 4 of Annex I of the Delegated Regulation that for the purpose of the calculation of certain indicators, “enterprise value” should be used but the definition specifies that cash or cash equivalents should not be deducted from the sum . Therefore, enterprise value calculated according to the definition laid down in Annex I cannot be negative.
Table I, indicator 4	Exposure to companies active in the fossil fuel sector	➤ In the case of a multi-asset portfolio or product, how should the share of investments in real estate (REA) involved in fossil fuels be calculated (considering all investments or only investments in Equities/REA)?	P. 26 JC 2022 23 - Clarifications on the ESAs' draft RTS under SFDR (europa.eu) : In relation to multi-asset investments in real estate and investee companies, specifically for the respective GHG emissions of real estate and investee companies, the ESAs consider that principal adverse impacts should be disclosed by type of exposure aggregated at the entity level . This means that, if the financial market participant makes investments through a multi asset product in real estate, the impacts of that real estate exposure should be added to the relevant indicators for real estate in the template provided in Table 1 of Annex I. Exposures to investee companies should be added in Table 1 of Annex I to the relevant indicators. The disclosure is not an aggregation of the entire adverse impact of the entity, but the aggregation of the impacts caused by exposures to different types of asset classes in the relevant indicators in Table 1 of Annex I. The ESAs are of the view that for the purpose of the calculation of indicator 17 of Table 1 of Annex I, the financial market participant should only include in the denominator all its investment in real estate assets .
Table I, indicator 17	Exposure to fossil fuels through real estate assets		
Table I, indicator 13	board gender diversity	➤ Assume a company has 5 female board members and no male board members. The indicator is defined as follows: Average ratio of female to male board members in investee companies. The use of “ratio .. to” seems to suggest a simple ratio where ‘number of male board members’ would be in the denominator. In the example, the calculation would be 5/0, which is 13 infinite. In other words, is the denominator the number of male board members (0 here) or the number of all board members (5 here)?	This was clarified by the European Commission when they adopted the Delegated Regulation, because indicator 13 in Table 1 of Annex I was changed to add “ expressed as a percentage of all board members ” at the end of the metric.
Table 1, indicator 8	Emissions to water	➤ How do you calculate indicator 8 (Emissions to water) from Table 1 (and similar indicators)	P. 21 JC 2022 23 - Clarifications on the ESAs' draft RTS under SFDR (europa.eu) :

		where the explicit formula is not provided?	Furthermore, the ESAs are of the view that indicator 8 in Table 1 of Annex I (emissions to water) should be expressed as a weighted average (which is defined in the Annex) of the priority substances referred to in the definition of “emissions to water” in Annex I.
Table 1, indicator 16	Investee countries subject to social violations	➤ Industry requests guidelines to ensure comparability, as there is a variety of approaches to this and lack of underlying data.	
Table 2, indicator 6	water usage and recycling	➤ How should one calculate the PAI in table 2 for indicators 6.1 (Average amount of water consumed and reclaimed by the investee companies (in cubic meters) per million EUR of revenue of investee companies) and 6.2 (Weighted average percentage of water recycled and reused by investee companies) considering that the first refers to ‘average’ and the latter refers to ‘weighted average’?	The ESAs consider that the “average” amount under indicator 6 part 1 of Table 2 of Annex I (water usage and recycling) should be considered as weighted average amount of water consumed by the investee companies (in cubic meters) per million EUR of revenue of investee companies
Table 2, indicator 18	GHG emissions	➤ do we take the % of ownership into account when calculating the total GHG emissions (i.e. should GHG emissions be calculated as sum of all GHG emissions, or should we also include % ownership to make it a weighted average)?	Regarding the GHG emissions of real estate in indicator 18 of Table 2 of Annex I, the ESAs consider that the disclosure of the adverse impact for GHG emissions generated by real estate assets should reflect the share of ownership of the assets by the financial market participant , as detailed in the GHG emissions calculation formula in Annex I.
Table 3, indicator 7.2	Incidents of discrimination: number of incidents of discrimination leading to sanctions in investee companies expressed as a weighted average	➤ how should incidents that lead to sanctions be measured? Industry would welcome guidelines on this, such as whether fines or penalties are included in the definition of sanctions.	As a consequence, when disclosing indicator 7.2 of Table 3 about the number of incidents of discrimination leading to sanctions, financial market participants should consider financial sanctions such as administrative monetary penalties (or fines) as “incidents leading to sanctions”. For sake of clarity, this PAI includes only the sanctions applied against entities causing the impacts, not the potential sanctions applied against the financial market participant itself, since the PAI disclosures focus exclusively on the adverse impacts of the financial market participant’s investment decisions.
Table 3, indicator 3	Number of workdays lost to injuries, accidents, fatalities or illness of investee companies expressed as a weighted average	➤ may this be reported as absolute or relative numbers? Or does the Regulation dictate one or the other? The question is also applicable to Table 3, indicators 7 and 14.	The metrics for indicators 3, 7 and 14 of Table 3 indicate that the value of the impact should be expressed as a weighted average. Financial market participants should refer to the definition of “weighted average” in point 3 of Annex I of the Delegated Regulation.
Table 3, indicator 7	Incidents of discrimination		
Table 3, indicator 14	Number of identified cases of severe human rights issues and incident		