Datia tech & methodology changelog

🗓️ Last updated October 2024

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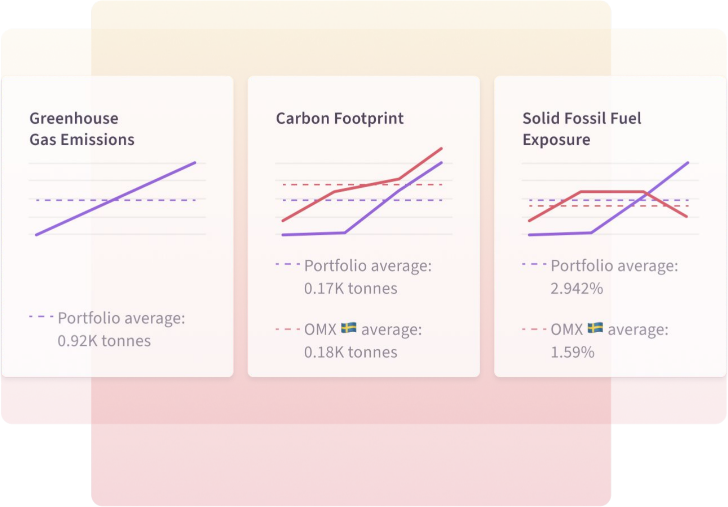
Datia’s approach on tech and methodology changes

The PAI calculations within our application continuously undergo modifications in order to constantly improve the platform’s performance. The changes are driven byvarious factors, including evolving regulatory standards and guidance, client feedback during usage, and internal reviews. This change log aims to include the main changes thatcan affect portfolio values*, and keep our users updated with these accordingly. When Datia make changes, these can be clustered into two different categories:

Technological changes: Refinements and updates in the code and back-end part of Datia. This can include mathematical formulas and approaches on calculations, changes in instrument weighting and functions.

Methodology changes: Update and changes in the underlying data. This can include changes in scoring methodology, scope for data collection, or estimations and data modeling.



In addition to this, the following variables will impact final instrument and portfolio values:

Financial Data for Public Funds*: Updates to the financial data of the underlying funds within investment portfolios, including changes in asset values, holdings, and fund structures as a whole.*

Financial Data for Companies*: Modifications to individual companies' financial data, such as changes in revenue, expenses, and profitability, can impact the sustainability assessment of investments.*

Sustainability Data for Companies*: Refinements to the sustainability data for individual companies.*

Portfolio Structure*: Adjustments to the composition and allocation of assets within investment portfolios, affecting the overall sustainability profile.*

Datia tech changelog

Date	Change	Impact	Module
March 2023	Datia's market value portfolio attribution strategy was adjusted to balance investments' ESG performance on portfolio level. The update included relying on market values instead of provided weights for both public and private funds. This adjustment aims to support clients in achieving their sustainability objectives, balancing the overall ESG performance of their portfolios.	Minor refinement	ESG
August 2023	The weight system has been recalibrated to better reflect the impact of each investment. This includes a more nuanced approach to weighting assets' ESG scores, thereby ensuring a more balanced and fair representation of their contribution to the portfolio's sustainability performance. This approach differ from before where a more simplified weight system that did not fully account for the impacts of individual investments in specific cases where weights did not align with market values.	Minor refinement	ESG
September 2023	Datia undertook methodological refinements in compliance with revised guidance from the ESA's pertaining to PAI computations included in the final report on the RTS. A notable amendment involves the weighting mechanism applied to all PAIs adjusted to investment values vis-à-vis the broader portfolio. The updated approach treats uncovered instruments (encompassing shorts, cash, and positions lacking coverage) to hold a valuation of 0 for impact data. This differs from our prior approach in which these instruments were not considered at all. In the prior methodology, a more conservative stance was adopted, bypassing such instruments to uphold a balanced portfolio result.	This adjustment may consequently yield lower values relative to the FY2022 figures.	PAI
April 2024	Datia adjusted and corrected the weighted average calculation (how the weight of each instrument is calculated). Included in which we introduced a standalone function 'weightedAverage' that computes the weight of each investment. Key improvements include simplified calculation by directly returning the computed value, null handling avoiding potential errors in subsequent calculations and adjustment for scale in which differences between ideal (100%) and current AUM (which allows for errors).	This adjustment may consequently yield lower or higher values relative to the FY2022 figures depending on the portfolio structure.	All

Datia tech changelog

Date	Change	Impact	Module
August 2024	**Adjusted ESG score calculations:** The denominator now adjusts based on strategy without consider **market_value** as parameter. This leads to more accurate scores even when the denominator is lower. Mathematically speaking, the formula for scoring now uses a weighted average however the denominator is dynamic according to the number of values being weighted. Previously, the denominator was uniform across all investments, impacting score comparisons across funds with irregularities such as shorts. **Initial value weight**: The fund itself is being weighted across the percentage of AUM analyzed for the fund in consideration. Before we were using 100% always no matter what (overflowing the boundaries of the score) **Scale Factor:** Before the scale factor was considering an ideal 100% AUM, now it uses only the total weight analyzed and from there it generates a real factor based on the actual portfolio values (not 100 anymore)	Major refinement	ESG
October 2024	After additional guidance on PAI calculations from the ESA's, Datia have updated the approach to FX rate conversions in order to comply with the industry standard as specified: *With regard to the exchange rate, in order to comply with the requirements of the quarterly calculation and the enterprise valuation at fiscal year-end referred to in Q&A IV.11, financial market participants should use the exchange rate at the end of the fiscal year end for all the reference points.* This means that Datia will apply placeholder FX rates from the respective quarters ahead of recalculating the portfolio currency conversions using YE rates when available in January.	This change might lead to changes in PAI values for non EUR portfolios, and will lead to non-EUR portfolios being re-calculated each January with YE rate.	All modules

Datia data methodology changelog

Date	Change	Impact	Module
December 2023	The methodology for qualifying as “Investments in companies without carbon emission reduction initiatives” has been updated with a more conservative approach, where the companies need to display a clear ambition to reach net zero by the latest 2050, and align carbon emissions reductions with the Paris agreement.	This adjustment may consequently yield a lower amount of companies that qualifies as having a carbon emissions reduction initiative, leading to higher percentages of PAI 4 from table 2.	PAI
September 2024	The methodology for qualifying as “Violations of UN Global Compact or OECD principles” has been updated with a more in depth approach that provides additional context and clarity into companies flagged for violations. The new methodology focus further on two main aspects or companies potential exposures to violations: violation impact, and violation management, with the management aspect being new in the methodology.	This adjustment may slightly reduce the number of companies that are flagged for “Violations of UN Global Compact or OECD principles” however this might not always be the case.	PAI, ESG
October 2024	Datia have replaced the current dataset for sovereign bond SFDR data with our own research, where the majority of the data now will come from the World Bank as a main source. For detailed explanations of the updates, see the October version of **Datia’s SFDR Methodology doc**.	This adjustment will lead to updated values for some sovereign bond PAIs, and methodology and scale for some additional sovereign PAIs being updated completely.	PAI