

# EU Sustainable Finance Regulation

## Navigating the sustainable landscape with LSEG

The financial industry is in a powerful position to ensure the sustainability and decarbonisation of economies, but the data and tools market participants use must be fit for purpose. Investments must have the appropriate labelling systems to ensure investors know what they are investing in and if the security or activity is 'green'.



## We take sustainable finance regulation seriously

LSEG is closely involved in shaping and monitoring the EU Sustainable Finance Action Plan and the regulatory implications for the market.

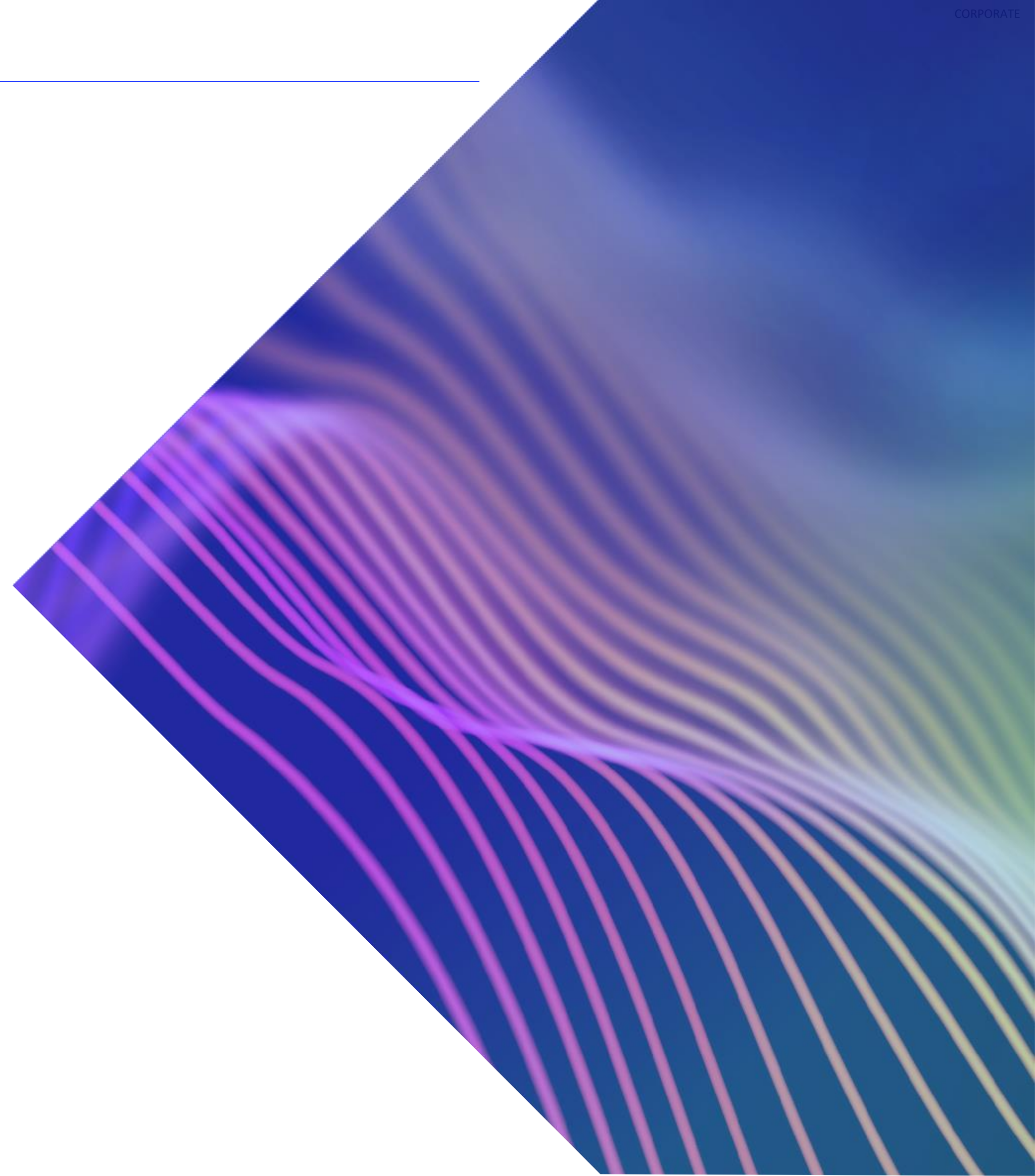
LSEG is a [member of the Commission Technical Expert Group on Sustainable Finance](#), advising the European Commission on the agenda and sustainable finance regulation.

### The EU sustainable finance landscape

To meet clients' sustainability preferences, financial participants are only able to recommend financial instruments meeting one of the following three criteria:

- Financial instruments that pursue, fully or in part, sustainable investments in economic activities that qualify as environmentally sustainable under the EU Taxonomy Regulation
- Sustainable investments as defined in the Sustainable Finance Disclosure Regulation (SFDR) (Article 2, point (17))
- Financial instruments that consider principal adverse impacts on sustainability factors, where qualitative or quantitative elements demonstrating that consideration are determined by the client or potential client

In this brochure we take a look at some of the major sustainable finance regulation affecting the European Union.





## 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.

SFDR was developed under the EU regulation on sustainability-related disclosures in the financial services sector and aims 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.

### 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 Principle Adverse Impact (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 LSEG Lipper funds database to determine which funds are classed as meeting SFDR criteria.

This functionality is available using Lipper for Investment Management in 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

In the Company Profile app, you can find 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.

Adverse sustainability indicator	Metric	Refinable Level of Metric	Refinable Data Measures	AAPLO		005930.KS		6758.T		1810.HK		DELL.N	
				Apple Inc.	2021	Samsung Electronics Co.	2021	Sony Group Corp	2022	Xiaomi Corp	2021	Dell Technologies Inc.	2022
Indicators applicable to investments in investee companies													
Climate and other environment-related indicators													
GHG EMISSIONS													
GHG emissions	Scope 1 GHG emissions	Direct	CO2 Equivalent Emissions Direct, Scope 1	33,202		7,804,000		211,132		9,096.95		45,808	
	Scope 2 GHG emissions	Direct	CO2 Equivalent Emissions Indirect, Scope 2	1,003,316		30,173,000		984,031		73,723.21		337,800	
	From 1 January 2021, Scope 3 GHG emissions	Direct	CO2 Equivalent Emissions Indirect, Scope 3	23,128,420				18,160,000				15,101,209	
	Total GHG emissions	Direct	CO2 Equivalent Emissions Total (Scope 1 + 2)	1,036,518		27,777,000		18,371,132		82,820.16		383,200	
Carbon footprint	Carbon footprint	Direct	CO2 Equivalent Emissions Scope 1, Scope 2, Scope 3	24,164,888				17,355,163				15,488,400	
GHG intensity of investee companies	GHG intensity of investee companies	Direct	Scope 1,2,3 Total Revenue (M Euro)	79.8%				218.16				179.62	
Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	Direct	TRDC Fossil Fuel Industry Groups										
Share of non-renewable 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	8.22%		16.37%						4.10%	
Renewable energy supply	Share of non-renewable energy consumption and non-renewable energy production	Direct	Renewable Energy Supply	81.78%		83.67%						32.91%	
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 by Revenue (M Euro)	0.001		0.14		0.009		0.0004		0.011	
		Direct	TRDC High Impact Industry Groups										
BIODIVERSITY													
Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with 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		False		False
WATER													
Emissions to water	Sum of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	Direct	Water Pollutant Emissions			2,078		490					

SFDR view in Company Profile app



# Solutions

## Portfolio analytics

The SFDR template in the Portfolio Analytics app 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 (Tonnes)				
GHG Emissions - Scope 2 (Tonnes)				
GHG Emissions - TOTAL (incl estimates)				
GHG Emissions - Scope 3 (Tonnes)				
Carbon Footprint				
GHG intensity	1,358,306	1,211,190	80.6	
Exposure to Fossil Fuel Sector (%)	14.38	17.23		
Non-Renewable Energy - Consumption (%)	78.7%	78.63	47.3	
Non-Renewable Energy - Production (%)	63.97	78.63	1.7	
Energy consumption intensity	1.487	1.684	12.3	
BIODIVERSITY				
Negative Biodiversity Impact (%)	41.8	42.6	98.9	-add your text here-
WATER				
Emissions to Water (Tonnes / 1M GBP)				-add your text here-
WASTE				
Hazardous waste ratio (Tonnes / 1M GBP)				-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, (L	53.71	31.76	53.71	-add your text here-
Lack of Compliance mechanisms (%)	67.80	68.28	99.1	
Gender pay gap (%)	15.88	16.59	39.5	
Board Gender Diversity (%)	34.50	33.68	98.9	
Exposure to controversial weapons (%)	0.00	0.00	98.9	

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 the 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.

## EU Taxonomy

The green taxonomy is considered the backbone of the European Commission's green finance package. The taxonomy offers a robust scheme for identifying and classifying investment opportunities, ensuring investors can 'reorient capital flows towards sustainable investment, in order to achieve sustainable and inclusive growth'.

The EU Taxonomy, the foundational piece from the action plan on financing sustainable growth, is a classification tool to help investors and companies consistently determine whether an economic activity is environmentally sustainable or not.

The Taxonomy provides specific, quantitative thresholds on environmental performance for economic activities to be considered compliant with what the EU considers as environmentally sustainable.

**The EU Taxonomy for sustainable activities is based around six environmental objectives:**

- Climate change mitigation
- Climate change adaption
- Sustainable use and protection of water and marine resources
- Transition to a circular economy, waste prevention and recycling
- Pollution prevention and control
- Protection of healthy ecosystems

By considering the six objectives above, the EU Taxonomy has been created to help 'investors, companies, issuers and project promoters navigate the transition to a low-carbon, resilient and resource-efficient economy'.

Under EU Taxonomy, investments marketed as financing the transition to climate mitigation objectives will require a description or explanation in terms of the Taxonomy criteria.



## Who is affected by the EU Taxonomy?

From the end of 2021, EU financial institutions have been required to report alignment of their portfolios with the Taxonomy. There is a need to report “as-reported” data but corporates are not all required to report this data, therefore regulation is allowing the use of derived data. Hence, investors can use sound estimates that are based on equivalent metrics reported by the corporates. Financial institutions are also expected to actively engage with the companies in their portfolios, to obtain as much relevant and required information about their alignment with the EU Taxonomy as possible.

Companies in scope of the Non-Financial Reporting Directive (NFRD) are required to report on the activities (portion of revenues, capital expenditures and operational expenditures where relevant) that are aligned to the EU Taxonomy. The focus is on shifting financial flows towards a sustainable economy, which will have major implications for many sectors, not only the financial industry. The expectation is that this will greatly accelerate the transition to sustainable economic and social growth in the future.

As of January 2024, banks and financial institutions are obliged to report Green Asset Ratio (GAR) and from June 2024, they must report Banking Book Taxonomy Alignment Ratio (BTAR), which provides a breakdown of taxonomy aligned assets from both a stock and flow standpoint. These KPIs are critical for banks moving towards Paris Agreement objectives and transition strategy.

### How can LSEG help?

LSEG is helping market participants fulfil their compliance obligation and evaluate their portfolio against the Taxonomy.





# The data

Our EU Taxonomy solution carries both company “**as-reported**” data as well as our own proprietary “**derived**” EU Taxonomy data.

## As-reported data

As of January 2023, companies within scope of the Non-Financial Reporting Directive (NFRD) - 1,800 organisations - are mandated to disclose the percentage of Revenue, Capital Expenditure and Operating Expenses which are Eligible and Aligned to the EU Taxonomy regulation, for Fiscal Year 2022.

Our solution gives clients the ability to review a given organisation’s detailed disclosure according to the Annex II template.

As of December 2024, we carry GAR and BTAR views via our feed solution. In 2025 we will release views via LSEG Workspace.

WS

VOWG\_p.DE ESG

VOWG\_p.DE VOLKSWAGEN AG

Germany | Xetra | Auto & Truck Manufacturers

OverviewNews & ResearchPrice & ChartsEstimatesFinancialsESGEventOwnershipDebt & CreditPeers & ValuationDerivativesFilings

NEW! FTSE Russell Green Revenues and EU Taxonomy apps are available on Workspace.

Sustainability DashboardESG StatementESG FactsheetESG Scoring ProfileESG Peer AnalysisSFDRFTSE Russell Green RevenuesEU Taxonomy

Fiscal year2022ValueRevenueViewAs ReportedCurrencyEuro

SummaryDetails

KEY PERFORMANCE INDICATORS (AS REPORTED)

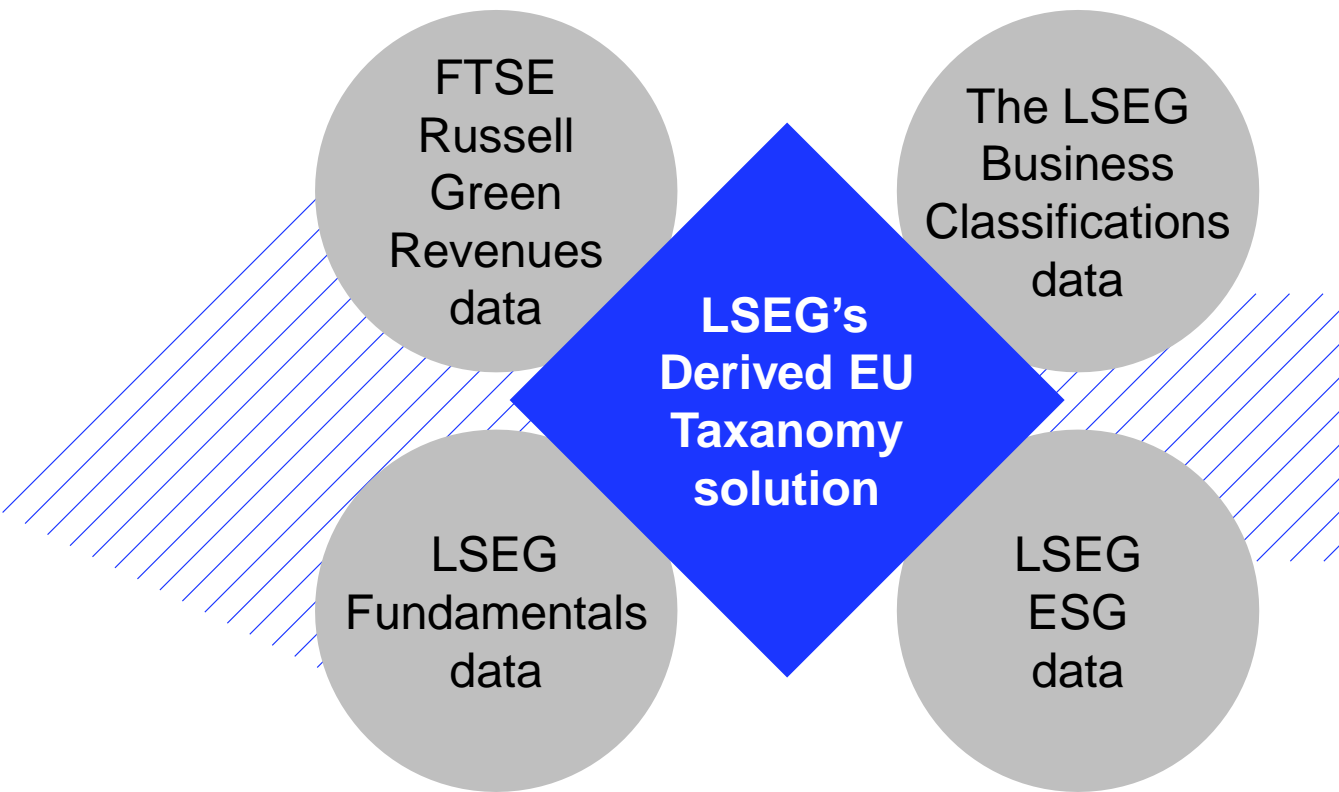
☒ Hide columns that contain no data

Economic Activity	Taxonomy Code	Absolute Revenue/Capex/Opex (EUR)	Proportion of Revenue/Capex/Opex	Climate Change Mitigation	Do No Significant Harm (DNSH)					Biodiversit and Ecosystem	Proportion of Taxonomy aligned Revenue/C FY2022	Proportion of Taxonomy aligned Revenue/C FY2021							
					Climate Change Adeption	Water & Marine Resources	Circular Economy	Pollution											
Revenue																			
A. TAXONOMY - ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of low carbon technologies for transport	CM-3.3	26,128,000,000	9.4%	--	--	--	--	--	--	--	9.4%	--							
Manufacture of equipment for the production and use of hydrogen	CM-3.2	18,000,000	0%	--	--	--	--	--	--	--	0%	--							
Revenue of environmentally sustainable activities (Taxonomy-aligned) (A.1)		26,145,000,000	9.40%								9.40%	--							
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of other low carbon technologies	CM-3.6	2,488,000,000	0.9%								0.9%	--							
Manufacture of low carbon technologies for transport	CM-3.3	228,374,000,000	81.8%								81.8%	--							
Close to market research, development and innovation	CM-9.1	35,000,000	0%								0%	--							



Derived data

Underpinning our derived EU Taxonomy data is a combination of LSEG and FTSE Russell data.



The **FTSE Russell Green Revenues data** model is applied to nearly 99% of total global market capitalisation, capturing over 19,000+ public companies across 49 developed and emerging markets, with 10 sectors, 64 subsectors, and 133 micro sectors, with 10+ years of history. It is a taxonomy used to define and measure the industrial transition to a green economy. The model comprehensively assesses all companies with revenue exposure to green business activities and is the starting point for our EU Taxonomy solution.

The **LSEG Business Classifications data** is the most comprehensive, detailed and up-to-date sector and industry classification available, covering 250,000 securities in 130 countries to five levels of granularity. The data is important in the EU Taxonomy solution as it is mapped to NACE codes, allowing us to translate the business classification back to the taxonomy.

**LSEG Fundamentals data** is our most comprehensive, accurate and timely Fundamentals offering. The data covers active and inactive companies traded in over 120 countries.

**LSEG ESG data** is designed to help you make sound, sustainable investment decisions, covering 95% of global market capitalisation across over 870+ metrics. Several of these measures are used within our solution, around emissions and a substantial number of controversy-type indicators, for the Do No Significant Harm (DNSH) and Minimum Social Safeguards aspects of the EU Taxonomy.

LSEG data alignment to the EU Taxonomy

Dataset	Taxonomy alignment
FTSE Russell Green Revenues data	Eligibility
LSEG Business Classifications	Eligibility
LSEG fundamentals	Eligibility
LSEG ESG/fundamentals data	TSC
LSEG DNSH metrics (25)	DNSH
LSEG ESG data	MSS

Our derived EU Taxonomy data utilises equivalent information including “as-reported” company data, allowing us to assess a given company’s Eligibility and Alignment for a universe of 36k organisations, which is fully transparent and auditable.



### Derived Data generation:

- **Step 1:** Calculate Total Eligible revenue based on Green Revenue, when not available we use LSEG Business Classification and Fundamentals Revenue/CAPEX/OPEX to assess % classified as sustainable.
- **Step 2:** We use Technical Screening Criteria to assess whether it qualifies for substantial contribution to one of the 6 EU Taxonomy Objectives.
- **Step 3:** We then assess both Do No Significant Harm (DNSH) and Minimal Social Safeguards (MSS) against 30 of our mapped ESG measures.
- **Step 4:** Total Aligned Revenue/CAPEX/OPEX is calculated.

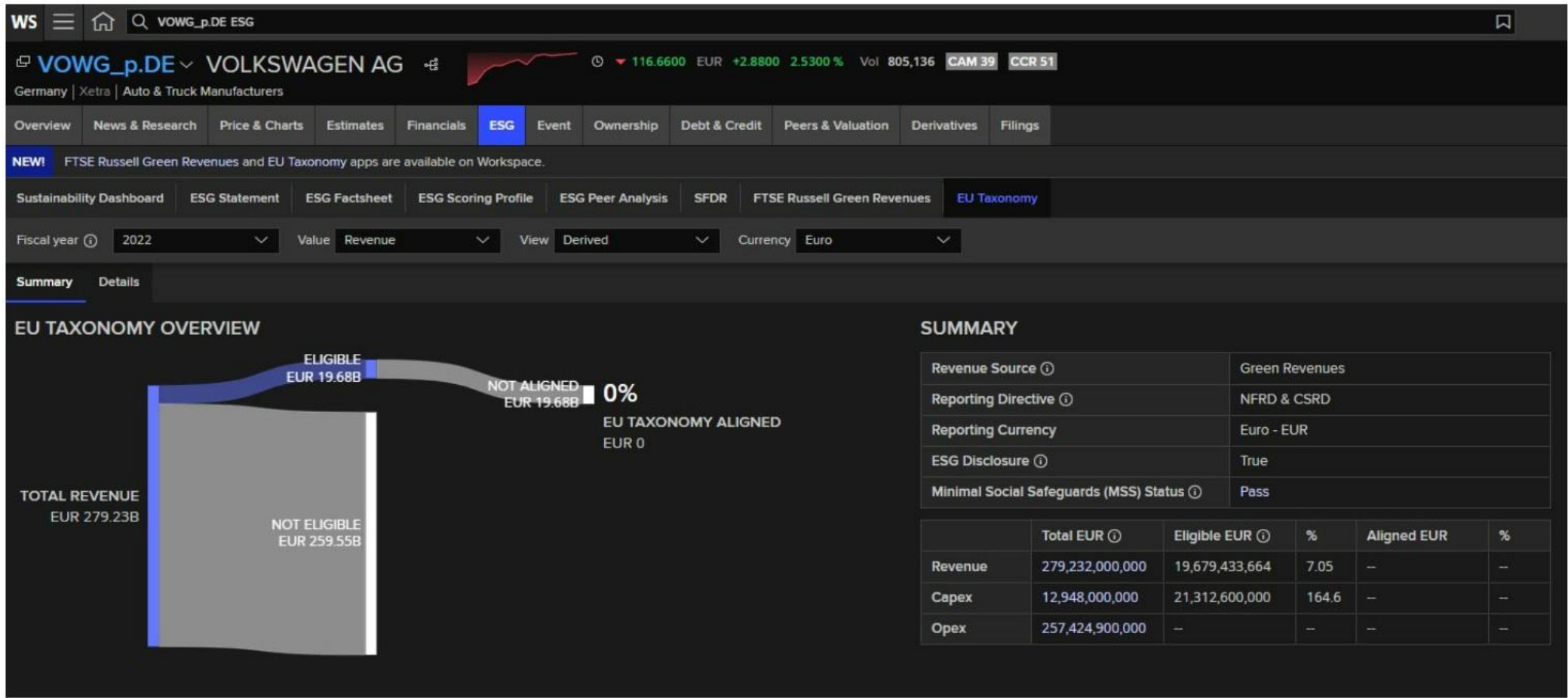
The entire process is based on company-reported data, which is auditable and has traceable equivalent information.

For more information on LSEG's derived approach, see our EU Taxonomy [infographic](#) and [methodology document](#).



# Solutions

Our EU Taxonomy data is available via bulk feed as well as via LSEG Workspace and Snowflake. The data allows financial market participants to identify and report on the percentage of their portfolios that are eligible or aligned to the EU Taxonomy objectives. And therefore, identify exposure to climate transition risks and opportunities for investment in companies undertaking green activities.



VOWG\_p.DE VOLKSWAGEN AG

Germany | Xetra | Auto & Truck Manufacturers

Overview

News & Research

Price & Charts

Estimates

Financials

ESG

Event

Ownership

Debt & Credit

Peers & Valuation

Derivatives

Filings

NEW!

FTSE Russell Green Revenues and EU Taxonomy apps are available on Workspace.

Sustainability Dashboard

ESG Statement

ESG Factsheet

ESG Scoring Profile

ESG Peer Analysis

SFDR

FTSE Russell Green Revenues

EU Taxonomy

Fiscal year

2022

Value

Revenue

View

Derived

Currency

Euro

Summary

Details

TECHNICAL SCREENING CRITERIA

Group by Segments Objectives

Segments	Activity Passed	EUT Activity Name	EUT Activity Number	TSC Type Passed	TSC Type	TSC Passed	TSC Description	N Measures Tested	ESG Measure Passed	Measure Name	Measure Group Number	Measure Value
Transport Equipment Electrified Road Vehicles & Devices (inc Hydrogen powered)	2						Climate Change Adaptation					
Transport Equipment Bus and Coach Manufacturers	2					Yes	Complete an environmental impact assessment (EIA) or screening	1	Yes	—	1	—
Unclassified						Yes	Implement mitigation and compensation measures where required	1	Yes	—	1	—
						Yes	Conduct assessment on biodiversity impacts and implement mitigation...	1	Yes	Biodiversity Impact Reduction	1	1
				Yes	DNSH	Yes	Increase reusability and recyclability	1	Yes	—	1	—
	No	Manufacture of low carbon technologies for transport	CA-3.3			Yes	Does not lead to manufacture, placing on the market or use of hazardous...	1	Yes	—	1	—
						Yes	Identify and address environmental degradation risks related to preserving...	1	Yes	Policy Water Efficiency	1	1
						Yes	Develop a water use and protection	1	Yes	—	1	—



ABOUT LSEG

LSEG is one of the world’s leading providers of financial markets infrastructure and delivers financial data, analytics, news and index products to more than 40,000 customers in over 170 countries. We help organisations fund innovation, manage risk and create jobs by partnering with customers at every point in the trade lifecycle: from informing their pre-trade decisions and executing trades to raising capital, clearing and optimisation. Backed by more than three centuries of experience, innovative technologies and a team of 25,000 people in over 60 countries, we are driving financial stability, empowering economies and enabling you to grow sustainably.

**London Stock Exchange Group plc**  
10 Paternoster Square  
London EC4M 7LS  
Telephone +44 (0)20 7797 1000

Republication or redistribution of LSE Group content is prohibited without our prior written consent.

The content of this publication is for informational purposes only and has no legal effect, does not form part of any contract, does not, and does not seek to constitute advice of any nature and no reliance should be placed upon statements contained herein. Whilst reasonable efforts have been taken to ensure that the contents of this publication are accurate and reliable, LSE Group does not guarantee that this document is free from errors or omissions; therefore, you may not rely upon the content of this document under any circumstances and you should seek your own independent legal, investment, tax and other advice. Neither We nor our affiliates shall be liable for any errors, inaccuracies or delays in the publication or any other content, or for any actions taken by you in reliance thereon.

Copyright © 2025 LONDON STOCK EXCHANGE GROUP. ALL RIGHTS RESERVED.



**LSEG** DATA & ANALYTICS