



2024/1700

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COMMISSION DELEGATED REGULATION (EU) 2024/1700

of 5 March 2024

supplementing Regulation (EU) 2017/2402 of the European Parliament and of the Council with regard to regulatory technical standards specifying, for simple, transparent and standardised non-ABCP traditional securitisation, and for simple, transparent and standardised on-balance-sheet securitisation, the content, methodologies and presentation of information related to the principal adverse impacts of the assets financed by the underlying exposures on sustainability factors

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisations and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012⁽¹⁾, and in particular Article 22(6), third subparagraph, and Article 26d(6), third subparagraph thereof,

Whereas:

- (1) To ensure that investors have all the necessary information to be able to take informed decisions regarding the sustainability impacts of their investments, sustainability-related disclosures should be sufficiently clear, concise, and prominent.
- (2) To improve the comparability of principal adverse impacts of the assets financed by underlying exposures on sustainability factors, it is necessary to distinguish between, on the one hand, indicators of adverse impacts that, based on the materiality of their exposures, always lead to principal adverse impacts, and, on the other hand, additional indicators of adverse impacts that the originators consider as particularly relevant.
- (3) Since information may not always be readily available for all of the sustainability indicators, originators should only be required to report on at least one additional indicator of principal adverse impacts relating to the climate or other environmental-related sustainability factors, and on at least one additional indicator of principal adverse impacts on social- or governance-related sustainability factors.
- (4) For all indicators, considering that information on principal adverse impacts may not be readily available, originators should be allowed to use data they obtained either directly from obligors or from external experts, or to use assumptions that they deem reasonable. Originators should, however, provide a detailed explanation of how they used their best efforts to obtain information on principal adverse impacts from such obligors, external experts, or by making reasonable assumption.
- (5) According to Article 7(2), third subparagraph of Regulation (EU) 2017/2402 *juncto* Article 7(1), point (a), of that Regulation, information relating to securitisations where a prospectus is to be drawn up is to be made available by means of a securitisation repository registered with ESMA. To facilitate the tracking of the information on principal adverse impacts made available via that securitisation repository, originators should use an item code that is consistent with the codes set out in Table 3 of Annex I to Commission Delegated Regulation (EU) 2020/1224⁽²⁾.

⁽¹⁾ OJ L 347, 28.12.2017, p. 35, ELI: <http://data.europa.eu/eli/reg/2017/2402/oj>.

⁽²⁾ Commission Delegated Regulation (EU) 2020/1224 of 16 October 2019 supplementing Regulation (EU) 2017/2402 of the European Parliament and of the Council with regard to regulatory technical standards specifying the information and the details of a securitisation to be made available by the originator, sponsor and SSPE (OJ L 289, 3.9.2020, p. 1, ELI: http://data.europa.eu/eli/reg_del/2020/1224/oj).

- (6) Both Article 22(4), second subparagraph, and Article 26d(4), second subparagraph, of Regulation (EU) 2017/2402 refer to available information on the principal adverse impacts of the assets financed by the underlying exposures on sustainability factors. To facilitate a comprehensive view by originators of the obligations to disclose such information and to ensure coherence between the rules and standardised templates for disclosures of such principal adverse impacts on sustainability factors concerning, on the one hand, non-ABCP traditional STS securitisations and, on the other hand, on-balance-sheet STS securitisations, it is appropriate to include the regulatory technical standards, which should enter into force at the same time, in a single Regulation.
- (7) This Regulation is based on the draft regulatory technical standards submitted to the Commission by the European Banking Authority, the European Insurance and Occupational Pensions Authority and the European Securities and Markets Authority.
- (8) The Joint Committee of the European Supervisory Authorities referred to in Article 54 of Regulation (EU) No 1093/2010 of the European Parliament and of the Council ⁽¹⁾, in Article 54 of Regulation (EU) No 1094/2010 of the European Parliament and of the Council ⁽²⁾ and in Article 54 of Regulation (EU) No 1095/2010 of the European Parliament and of the Council ⁽³⁾ has conducted open public consultations on the draft regulatory technical standards on which this Regulation is based, analysed the potential related costs and benefits and requested the advice of the Banking Stakeholder Group established in accordance with Article 37 of Regulation (EU) No 1093/2010, the Insurance and Reinsurance Stakeholder Group established in accordance with Article 37 of Regulation (EU) No 1094/2010, and the Securities and Markets Stakeholder Group established in accordance with Article 37 of Regulation (EU) No 1095/2010,

HAS ADOPTED THIS REGULATION:

Article 1

General principles for the presentation of information

1. Originators shall provide the information required by this Regulation by using templates, definitions and formulas laid down in the Annex and in a manner that is prominent, simple, concise, comprehensible, fair, clear, and not misleading.
2. Originators shall make the information required by this Regulation available in a searchable electronic format.
3. Originators shall make the information required by this Regulation available in accordance with the conditions set out in Article 7(1), point (a), of Regulation (EU) 2017/2402.
4. Originators that use the option to disclose the information related to the principal adverse impacts of the assets financed by the underlying exposures on sustainability factors, rather than the available information related to the environmental performance of the assets financed by residential loans or auto loans or leases, shall use the 'No Data Options' ('ND') in fields RREC10 and RREC11 in Annex II to Delegated Regulation (EU) 2020/1224 and in fields AUTL57 and AUTL58 in Annex V to that Regulation.

⁽¹⁾ Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC (OJ L 331, 15.12.2010, p. 12, ELI: <http://data.europa.eu/eli/reg/2010/1093/oj>).

⁽²⁾ Regulation (EU) No 1094/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Insurance and Occupational Pensions Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/79/EC (OJ L 331, 15.12.2010, p. 48, ELI: <http://data.europa.eu/eli/reg/2010/1094/oj>).

⁽³⁾ Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC (OJ L 331, 15.12.2010, p. 84, ELI: <http://data.europa.eu/eli/reg/2010/1095/oj>).

*Article 2***Statement on principal adverse impacts on sustainability factors of the assets financed by underlying exposures of the securitisation**

1. Originators shall publish the statement on principal adverse impacts on sustainability factors in the format set out in Tables 1, 2 and 3 of the Annex.
2. In the summary section in Table 1 of the Annex, originators shall include all of the following information:
 - (a) the unique identifier of the securitisation;
 - (b) where available, the international securities identification numbers (ISIN codes) of each of the tranches or bonds in the securitisation;
 - (c) the fact that principal adverse impacts on sustainability factors are considered;
 - (d) the reference period of the statement on principal adverse impacts on sustainability factors;
 - (e) for each asset type in the securitisation pool, the total current principal balance of the underlying exposures;
 - (f) a summary of the principal adverse impacts on sustainability factors of the assets financed by underlying exposures.

The summary section shall be of a maximum length of two sides of A4-sized paper when printed.

3. In the section 'Explanation of how principal adverse impacts on sustainability factors of the assets financed by underlying exposures of the securitisation are considered in the selection of underlying exposures to be added to the pool at the time of offering or during the lifetime of the securitisation' in Table 1 of the Annex, originators shall include all of the following information:
 - (a) a description of any criteria or numerical thresholds applicable to the composition of the pool of underlying exposures in the securitisation relating to the principal adverse impacts on sustainability factors of the assets financed by the underlying exposures in the pool;
 - (b) a description of any tests, events, and triggers relating to those principal adverse impacts;
 - (c) clear references to the relevant pages and sections in the final offering document or, where relevant, the prospectus, and the closing transaction documents where those thresholds, tests, events, or triggers are described;
 - (d) a concise explanation of whether and, if so, how, principal adverse impacts on sustainability factors are taken into account in the originator's credit granting criteria;
 - (e) clear references and hyperlinks to any available public disclosures in which the criteria referred to in point (a) are described.

Where information relating to any of the indicators of principal adverse impacts on sustainability factors as set out in the Annex is not readily available, originators shall include in that section details of the best efforts used to obtain that information from obligors, external experts, or by making reasonable assumptions.

4. For the purposes of the concise explanation referred to in paragraph 3, point (d), originators may also provide references to relevant business conduct codes and internationally recognised standards for due diligence and reporting to which they adhered.
5. In the section 'Description of principal adverse impacts on sustainability factors of the assets financed by the underlying exposures of the securitisation' in Table 1 of the Annex, originators shall describe the principal adverse impacts on sustainability factors of the assets financed by the underlying exposures of the securitisation, and provide all of the following information:
 - (a) available information on the indicators related to principal adverse impacts on sustainability factors as set out in Table 1 of the Annex;
 - (b) available information on one or more additional climate and other environment-related indicators, as set out in Table 2 of the Annex;

- (c) available information on one or more additional indicators for social and employee matters, respect for human rights, and anti-corruption and anti-bribery matters as set out in Table 3 of the Annex;
- (d) available information on any other indicators used to identify and assess additional principal adverse impacts on a sustainability factor as set out in Table 1 of the Annex.

Where the originator has provided at least one previous statement on principal adverse impacts on sustainability factors in accordance with this Article, the originator shall provide a historical comparison between the current period reported on and every previous period reported on up to the last four previous periods.

6. Where the statement on principal adverse impacts on sustainability factors is made available by means of a securitisation repository, the item code 1 of Table 3 of Annex I to Delegated Regulation (EU) 2020/1224 shall be used.

7. An originator that identifies factual errors in any information that it has made available pursuant to paragraphs 1 to 6 shall correct those errors and publish a corrected statement on principal adverse impacts on sustainability factors without undue delay.

Article 3

Entry into force

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 5 March 2024.

For the Commission
The President
Ursula VON DER LEYEN

TEMPLATE PRINCIPAL ADVERSE SUSTAINABILITY IMPACTS STATEMENT

For the purpose of this Annex, the following definitions shall apply:

- (1) 'securitisation unique identifier' means a unique identifier as referred to in Article 11 of Delegated Regulation (EU) 2020/1224;
- (2) 'specific emissions of CO₂' means 'specific emissions of CO₂' as defined in Article 3(1), point (h), of Regulation (EU) 2019/631 of the European Parliament and of the Council ⁽¹⁾;
- (3) 'EU fleet-wide target' means 'EU fleet-wide target' as defined in Article 3(1), point (k), of Regulation (EU) 2019/631;
- (4) 'reusability' means 'reusability' as defined in Article 4, point (13), of Directive 2005/64/EC of the European Parliament and of the Council ⁽²⁾;
- (5) 'recyclability' means 'recyclability' as defined in Article 4, point (14), of Directive 2005/64/EC;
- (6) 'recoverability' means 'recoverability' as defined in Article 4, point (15), of Directive 2005/64/EC;
- (7) 'recycling efficiency' of a battery recycling process means the ratio obtained by dividing the mass of output fractions accounting for recycling by the mass of the waste batteries input fraction, expressed as a percentage;
- (8) 'zero- and low-emission vehicle' means 'zero- and low-emission vehicle' as defined in Article 3(1), point (m), of Regulation (EU) 2019/631;
- (9) 'vehicles belonging to categories M₁ or N₁' means vehicles that belong to either category M₁ as referred to in Article 4(1), point (a)(i), of Regulation (EU) 2018/858 of the European Parliament and of the Council ⁽³⁾, or to category N₁ as referred to in Article 4(1), point (b)(i), of that Regulation.

For the purposes of the indicators in Table 1, in the section on 'Indicators applicable to the assets financed by residential loans' in this Annex, the relevant formulas set out in the second subparagraph of Annex I to Commission Delegated Regulation (EU) 2022/1288 ⁽⁴⁾ shall apply.

Table 1

Statement on principal adverse impacts on sustainability factors of the assets financed by the underlying exposures of the securitisation

Originators of the Securitisation [*Name and LEI*]

Summary

[*Name and LEI*] considers principal adverse impacts on sustainability factors of the assets financed by the underlying exposures of the securitisation [*securitisation unique identifier*], that are described in this statement.

⁽¹⁾ Regulation (EU) 2019/631 of the European Parliament and of the Council of 17 April 2019 setting CO₂ emission performance standards for new passenger cars and for new light commercial vehicles, and repealing Regulations (EC) No 443/2009 and (EU) No 510/2011 (OJ L 111, 25.4.2019, p. 13, ELI: <http://data.europa.eu/eli/reg/2019/631/oj>).

⁽²⁾ Directive 2005/64/EC of the European Parliament and of the Council of 26 October 2005 on the type-approval of motor vehicles with regard to their reusability, recyclability and recoverability and amending Council Directive 70/156/EEC (OJ L 310, 25.11.2005, p. 10, ELI: <http://data.europa.eu/eli/dir/2005/64/oj>).

⁽³⁾ Regulation (EU) 2018/858 of the European Parliament and of the Council of 30 May 2018 on the approval and market surveillance of motor vehicles and their trailers, and of systems, components and separate technical units intended for such vehicles, amending Regulations (EC) No 715/2007 and (EC) No 595/2009 and repealing Directive 2007/46/EC (OJ L 151, 14.6.2018, p. 1, ELI: <http://data.europa.eu/eli/reg/2018/858/oj>).

⁽⁴⁾ Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of 'do no significant harm', specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports (OJ L 196, 25.7.2022, p. 1, ELI: http://data.europa.eu/eli/reg_del/2022/1288/oj).

Originators of the Securitisation [Name and LEI]

The ISIN codes of each of the tranches and/or bonds in the securitisation are the following [insert ISIN codes].

This statement covers the reference period from [date] to [date].

For each asset type in the pool [auto loans; leases; residential loans], the total current principal balance of the underlying exposures is as follows [information referred to in Article 2(2), point (e)]. [Summary referred to in Article 2(2), point (f)].

Explanation of how principal adverse impacts on sustainability factors of the assets financed by the underlying exposures of the securitisation are considered in the selection of underlying exposures to be added to the pool at the time of offering or during the lifetime of the securitisation

[Information referred to in Article 2(3)].

Description of principal adverse impacts on sustainability factors of the assets financed by the underlying exposures of the securitisation

[Information referred to in Article 2(5) in the format set out below].

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

	Adverse sustainability indicator	Metric	Impact [reference period n]	Impact [reference period n-1]	Explanation
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Indicators applicable to the assets financed by residential loans

Fossil fuels	1. Exposure to fossil fuels used for heating or electricity generation	Share of underlying exposures secured by real estate assets that use fossil fuels for heating generation and electricity generation.			
Energy efficiency	2. Exposure to energy-inefficient real estate assets	Share of underlying exposures secured by energy-inefficient real estate assets.			

Indicators applicable to the assets financed by auto loans and leases

Emissions	3. Exposure to vehicles that do not comply with relevant emission thresholds.	Share of underlying exposures secured by vehicles belonging to categories M ₁ or N ₁ with specific emissions of CO ₂ that are: (i) until 31 December 2025, equal to or higher than 50 g CO ₂ /km (zero-and-low emission vehicles); and (ii) from 1 January 2026, higher than zero.			
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Pollution	4. Exposure to vehicles which fail to meet air pollution thresholds and standards.	Share of underlying exposures secured by vehicles non-compliant with the requirements of the most recent applicable stage of the Euro 6 emission limits set out in accordance with Regulation (EC) No 715/2007 of the European Parliament and of the Council ⁽¹⁾ and with the emission thresholds for clean light-duty vehicles set out in Table 2 of the Annex to Directive 2009/33/EC of the European Parliament and of the Council ⁽²⁾ .			
Low recyclability	5. Exposure to vehicles with a low recyclability ratio	Share of underlying exposures secured by vehicles belonging to categories M ₁ or N ₁ which are not: (a) reusable or recyclable to a minimum of 85 % by weight; (b) reusable or recoverable to a minimum of 95 % by weight.			

Other indicators for principal adverse impacts on sustainability factors

[Information on the principal adverse impacts on sustainability factors referred to in Article 2(5), point (b), in the format set out Table 2]

[Information on the principal adverse impacts on sustainability factors referred to in Article 2(5), point (c), in the format set out Table 3]

[Information on any other indicator included in Table 1 ‘Statement on principal adverse impacts of investment decisions on sustainability factors’ of Annex I to Delegated Regulation (EU) 2022/1288 in the format set out in that Table or any other indicator used to identify and assess additional principal adverse impacts on a sustainability factor referred to in Article 2(5), point (d) of this Regulation. For the purposes of this row, where any other indicator of Table 1 of Annex I to Delegated Regulation (EU) 2022/1288 is used, the relevant definitions and formulas included in that Annex shall apply. However, any selected indicator shall be intended as applicable to assets financed by underlying exposures of residential loans or to assets financed by the auto loans and leases.]

Historical comparison

[Information referred to in Article 2(5), second subparagraph]

⁽¹⁾ Regulation (EC) No 715/2007 of the European Parliament and of the Council of 20 June 2007 on type approval of motor vehicles with respect to emissions from light passenger and commercial vehicles (Euro 5 and Euro 6) and on access to vehicle repair and maintenance information (OJ L 171, 29.6.2007, p. 1, ELI: <http://data.europa.eu/eli/reg/2007/715/oj>).

⁽²⁾ Directive 2009/33/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of clean and energy-efficient road transport vehicles (OJ L 120, 15.5.2009, p. 5, ELI: <http://data.europa.eu/eli/dir/2009/33/oj>).

Table 2

Additional climate and other environment-related indicators

Adverse sustainability impact	Adverse impact on sustainability factors (Qualitative or quantitative)	Metric
Indicators applicable to assets financed by residential loans		
[Information on one or more of the indicators included in Table 2 'Additional climate and other environment-related indicators' of Annex I to Delegated Regulation (EU) 2022/1288 in the format set out in that Table. For the purposes of this row, the relevant definitions and formulas included in that Annex shall apply. However, any selected indicator shall be intended as applicable to assets financed by underlying exposures of residential loans.]		
Indicators applicable to assets financed by the auto loans and leases		
Water, waste and material emissions	6. Electric vehicles batteries recycling efficiency	Share of underlying exposures secured by electric vehicles whose lithium-ion batteries are at a rate of recycling lower than: (i) 65 % until 31 December 2025; and (ii) 70 % until 31 December 2030 or Share of underlying exposures secured by electric vehicles whose lead-acid batteries are at a rate of recycling lower than: (i) 75 % until 31 December 2025; and (ii) 80 % until 31 December 2030
Emissions	7. Exposure to vehicles with CO ₂ emissions higher than the EU fleet-wide targets	Share of underlying exposures secured by vehicles belonging to categories M ₁ or N ₁ , with higher specific emissions of CO ₂ than the fleet-wide CO ₂ emissions targets.

Table 3

Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

Adverse sustainability impact	Adverse impact on sustainability factors (Qualitative or quantitative)	Metric
Indicators applicable to assets financed by the residential loans, auto loans and leases		
Where available, information on one or more of the indicators included in Table 3, on 'Additional indicators for social and employee, respect for human rights, anti-corruption, and anti-bribery matters' of Annex I to Delegated Regulation (EU) 2022/1288 in the format in that Table. For the purposes of this table, the relevant definitions and formulas included in that Annex shall apply. However, any selected indicator shall be intended as applicable to the companies that manufactured the vehicles securing the underlying exposures in the pool.		