EUROPEAN
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ANNEX 1

ANNEX

to the

Commission Delegated Regulation (EU) .../...

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

<u>**ANNEX I**</u>

Template principal adverse sustainability impacts statement

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

(1) ‘scope 1, 2 and 3 GHG emissions’ means the scope of greenhouse gas emissions referred to in points (1)(e)(i) to (iii) of Annex III to Regulation (EU) 2016/1011 of the European Parliament and of the Council[1];

(2) ‘greenhouse gas (GHG) emissions’ means greenhouse gas emissions as defined in Article 3, point (1), of Regulation (EU) 2018/842 of the European Parliament and of the Council[2];

(3) ‘weighted average’ means a ratio of the weight of the investment by the financial market participant in an investee company in relation to the enterprise value of the investee company;

(4) ‘enterprise value’ means the sum, at fiscal year-end, of the market capitalisation of ordinary shares, the market capitalisation of preferred shares, and the book value of total debt and non-controlling interests, without the deduction of cash or cash equivalents;

(5) ‘companies active in the fossil fuel sector’ means companies that derive any revenues from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade, of fossil fuels as defined in Article 2, point (62), of Regulation (EU) 2018/1999 of the European Parliament and of the Council[3];

(6) ‘renewable energy sources’ means renewable non-fossil sources, namely wind, solar (solar thermal and solar photovoltaic) and geothermal energy, ambient energy, tide, wave and other ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas, and biogas;

(7) ‘non-renewable energy sources’ means energy sources other than those referred to in point (6);

(8) ‘energy consumption intensity’ means the ratio of energy consumption per unit of activity, output or any other metric of the investee company to the total energy consumption of that investee company;

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[1] Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).

[2] Regulation (EU) 2018/842 of the European Parliament and of the Council of 30 May 2018 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement and amending Regulation (EU) No 525/2013 (OJ L 156, 19.6.2018, p. 26).

[3] Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council (OJ L 328, 21.12.2018, p. 1).

(9) ‘high impact climate sectors’ means the sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006 of the European Parliament and of the Council[4];

(10) ‘protected area’ means designated areas in the European Environment Agency’s Common Database on Designated Areas (CDDA);

(11) ‘area of high biodiversity value outside protected areas’ means land with high biodiversity value as referred to in Article 7b(3) of Directive 98/70/EC of the European Parliament and of the Council[5];

(12) ‘emissions to water’ means direct emissions of priority substances as defined in Article 2(30) of Directive 2000/60/EC of the European Parliament and of the Council[6] and direct emissions of nitrates, phosphates and pesticides ;

(13) ‘areas of high water stress’ means regions where the percentage of total water withdrawn is high (40-80%) or extremely high (greater than 80%) in the World Resources Institute’s (WRI) Water Risk Atlas tool “Aqueduct”;

(14) ‘hazardous waste and radioactive waste’ means hazardous waste and radioactive waste;

(15) ‘hazardous waste’ means hazardous waste as defined in Article 3(2) of Directive 2008/98/EC of the European Parliament and of the Council[7] ;

(16) ‘radioactive waste’ means radioactive waste as defined in Article 3(7) of Council Directive 2011/70/Euratom[8];

(17) ‘non-recycled waste’ means any waste not recycled within the meaning of ‘recycling’ in Article 3(17) of Directive 2008/98/EC;

(18) ‘activities negatively affecting biodiversity-sensitive areas’ means activities that are characterised by all of the following:

(a) those activities lead to the deterioration of natural habitats and the habitats of species and disturb the species for which a protected area has been designated;

(b) for those activities, none of the conclusions, mitigation measures or impact assessments adopted pursuant to any of the following Directives or national provisions or international standards that are equivalent to those Directives have been implemented:

   (i) Directive 2009/147/EC of the European Parliament and of the Council[9];

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4 Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains Text with EEA relevance (OJ L 393, 30.12.2006, p. 1–39).

5 Directive 98/70/EC of the European Parliament and of the Council of 13 October 1998 relating to the quality of petrol and diesel fuels and amending Council Directive 93/12/EEC (OJ L 350, 28.12.1998, p. 58).

6 Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy (OJ L 327, 22.12.2000, p. 1).

7 Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste and repealing certain Directives (OJ L 312, 22.11.2008, p. 3).

8 Council Directive 2011/70/Euratom of 19 July 2011 establishing a Community framework for the responsible and safe management of spent fuel and radioactive waste (OJ L 199, 2.8.2011, p. 48).

9 Directive 2009/147/EC of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds (OJ L 20, 26.1.2010, p. 7).

(ii) Council Directive 92/43/EEC[10];

(iii) an Environmental Impact Assessment (EIA) as defined in Article 1(2), point (g), of Directive 2011/92/EU of the European Parliament and of the Council[11];

(iv) for activities located in third countries, conclusions, mitigation measures or impact assessments adopted in accordance with national provisions or international standards that are equivalent to the Directives and impact assessments listed in points (i), (ii) and (iii);

(19) ‘biodiversity-sensitive areas’ means Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas (‘KBAs’), as well as other protected areas, as referred to in Appendix D of Annex II to Commission Delegated Regulation (EU) 2021/2139[12];

(20) ‘threatened species’ means endangered species, including flora and fauna, listed in the European Red List or the IUCN Red List, as referred to in Section 7 of Annex II to Delegated Regulation (EU) 2021/2139;

(21) ‘deforestation’ means the temporary or permanent human-induced conversion of forested land to non-forested land;

(22) ‘UN Global Compact principles’ means the ten Principles of the United Nations Global Compact;

(23) ‘unadjusted gender pay gap’ means the difference between average gross hourly earnings of male paid employees and of female paid employees as a percentage of average gross hourly earnings of male paid employees;

(24) ‘board’ means the administrative, management or supervisory body of a company;

(25) ‘human rights policy’ means a policy commitment approved at board level on human rights that the economic activities of the investee company shall be in line with the UN Guiding Principles on Business and Human Rights;

(26) ‘whistleblower’ means ‘reporting person’ as defined in Article 5(7) of Directive (EU) 2019/1937 of the European Parliament and of the Council[13];

(27) ‘inorganic pollutants’ means emissions within or lower than the emission levels associated with the best available techniques (BAT-AEL) as defined in Article 3, point (13) of Directive 2010/75/EU of the European Parliament and of the Council[14], for the Large Volume Inorganic Chemicals- Solids and Others industry;

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[10] Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (OJ L 206, 22.7.1992, p. 7).

[11] Directive 2011/92/EU of the European Parliament and of the Council of 13 December 2011 on the assessment of the effects of certain public and private projects on the environment (OJ L 026, 28.1.2012, p. 1).

[12] Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives (OJ L 442, 9.12.2021, p. 1).

[13] Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law (OJ L305, 26.11.2019, p. 17).

[14] Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control) (OJ L 334, 17.12.2010, p. 17).

(28) ‘air pollutants’ means direct emissions of sulphur dioxides (SO_2), nitrogen oxides (NO_x), non-methane volatile organic compounds (NMVOC), and fine particulate matter ($PM_{2,5}$) as defined in Article 3, points (5) to (8), of Directive (EU) 2016/2284 of the European Parliament and of the Council[15], ammonia (NH_3) as referred to in that Directive and heavy metals (HM) as referred to in Annex I to that Directive;

(29) ‘ozone depletion substances’ mean substances listed in the Montreal Protocol on Substances that Deplete the Ozone Layer.

For the purposes of this Annex, the following formulas shall apply:

(1) ‘GHG emissions’ shall be calculated in accordance with the following formula**:

$$\sum_{n}^{i}\left(\frac{current\ value\ of\ investment_i}{investee\ company's\ enterprise\ value_i} \times investee\ company's\ Scope(x)\ GHG\ emissions_i\right)$$

(2) ‘carbon footprint’ shall be calculated in accordance with the following formula**:

$$\frac{\sum_{n}^{i}\left(\frac{current\ value\ of\ investment_i}{investee\ company's\ enterprise\ value_i} \times investee\ company's\ Scope\ 1, 2\ and\ 3\ GHG\ emissions_i\right)}{current\ value\ of\ all\ investments\ (€M)\ *}$$

(3) ‘GHG intensity of investee companies’ shall be calculated in accordance with the following formula**:

$$\sum_{n}^{i}\left(\frac{current\ value\ of\ investment_i}{current\ value\ of\ all\ investments\ (€M)\ *} \times \frac{investee\ company's\ Scope\ 1, 2\ and\ 3\ GHG\ emissions_i}{investee\ company's\ €M\ revenue_i\ *}\right)$$

(4) ‘GHG intensity of sovereigns’ shall be calculated in accordance with the following formula:

$$\sum_{n}^{i}\left(\frac{current\ value\ of\ investment_i}{current\ value\ of\ all\ investments\ (€M)\ *} \times \frac{The\ country's\ Scope\ 1, 2\ and\ 3\ GHG\ emissions_i}{Gross\ Domestic\ Product_i(€M)}\right)$$

$$\frac{((Value\ of\ real\ estate\ assets\ built\ before\ 31/12/2020\ with\ EPC\ of\ C\ or\ below) + (Value\ of\ real\ estate\ assets\ built\ after\ 31/12/2020\ with\ PED\ below\ NZEB\ in\ Directive\ 2010/31/EU))}{Value\ of\ real\ estate\ assets\ required\ to\ abide\ by\ EPC\ and\ NZEB\ rules}$$

[15] Directive (EU) 2016/2284 of the European Parliament and of the Council of 14 December 2016 on the reduction of national emissions of certain atmospheric pollutants, amending Directive 2003/35/EC and repealing Directive 2001/81/EC (Text with EEA relevance), *OJ L 344, 17.12.2016, p. 1–31*

For the purposes of the formulas, the following definitions shall apply:

(1) ‘current value of investment’ means the value in EUR of the investment by the financial market participant in the investee company;

(2) ‘enterprise value’ means the sum, at fiscal year-end, of the market capitalisation of ordinary shares, the market capitalisation of preferred shares, and the book value of total debt and non-controlling interests, without the deduction of cash or cash equivalents;

(3) ‘current value of all investments’ means the value in EUR of all investments by the financial market participant;

(4) ‘nearly zero-energy building (NZEB)’, ‘primary energy demand (PED)’ and ‘energy performance certificate (EPC)’ shall have the meanings given to them in paragraphs 2, 5 and 12 of Article 2 of Directive 2010/31/EU of the European Parliament and of the Council[16].

Additional notes to the definitions and formulas for this reporting:

* Note that all references to the Euro currency are also converted into the currency of the Fund Manager for which the report is prepared. In cases where values are not already in EUR, they undergo conversion. Conversely, if the values are in EUR, they remain unchanged and are not subject to conversion. The conversion rate utilized from the currency of the Fund Manager to Euro is based on the ECB 2023 average exchange rate.

**Given the Fund Manager’s type of investments (loans and bonds), calculation of the GHG emissions, Carbon Footprint and GHG Intensity were done based on the investee companies’ total assets to replace the investee companies’ enterprise value, and on their gross interest income to replace the investee companies’ revenues.

Table 1

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial Market Participant: Symbiotics France S.A. , Legal entity identifier: 54900V05RVZQNM2TF45
Summary Symbiotics France S.A, Legal Entity Identifier 54900V05RVZQNM2TF45, (“Fund Manager” or “Entity”) considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Symbiotics SICAV II (the “Fund”) managed by Symbiotics France SA. This statement on principal adverse impacts on sustainability factors covers the reference period from 1st January 2023 to 31st of December 2023.

16 Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings (recast) (OJ L 153, 18.6.2010, p. 13)

Description of the principal adverse impacts on sustainability factors

The Fund Manager notes that PAIs are challenging to collect from non-EU Financial Institutions ("FIs"), which are currently representing most of the Entity investments. Since the regulatory and industry standards around the methodologies and tools used to perform PAIs assessment are evolving, and in order to serve the spirit of the regulation in determining the impact of FIs, efforts are being made to work with the FIs and/or data providers, as the case may be, to calculate or estimate the principal adverse impacts of the FI's underlying portfolio and for a few PAIs the only information that can be collected is the amount of the exposure to risks and not the actual principal adverse impact (PAI 6,8,9).

	Indicators applicable to investments in investee companies						
Adverse sustainability indicator		**Metric**	**Impact 2023**	**Impact 2022**	**Coverage rate (was added to this table) See Note 1**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
	CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	226	617	86%	See Note 3	See Note 2
		Scope 2 GHG emissions	1,916	1,334	86%	See Note 3	See Note 2
		Scope 3 GHG emissions	193,506	285,856	86%	See Note 3	See Note 2
		Total GHG emissions	195,648	287,807	86%	See Note 3	See Note 2
	2. Carbon footprint	Carbon footprint in tCO2e/M MEUR invested	459.9	987.80	86%	See Note 3	See Note 2

	3. GHG intensity of investee companies	GHG intensity of investee companies in T CO2 eq./ MEUR revenue	3,598	7,996	86%	See Note 3	See Note 2
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0.11%	0.11%	94%	See Note 4	See Note 2
	5. 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 of total energy sources	55.7%	53.9%	100%	See Note 5	See Note 2
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million USD/EUR of revenue of investee companies, per high impact climate sector	n.a.	n.a.	n.a.	Complementary indicator reported in next table. See Note 6.	See Note 2
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	n.a.	n.a.	n.a.	See Note 7	See Note 2
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million USD/EUR invested,	n.a.	n.a.	n.a.	Complementary indicator reported in next table. See Note 8	See Note 2

		expressed as a weighted average					
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million USD/EUR invested, expressed as a weighted average	n.a.	n.a.	n.a.	Complementary indicator reported in next table. See Note 9	See Note 2
	INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	0%	79%	See Note 10	See Note 2
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	9.6%	9.7%	79%	See Note 11	See Note 2

	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	20.0%	18.7%	78%	See Note 12	See Note 2
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	22.4%	22.8%	96%	See Note 13	See Note 2
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.0%	0%	100%	See Note 14	See Note 2
Other indicators for principal adverse impacts on sustainability factors: **COMPLEMENTARY INDICATORS REPORTED BY THE FUND MANAGER**							
Adverse sustainability impact	**Adverse impact on sustainability factors** **(qualitative or quantitative)**	**Metric**	**Impact 2023**	**Impact 2022**	**Coverage rate** **(was added to this table)** **See Note 1**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**

Refers to PAI 6	Indirect exposure to high impact climate sectors	Share of the investee's portfolio in high impact climate sectors	28.0%	26.9%	94%	See Note 6	See Note 2
Refers to PAI 8	Indirect exposure to sectors with intensive emissions to water	Share of the investee's portfolio in sectors with intensive emissions to water	10.1%	9.9%	91%	See Note 8	See Note 2
Refers to PAI 9	Indirect exposure to sectors which generate significant amounts of hazardous waste and/or with high risk of site contamination	Share of the investee's portfolio in sectors which generate significant amounts of hazardous waste and/or with high risk of site contamination	6.1%	5.9%	91%	See Note 9	See Note 2

Description of policies to identify and prioritise principal adverse impacts on sustainability factors

Refer to Symbiotics Group website

Engagement policies

No engagement policy. Refer to note 2 on Actions Taken.

References to international standards

Refer to Symbiotics Group website

Historical comparison

Second year of report, comparison with 2022 Annex I report.

Table 2

Additional climate and other environment-related indicators

Adverse sustainability impact	**Adverse impact on sustainability factors (qualitative or quantitative)**	**Metric**	**Impact 2023**	**Impact 2022**	**Coverage rate (was added to this table)**	**Explanation**	**Actions taken, and actions planned and targets set for the**

					See Note 1		**next reference period**
Indicators applicable to investments in investee companies							
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS							
Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	90.6%	88.7%	79%	See Note 15	See Note 2

Table 3

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

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**	**Impact 2023**	**Impact 2022**	**Coverage rate (was added to this table) See Note 1**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
Indicators applicable to investments in investee companies							

Social and employee matters	5. Lack of grievance/complaints handling mechanism related to employee matters	Share of investments in investee companies without any grievance/complaints handling mechanism related to employee matters	0.9%	1.0%	79%	See Note 16	See Note 2

Note 1 - Perimeter:

The coverage rate of each indicator is reported in the table, in share of the Sustainable Investments[17] (as a weighted average of quarterly NAV). The rate indicates the share of investments for which data is available. Non-sustainable investments[18] are not considered given data does not apply to their nature (e.g. cash, money market instruments). The coverage rate refers to data reported for 2023.

All ratios are averaged only on the value of investments for which the indicator is available. For the sake of clarity, indicators that are not ratios are not scaled to the portion of the portfolio for which data is available (see Note 3).

For Bonds and Loans that have a specific use of proceeds, the PAIs are likely to overestimate the actual impact of the investments as they are calculated based on the average composition of the portfolio of the Investee financed and not on the specific use of proceeds financed by the Fund which are often, in such cases, proceeds selected for these relatively lower PAIs. The low coverage rate of some indicators is however partly because no information was received by the investees emitting such specific Bonds and Loans.

Note that in line with the RTS, all indicators are calculated as a weighted average of the Fund's composition at the end of each quarter, using the latest data available from the investees at the end of the reporting period.

Note 2 - Actions taken:

Although the Fund Manager has not established quantified improvement targets for the PAIs, it may choose to do so in the future. During the initial year of data collection in 2022, only a small number of investees provided information on certain PAIs. However, in the subsequent year of data collection, in 2023, the coverage rate has increased by an average of 12 percentage points. Notably, PAIs 10 and 11, and additional indicators 4 and 5 saw the highest increase in coverage rate in 2023, with an increase of 28 percentage points. It is expected that this rate will continue to gradually improve over the coming years.

[17] as defined in SFDR.
[18] as defined in SFDR.

Specifically, for PAIs 8 and 9, the Fund Manager has recently updated the risk-weighting for Clean Energy (previously known as Renewable Energy) to better reflect the potential risks associated with Emissions to Water and waste. These changes may cause some variations in the results, especially for investees who have significant exposure to Clean Energy.

Note 3:

The Fund Manager uses the proxy provided by the Joint Impact Model to estimate the GHG emissions of its investments. The inputs provided by the Fund Manager to the proxy provider have followed the recommendations issued by the Proxy Provider for Financial Inclusion investments.

As shown in the coverage rate, a few investments were not considered in the estimations: these are mostly Bonds with specific use of proceeds for which a calculation methodology is under development for the specific case of the GHG emissions.

Most of the Fund's investees being FIs and considering that most of the GHG emissions of an FI stem from its portfolio of investments, the estimates for the Scope 3 emissions also consider the emissions generated by the economic activities financed by the FIs (category 15 as per PCAF).

When available, the breakdown of the gross loan portfolio of the investees by economic sectors is used to generate the proxy GHG emissions for the Scope 3. For the few cases when that detail is not available, the investee's emissions were not estimated. The model selected uses the best available databases and was developed by industry experts, but estimating GHG emissions still includes a considerable amount of assumptions which limit their precision.

Given the Fund's type of investments (debt) and investees (financial institutions in their majority), calculation of the GHG emissions, Carbon Footprint and GHG Intensity were done based on the investee companies' total assets to replace the investee companies' enterprise value, and on their gross interest income to replace the investee companies' revenues.

The GHG Intensity of investee companies and the Carbon Footprint are calculated based on the Sustainable Investments for which data is available, to avoid underestimating these ratios.

For non-productive loans (personal loans), a zero estimation was chosen in order not to overestimate their emissions, as no accurate proxy for those has been found for now.

Results show significant scope 3 emissions, leading to a high carbon footprint. This is largely associated with the Fun's investments in financial intermediaries that reach a large number of end-beneficiaries in emerging and frontier markets with the mission of financing economic development.

A significant share of these emissions originate from 26 investees, either due to their activity or due to the energy mix of the country where they operate. Notably, one investee in South Africa finances SMEs operating in public transportation, which heavily rely on petroleum. 17 investees are located in countries where coal and oil represent a high share of the country's energy mix (ranging from 58% to 97% of the countries' total energy supply). These countries include India, Kazakhstan, Mongolia, Tajikistan, South Africa and Viet Nam (representing 11% of sustainable investments). Additionally, eight of these investees are involved in agriculture, financing smallholder farmers, representing on average 7% of Sustainable Investments. The specific agricultural activities financed by these small loans are not always known. In such cases, the agricultural portfolio was distributed by the model according to the national composition of agricultural income. This led to a significant allocation of the portfolio in cattle and paddy rice, which have the highest impact on climate in the sector. This share is likely overestimated compared to the actual involvement of end borrowers in cattle farming, especially in India.

It is important to note that through its Exclusion list, the Fund Manager ensures that it has minimal investments in activities or sectors that have the most negative environmental impacts. Furthermore, through its ESG assessment, the Fund Manager ensures that the Investees are aware of the environmental and social risks in their portfolios, and are adequately equipped to mitigate the potential negative impacts of their end-borrowers' activities.

Any differences in data between years may be due to updates made in the JIM tool. For the year 2023, the most recent version of the tool, Global Trade Analysis Project (GTAP) 11, was used. This version has a base year of 2017 and incorporates updated country and sector statistics as compared to the previous version, GTAP 10, which used 2014 as the reference year. Moreover, GTAP 11 has introduced an outlier management mechanism.

Therefore, it is not possible to compare GHG emissions results between the years 2022 and 2023 as these calculations were performed using different versions of the JIM tool. Specifically, the previous version, GTAP 10, was used for the 2022 calculations. This difference in tool versions makes it difficult to discern whether changes in emissions are solely due to the tool update or alterations in the underlying portfolio composition of investees.

Note 4:

The Fund does not directly invest in companies active in the fossil fuel sector. Most of the investees operate in the financial sector and as such do not directly derive revenues from activities such as the exploration, mining, extraction, production, processing, storage, refining or distribution in the fossil fuel sector.

The Fund Manager however reports here the Fund's indirect exposure to the fossil fuel sector through investments in FIs that themselves have exposure to fossil fuel sectors. The approach chosen is a weighted one: for a USD 1M Invested in a Financial Institution that has a 10% exposure to the Fossil Fuel Sector in its portfolio, only USD 0.1M will be counted in the "share of investments in companies active in the fossil fuel sector".

In 2022, the reporting scope focused solely on the extraction and manufacturing of fossil fuels, omitting other segments like transport and trade. There might have been a minor oversight regarding coal data, which was rectified in 2023. Additionally, exposure to fossil fuels might have been underestimated in 2022 due to not requiring a breakdown of the manufacturing portfolio if it represented less than 5% of the total investees' portfolio. This issue was addressed in 2023, resulting in an increase in the number of institutions showing exposure to this sector, now totaling 23 investees with minimal exposure ranging from 0.001% to 2.402% of their portfolio. Despite an anticipated increase in the reported percentage, the actual proportion of exposure to fossil fuels remained consistent. This could be attributed to various factors, such as changes in portfolio composition, adjustments in reporting methodologies, or shifts in investees' activities.

Similar to 2022, the residual exposure in the fossil fuel sector in 2023 is mostly explained by one investment in a Nigerian Bank, reflecting the economy of country. The bank is investing in one of the major financial actors in a country heavily relying on the fossil fuel industry, inevitably exposes the entity. However, the investment came a specific engagement action with the Investee and its contractual commitment to reduce its exposure to two major actors in the sector below a defined threshold within a defined timeframe.

Note 5:

The vast majority of the Fund’s investees draw energy from the national grid. Data was gathered on the energy composition from each country's national energy mix, which is sourced through the International Energy Agency. Thus, data is retrieved from the national energy mix, through data retrieved from the International Energy Agency. This method does not value the few initiatives from some investees towards renewable energy which are however still limited. To be fully aligned and conservative, the SFDR definition of renewable energy is used (thus excluding nuclear and natural gas, two energy sources that are now included in the updated definition of “renewable energy” of the EU Taxonomy).

The calculation represents the share of non-renewable electricity consumption – excluding production - of investee companies from non-renewable energy sources compared to the total share of electricity consumption from all energy sources. Data on energy consumption and production were found to have a low coverage for now.

Note 6:

The specific energy consumption in GWh being difficult to collect from non-EU investees, the Fund Manager opted to report the Fund’s exposure to high impact climate sectors rather than the energy consumption of its portfolio in these sectors.

Most of the investees of the Funds managed by the Fund Manager operate in the financial sector and do not classify as part of a high climate sector. As such, the Fund does not have direct exposure to companies active in high impact climate sectors.

The Fund Manager however reports in the table “Complementary indicators reported by the Fund Manager” the Fund’s indirect exposure to high impact climate sectors through investments in FIs that themselves have exposure to high impact climate sectors. The approach chosen is a weighted one: for a USD 1M Invested in a Financial Institution that has a 10% exposure to High Impact Climate sectors in its portfolio, only USD 0.1M will be counted in the “share of investments in high impact climate sectors”.

The Fund Manager uses the list of high impact sectors defined by the regulation (agriculture, forestry and fishing, mining and quarrying, manufacturing, electricity, gas, steam and air conditioning supply, water supply; sewerage, waste management, and remediation activities, construction, wholesale and retail trade; repair of motor vehicles and motorcycles transportation and storage real estate activities).

The Fund’s relatively high share of indirect exposure to high-impact climate sectors is notably explained by the fact that 9% of investees’ GLP is in the agricultural sector. However, most of investees’ end-borrowers are smallholder farmers, whose adverse impact on climate can be more limited than large-scale farming.

Note 7:

Most of the investees operate in the financial sector and their direct impact on biodiversity-sensitive areas is negligible. As such, the Fund does not have direct exposure to companies that negatively affect biodiversity-sensitive areas.

However, the Fund Manager is doing its best effort to calculate or estimate the impacts of the FI's underlying portfolio to activities located near or in biodiversity-sensitive areas which could negatively affect these areas. Research is taking place on the best tools to map and match national biodiversity-sensitive areas to portfolio activity locations. Efforts are made to raise awareness of the investees on the biodiversity-sensitive areas and the environmental and social risk management system that needs to be put in place when investees in companies active in or near these areas. In parallel, a specific pre-assessment, based on proxy indicators, was done on 79% of the portfolio of investments. In this segment, the Fund Manager concluded that the Investees of the Fund Manager do not have activities that could negatively affect biodiversity-sensitive areas.

Note 8:

The specific tons of emissions to water being difficult to collect from non-EU investee, the Fund Manager opted to report the Fund's exposure to sectors likely to generate high emissions to water.

Most of the investees operate in the financial sector and generate a negligible amount of emissions to water through their direct activities.

To demonstrate its best effort, the Fund Manager however reports in the table "Complementary indicators reported by the Fund Manager" the Fund's indirect exposure to sectors with intensive emissions to water according to the IFC. It applies coefficients to this exposure depending on the size of companies active in those sectors in its investee's portfolio given that micro, small or medium-sized enterprises are likely to produce much lower emissions than large enterprises even when they are active in the same economic sector.

Note 9:

The specific tons of hazardous waste being difficult to collect from non-EU investees, the Fund Manager opted to report the Fund's exposure to sectors likely to generate significant amounts of hazardous waste or to imply site contamination.

Most of the investees operate in the financial sector and generate a negligible amount of hazardous waste through their direct activities.

To demonstrate its best effort, the Fund Manager however reports in the table "Complementary indicators reported by the Fund Manager" the Fund's indirect exposure to sectors which generate significant amounts of hazardous waste and/or with high risk of site contamination according to the IFC. It applies coefficients of exposure depending on the size of companies active in those sectors in the investee's portfolio given that micro, small or medium sized enterprises are likely to produce much lower emissions than large enterprises even when they are active in the same economic sector.

Note 10:

As further described in its sustainability disclosures, the ESG assessment tool used is based on the relevant fundamental pillars of the UNGC principles and OECD guidelines. As such, the assessment of whether investees can comply with these principles is fully embedded in the investment decision.

As part of the assessment, the Fund Manager collects one key result indicator of such violations: "the investee has received fines due to non-compliance with environmental and social regulations". Any investee that received fines is counted as being part of the "share of investments in investee companies that have been involved in such violations".

The Fund Manager is also monitoring the Fund's investees for any lawsuits and allegations reported by World-check screening results, on topics related to human rights, employment, bribery, consumer interests, competition, and taxation, and to environment to the extent such regulations exist in the countries of location of the investees.

Further developments are foreseen to report on this indicator. The Fund Manager in collaboration with peers notably investigates the interest of using a controversies' watchlist provider.

Note 11:

As further described in the Fund Manager's sustainability disclosures, the ESG assessment tool is based on the relevant fundamental pillars of the UNGC principles and OECD guidelines. This assessment notably provides an opinion on the following three procedures: "Grievance mechanism for employees"; "Customer complaints and insurance claims"; and for investees involved in project finance "Complaints' mechanism in place for people living in places where the company operates". Any investee where at least one of these procedures is lacking is counted in the share of investments in investee companies without policies to monitor compliance with UNGC principles or OECD guidelines.

Note 12:

The Fund Manager provides this indicator for the average of all employees, using the average annual compensation rather than the hourly compensation asked by the Regulation. This information is directly collected through investees.

During the initial year of data collection in 2022, the coverage ratio for this indicator was 66%. However, in the subsequent year of data collection, in 2023, the coverage rate increased to 78% leading to an increase in the average gender pay gap.

Note 13:

The Fund Manager provides this indicator expressed as a percentage of all board of directors (i.e. number of female board members / total number of board members) as the regulatory definition is unclear. This information is directly collected through investees.

Note 14:

The Fund Manager reports no exposure to the manufacture and selling of controversial weapons as it is part of the Exclusion list included in all contracts with its investees. The capacity of investees to properly implement the exclusion list is assessed during due diligence of each investee.

Note 15:

The Fund Manager assesses the good quality of its investees' carbon credit collection or carbon off-setting programs. It reports here on the share of investments in investees with no such quality measures in place.

Note 16:

Investees' Grievance mechanisms related to employee matters are assessed through the ESG assessment tool.

Six investee companies did not have a grievance mechanism system in place in 2023.