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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

ANNEX I

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 Council¹;
- (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 Council²;
- (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 Council³;
- (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;

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 Council⁴;
- (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 Council⁵;
- (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 Council⁶ 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 Council⁷ ;
- (16) ‘radioactive waste’ means radioactive waste as defined in Article 3(7) of Council Directive 2011/70/Euratom⁸;
- (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;

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).

- (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 Council⁹;
 - (ii) Council Directive 92/43/EEC¹⁰;
 - (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 Council¹¹;
 - (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) 2021/2139¹²;
- (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;

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).

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).

- (26) ‘whistleblower’ means ‘reporting person’ as defined in Article 5(7) of Directive (EU) 2019/1937 of the European Parliament and of the Council¹³;
- (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 Council¹⁴, for the Large Volume Inorganic Chemicals- Solids and Others industry;
- (28) ‘air pollutants’ means direct emissions of sulphur dioxides (SO₂), 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 Council¹⁵, ammonia (NH₃) 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:

$$\sum_n^i \left(\frac{\text{current value of investment}_i}{\text{investee company's enterprise value}_i} \times \text{investee company's Scope}(x) \text{ GHG emissions}_i \right)$$

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

$$\frac{\sum_n^i \left(\frac{\text{current value of investment}_i}{\text{investee company's enterprise value}_i} \times \text{investee company's Scope 1, 2 and 3 GHG emissions}_i \right)}{\text{current value of all investments (€M)}}$$

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

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).

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

$$\sum_n^i \left(\frac{\text{current value of investment}_i}{\text{current value of all investments (€M)}} \times \frac{\text{investee company's Scope 1, 2 and 3 GHG emissions}_i}{\text{investee company's €M revenue}_i} \right)$$

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

$$\sum_n^i \left(\frac{\text{current value of investment}_i}{\text{current value of all investments (€M)}} \times \frac{\text{The country's Scope 1, 2 and 3 GHG emissions}_i}{\text{Gross Domestic Product}_i(\text{€M})} \right)$$

- (5) ‘inefficient real estate assets’ shall be calculated in accordance with the following formula:

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

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 Council¹⁶.

Table 1

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant

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)

IFP Investment Management SA - Sustainable IFP Funds as named hereafter:

IFP Global Environment Fund (Legal entity identifier: 549300GHYVL74T6V0C27)

IFP Global Emerging Markets Bonds Fund (Legal entity identifier: 549300QC0LWUN1CQZS98)

IFP Global Age Fund (Legal entity identifier: 549300I7DC1JVJUHVV88)

Summary

IFP Investment Management SA considers principal adverse impacts of its investment decisions on sustainability factors for its sustainable funds . The present statement is the consolidated statement on principal adverse impacts on sustainability factors of IFP Global Environment Fund (Legal entity identifier: 549300GHYVL74T6V0C27), IFP Global Emerging Markets Bonds Fund (Legal entity identifier: 549300QC0LWUN1CQZS98), and IFP Global Age Fund (Legal entity identifier: 549300I7DC1JVJUHVV88).

This statement on principal adverse impacts on sustainability factors covers the reference period 1 January 2022 to 31 December 2022. Reporting over that reference period on the indicators for adverse impacts of Table 1, and any relevant indicators of Table 2 and 3 of Annex I of the SFDR Delegated Act will take place in 2023, following the measurement of the first reference periods (Q1 2022 - Q4 2022).

Description of the principal adverse impacts on sustainability factors

In our sustainable IFPIM funds, we consider the mandatory principal adverse impact indicators and two voluntary indicators defined by the Sustainable Finance Disclosure Regulation (SFDR) (EU) 2018/1999, subject to data availability and quality. Information on the impact of our funds' investments on these indicators will be published by 30 June 2023, and continuously on an annual basis. This information will cover the period of 1 January until 31 December of the preceding year. Information on impact compared to previous year will be reported by 30 June 2024, and continuously on an annual basis. Principal adverse impact assessment is described in the "IFPIM Engagement and Voting Rights Policy" as well as in the ""IFPIM Principal Adverse Impact and Exclusion Policy".

Indicators applicable to investments in investee companies						
Adverse sustainability indicator	Metric		Impact [year n]	Impact [year n-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	NA	NA	NA	IFPIM's SFDR Art 9 funds are fully committed to positively contribute to the goals of the Paris Agreement, i.e., limiting a global warming to well below 2 degrees Celsius. We consider all PAIs 1-3 and generally take Scope 1-3 into account, but due to insufficient data availability and quality for Scope 3, we will focus on Scope 1 & 2 for the time being. In this context, the funds aim through their investees decreasing GHG emissions (Scope 1+2+3) released in the atmosphere year over year, preferably aligned with carbon reduction paths of recognised initiatives like the
		Scope 2 GHG emissions	NA	NA	NA	
		Scope 3 GHG emissions	NA	NA	NA	
		Total GHG emissions	NA	NA	NA	
	2. Carbon footprint	Carbon footprint	NA	NA	NA	
	3. GHG intensity of investee companies	GHG intensity of investee companies	NA	NA	NA	

						Science Based Targets initiative (SBTi). We expect that absolute numbers of all indicators, especially PAI 3, to go down over time. We strive to maximise the percentage of fund holdings aligned with Paris goals.
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	NA	NA	NA	Investments in companies involved in fossil-fuel businesses are excluded, in line with “IFPIM Principal Adverse Sustainability and Exclusion policy”. More specifically, the funds exclude companies with no clear transition strategy towards low carbon.
	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	NA	NA	NA	The funds aim to minimise the share of non-renewable energy consumption and production. We expect this share to go down over time. Related adverse impact is broadly reflected in the IFPIM SDG Impact Assessment for SDG 7: Affordable & Clean Energy (as outlined in the "IFP SDG Impact Investment Manual").
	6. Energy consumption intensity per	Energy consumption in GWh per million EUR of	NA	NA	NA	“IFPIM Principal Adverse Sustainability and Exclusion

	high impact climate sector	revenue of investee companies, per high impact climate sector				policy” covers the exclusion of activities with highly negative climate impacts (e.g., thermal coal, oil sands and arctic drilling). Related adverse impact is broadly reflected in the IFP SDG Impact Score for SDG 7: Affordable & Clean Energy, SDG 9: Industry Innovation & Infrastructure, and SDG 13: Climate Action, as outlined in the "IFP SDG Impact Investment Manual". For the PAI indicator itself, the lack of sufficient data does not allow a comprehensive and meaningful coverage of fund holdings yet.
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	NA	NA	NA	In the funds, we consider the impact on biodiversity of our investment decisions and aim at minimising investments in companies that conduct their activity, irrespective of the ecosystems surrounding them. Related adverse impact is broadly reflected in the IFPIM SDG Impact Assessment for SDG 14: Life below Water and SDG 15: Life on Land, as outlined in the "IFP SDG Impact Investment Manual".

Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	NA	NA	NA	As a general approach, the funds do not invest in companies that contaminate water, thereby compromising a sustainable access to water. For this indicator, the lack of sufficient data does not allow a comprehensive and meaningful coverage yet. Related adverse Impact is broadly reflected in the IFPIM SDG Impact Assessment for SDG 6: Clean Water & Sanitation, as outlined in the "IFP SDG Impact Investment Manual".
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	NA	NA	NA	The funds generally do not invest in companies which heavily release hazardous and radioactive waste in the environment. For this specific PAI indicator, the lack of sufficient data does not allow a comprehensive and meaningful coverage yet. Therefore, we do not actively take this PAI into account within the investment decision for the time being.
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	NA	NA	NA	IFPIM acts in accordance with the International Labor Organization (ILO) standards, United Nations Guiding Principles (UNGPs), United Nations Global Compact (UNGC) Principles and the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, and is guided by these international standards to assess the behavior of companies. The funds have no tolerance for companies violating the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights - those companies are excluded as a result.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD	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	NA	NA	NA	IFPIM acts in accordance with the International Labor Organization (ILO) standards, United Nations Guiding Principles (UNGPs), United Nations Global Compact (UNGC) Principles and the Organization for Economic Cooperation and Development (OECD) Guidelines for

	Guidelines for Multinational Enterprises	UNGC principles or OECD Guidelines for Multinational Enterprises				Multinational Enterprises, and is guided by these international standards to assess the behavior of companies. Because of their size, or at the stage of the business development, some companies in the funds might lack processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines. However, the funds aim to minimise those investments and expect investee companies to nevertheless comply with these norms. As a general approach, the funds do not tolerate deviation or misalignment with UN Global Compact principles and OECD Guidelines.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	NA	NA	NA	In the funds, we will consider the average unadjusted gender pay gap of investee companies, subject to data quality and availability. For this indicator the lack of sufficient data does not allow a comprehensive and meaningful coverage yet. As a general approach, the fund does not invest in companies with

						inconsistent remuneration policies.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	NA	NA	NA	In the funds, we will consider the average ratio of female to male board members, expressed as a percentage of all board members in investee companies, subject to data quality and availability. Whilst the funds do not have a target for the percentage of board gender diversity, they see it as outstanding principle within companies' governance framework. As a general approach, the funds expect to see a gradual improvement in this aspect overtime.
	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	NA	NA	NA	IFPIM deems anti-personnel mines, cluster munitions, chemical weapons and biological weapons to be controversial weapons. The funds have no tolerance for companies involved in the use, stockpiling, production, and transfer of controversial weapons - those companies are excluded as a result.

Indicators applicable to investments in sovereigns and supranationals						
Adverse sustainability indicator		Metric	Impact [year n]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
Environmental	15. GHG intensity	GHG intensity of investee countries	NA	NA	NA	In the funds, we consider the GHG intensity of investee countries. In ambition to positively contribute to the goals of the Paris Agreement, the funds do not invest in countries with high GHG intensity which do not have clear paths to lower their emissions going forward.
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	NA	NA	NA	IFPIM adheres to investment restrictions applicable further to sanctions imposed by the EU, UN and US. The funds have no tolerance for countries violating social norms and international treaties - those countries are excluded as a result.
Indicators applicable to investments in real estate assets						

Adverse sustainability indicator		Metric	Impact [year n]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	NA	NA	NA	NA
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	NA	NA	NA	NA
Other indicators for principal adverse impacts on sustainability factors						
<p>In addition to the set of mandatory indicators above, we consider two additional indicators subject to data availability and quality.</p> <p>We consider an indicator relating to exposure of fund holdings without water policy. In regard to this indicator, we monitor the share of investments in investee companies that lack a water management policy. The funds aim to minimise the investments in companies that don't have a water management policy in place. The funds ideally expect the number of companies without water management policies to decrease overtime. Related adverse impact is broadly reflected in the IFPIM SDG Impact Assessment for SDG 6: Clean Water & Sanitation, as outlined in the "IFP SDG Impact Investment Manual". This indicator is part of the set of additional indicators that relate to climate and the environment, as defined in the SFDR (Table 2, indicator 7).</p> <p>We also consider an indicator that relates to exposure of fund holdings without human rights policy. In regard to this indicator we monitor and identify companies that lack a human rights policy. The funds aim to minimise the investments in companies that don't have a human rights policy in place. Overall, the funds promote investments in companies with higher standards for human rights and with concrete policies to ensure a safe and healthy workplace. This indicator is part of the set of additional indicators that relate to social and employee, respect for human rights, anti-corruption and anti-bribery matters, as defined in the SFDR (Table 3, indicator 9).</p>						

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

1. Methodology to identify and prioritise principal adverse impact

The SFDR defines sustainability factors as environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. Principal adverse impact (PAI) is generally understood to mean the negative impact, caused by an investment decision or investment advice, on these factors. The SFDR includes a set of specific indicators that can be used to measure an issuer's or investee company's negative impact on sustainability factors, to enable identification of the principal adverse impact of investments by a financial market participant.

In our sustainable IFPIM funds, we have implemented certain safeguards to ensure that our investments meet a minimum ESG standard and we use specific processes to identify and mitigate/manage principal adverse impact where possible. As a minimum standard, IFPIM identifies and mitigates principal adverse impact through the application of the exclusion policy, norm-based screening, and integrating consideration of PAI in our investment-decision making process. By applying general screening criteria pre-investment, we aim to limit investing into companies with negative impact on sustainability factors. Identification of high negative impact on environmental and social factors results lead either directly to exclusion from the investment universe or to further analysis, and may be a driver for active ownership activities, including voting and engagement, as a means to mitigate that impact. More information is available via "IFPIM Principal Adverse Impact and Exclusion Policy" and "IFPIM Voting and Engagement Policy".

We consider PAI on fund level by measuring and monitoring the aggregated negative impact on sustainability indicators of our funds' investments. Monitoring of principal adverse impact is subject to data availability and quality.

Via the investment process, through fundamental analysis, additional principal adverse impacts can be identified. Tools for the identification include company factsheets that combine evaluation of a company's sustainability performance on many aspects. Fund-specific targets, for example in relation to carbon, can lead to the identification and subsequent exclusion of principal adverse impact. For sustainable investments, IFPIM's proprietary SDG Impact Assessment identifies and incorporates principal adverse impact. More information is available in the "IFP SDG Impact Investment Manual" as well as the "IFPIM Paris Alignment Manual".

IFPIM's prioritisation of mitigating principal adverse impact is outlined in the IFPIM Sustainable Investment Approach, covering the ambition in relation to impact on ESG, climate change and UN Sustainable Development Goals. At a fund level, principal adverse impacts are prioritised given the sustainable objectives or characteristics of the fund, provided that all minimum standards are met. More information is available via "IFPIM Sustainability Risks Policy".

2. Governance

The "IFPIM Principal Adverse Impact and Exclusion Policy" as well as "IFPIM Sustainability Risks Policy" are approved by the Board of IFP Investment Management SA and are reviewed on an annual basis. The IFPIM Executive Committee ensures that the policies are maintained, and regularly review the reporting provided by the Sustainability and Engagement Advisory Committee, as well as analyse any points of attention raised by the Sustainability and Engagement Advisory Committee. The Sustainability and Engagement Advisory Committee is composed by at least 4 members, with at least one executive director, one conducting officer and a member of PM team, preferably the Head of Investments. The most recent policies are available on our website www.ifpim.lu/Sustainability.

3. Data Source

IFPIM already had already existing data providers in place, such as for carbon footprint analysis, norm breaches, or exclusion processes. As SFDR requires an additional range of previously untracked indicators, we performed a RFP process and carried out thorough due diligence of the vendors in the market. Through this process we determined ISS as new provider driven by experience, track record and broad coverage for our investment universe. Going forward we will use ISS data for our SFDR reporting. Detailed information about the ISS PAI data points and mapping methodology from "ISS ESG Principal Adverse Impacts - Mapping the SFDR requirements to ISS ESG data points" are available upon request.

Whenever possible, we will map data from ISS to data of our already existing data providers Bloomberg and Conser to ensure consistency and identify outliers or other potential errata in the incoming data sets. In the event of such a discovery, or in the case of a manually flagged issue, we engage with the data provider responsible to validate and understand the figure in question. Periodic reviews of the available products on the market will be performed in the future to ensure that we continue to have the best quality data available.

Engagement policies

IFPIM considers its shareholder engagement with the companies in which it invests to be of key importance for the achievement of the investment strategies, especially on ESG-related issues that can improve the performance of the companies and reduce their sustainability risks. IFPIM believes that engagement is an essential element of understanding and practising responsible investment, and to generate long term value. IFPIM takes also due account of its size, the nature and scale of its activities and the type of products covered in order to exercise its engagement obligation. IFPIM is committed to exercise voting rights attached to instruments in the portfolios it manages on behalf of its clients, in particular at general meetings, including annual and extraordinary general meetings, where such voting rights meet the pre-defined criteria. Divestment is an instrument of last resort, to be used in case the path of engagement or voting rights does not respond to IFPIM's investment philosophy on sustainability risks, adverse impact, and exclusion policy. More information can be found in the "IFPIM Engagement and Voting Rights Policy". This Policy is implemented by the Investment / Sustainability and Engagement Advisory Committee, acting with the PM's recommendation. The Policy is reviewed by the

Compliance Officer at least once every 2 years, as well as on an ad hoc basis, where necessary, for the Policy to remain robust and fit for its purpose and/or to reflect any updates in the applicable requirements.

References to international standards

The ambition of IFPIM is that the companies that the funds invest in comply with the international conventions and norms that we adhere to. These include, but are not limited to those listed below with the respective PAI indicator(s) used to measure adherence to the respective standards:

- UN Global Compact: Table 1 PAI 10 (UN Global Compact breaches)
- OECD Guidelines for Multinational Enterprises: Table 1 PAI 10 (UN Global Compact breaches), Table 1 PAI 11 (UN Global Compact policy)
- UN Guiding Principles on Business and Human Rights: Table 1 PAI 10 (UN Global Compact breaches), Table 1 PAI 11 (UN Global Compact policy)
- Universal Declaration of Human Rights: Table 1 PAI 10 (UN Global Compact breaches)
- Children's Rights and Business Principles: Table 1 PAI 10 (UN Global Compact breaches)
- ILO conventions on labour standards: Table 1 PAI 10 (UN Global Compact breaches)
- Rio Declaration on Environment and Development: Table 1 PAI 10 (UN Global Compact breaches)
- UN Convention on Corruption: Table 1 PAI 10 (UN Global Compact breaches)
- Convention on Cluster Munitions: Table 1 PAI 14 (Controversial weapons)

We have dedicated resources within the IFPIM Investment team and systems to enable measurement of the adherence to these international conventions and norms. To the extent possible, data reported by companies, regulatory authorities, and/or non-governmental organisations are prioritised over data from data providers' estimation models. For some indicators, where availability of data is poor, we use proxy data provided by third-party data providers to enable assessment.

Paris Agreement:

- IFPIM is committed to positively impact climate change. All sustainable IFPIM Funds contribute to the goals of the Paris Agreement and to achieving net zero carbon emissions by 2050. To assess the alignment of a single fund holding as well as the funds, IFPIM has developed an in-house alignment assessment tool by combining qualitative assessment on relevant company emission and net zero policies, science-based emission targets as well as assessing quantitative key indicators (PAI 1-4) related to actual GHG emissions and fossil fuel exposure. More information from

our "IFP Paris Alignment Manual" is available upon request. Additionally to the IFP Paris Alignment assessment, we use ISS climate impact report data, especially for the implied temperature increase of the funds, to monitor the alignment of the funds with the global efforts to limit global warming to under 2°C. Our funds classified as Article 9 funds under SFDR are subject to our "IFPIM Principal Adverse Impact and Exclusion Policy", which prohibits investments in fossil fuel companies that are not transitioning to low carbon.

Historical comparison

A historical comparison of the period reported on with the previous reported period will be made as of 2024.

Table 2

Additional climate and other environment-related indicators

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric
Indicators applicable to investments in investee companies		
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS		
Emissions	1. Emissions of inorganic pollutants	Tonnes of inorganic pollutants equivalent per million EUR invested, expressed as a weighted average
	2. Emissions of air pollutants	Tonnes of air pollutants equivalent per million

		EUR invested, expressed as a weighted average
	3. Emissions of ozone-depleting substances	Tonnes of ozone-depleting substances equivalent per million EUR invested, expressed as a weighted average
	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
Energy performance	5. Breakdown of energy consumption by type of non-renewable sources of energy	Share of energy from non-renewable sources used by investee companies broken down by each non-renewable energy source
Water, waste and material emissions	6. Water usage and recycling	<p>1. Average amount of water consumed by the investee companies (in cubic meters) per million EUR of revenue of investee companies</p> <p>2. Weighted average percentage of water recycled and reused by investee companies</p>

	7. Investments in companies without water management policies	Share of investments in investee companies without water management policies
	8. Exposure to areas of high water stress	Share of investments in investee companies with sites located in areas of high water stress without a water management policy
	9. Investments in companies producing chemicals	Share of investments in investee companies the activities of which fall under Division 20.2 of Annex I to Regulation (EC) No 1893/2006
	10. Land degradation, desertification, soil sealing	Share of investments in investee companies the activities of which cause land degradation, desertification or soil sealing
	11. Investments in companies without sustainable land/agriculture practices	Share of investments in investee companies without sustainable land/agriculture practices or policies
	12. Investments in companies without sustainable oceans/seas practices	Share of investments in investee companies

		without sustainable oceans/seas practices or policies
	13. Non-recycled waste ratio	Tonnes of non-recycled waste generated by investee companies per million EUR invested, expressed as a weighted average
	14. Natural species and protected areas	<p>1.Share of investments in investee companies whose operations affect threatened species</p> <p>2.Share of investments in investee companies without a biodiversity protection policy covering operational sites owned, leased, managed in, or adjacent to, a protected area or an area of high biodiversity value outside protected areas</p>

	15. Deforestation	Share of investments in companies without a policy to address deforestation
Green securities	16. Share of securities not issued under Union legislation on environmentally sustainable bonds	Share of securities in investments not issued under Union legislation on environmentally sustainable bonds
Indicators applicable to investments in sovereigns and supranationals		
Green securities	17. Share of bonds not issued under Union legislation on environmentally sustainable bonds	Share of bonds not issued under Union legislation on environmentally sustainable bonds
Indicators applicable to investments in real estate assets		
Greenhouse gas emissions	18. GHG emissions	Scope 1 GHG emissions generated by real estate assets

		Scope 2 GHG emissions generated by real estate assets
		Scope 3 GHG emissions generated by real estate assets
		Total GHG emissions generated by real estate assets
Energy consumption	19. Energy consumption intensity	Energy consumption in GWh of owned real estate assets per square meter
Waste	20. Waste production in operations	Share of real estate assets not equipped with facilities for waste sorting and not covered by a waste recovery or recycling contract
Resource consumption	21. Raw materials consumption for new construction and major renovations	Share of raw building materials (excluding recovered, recycled and biosourced) compared to the total weight of building materials used in new construction and major renovations
Biodiversity	22. Land artificialisation	Share of non-vegetated surface area (surfaces

		that have not been vegetated in ground, as well as on roofs, terraces and walls) compared to the total surface area of the plots of all assets
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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
Indicators applicable to investments in investee companies		
Social and employee matters	1. Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy
	2. Rate of accidents	Rate of accidents in investee companies expressed as a weighted average

	3. Number of days lost to injuries, accidents, fatalities or illness	Number of workdays lost to injuries, accidents, fatalities or illness of investee companies expressed as a weighted average
	4. Lack of a supplier code of conduct	Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour)
	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
	6. Insufficient whistleblower protection	Share of investments in entities without policies on the protection of whistleblowers
	7. Incidents of discrimination	1. Number of incidents of discrimination reported in investee companies

		expressed as a weighted average 2. Number of incidents of discrimination leading to sanctions in investee companies expressed as a weighted average
	8. Excessive CEO pay ratio	Average ratio within investee companies of the annual total compensation for the highest compensated individual to the median annual total compensation for all employees (excluding the highest-compensated individual)
Human Rights	9. Lack of a human rights policy	Share of investments in entities without a human rights policy
	10. Lack of due diligence	Share of investments in entities without a due diligence process to identify, prevent, mitigate and address adverse human rights impacts

	11. Lack of processes and measures for preventing trafficking in human beings	Share of investments in investee companies without policies against trafficking in human beings
	12. Operations and suppliers at significant risk of incidents of child labour	Share of investments in investee companies exposed to operations and suppliers at significant risk of incidents of child labour in terms of geographic areas or type of operation
	13. Operations and suppliers at significant risk of incidents of forced or compulsory labour	Share of the investments in investee companies exposed to operations and suppliers at significant risk of incidents of forced or compulsory labour in terms in terms of geographic areas and/or the type of operation
	14. Number of identified cases of severe human rights issues and incidents	Number of cases of severe human rights issues and incidents connected to investee companies on a weighted average basis

Anti-corruption and anti-bribery	15. Lack of anti-corruption and anti-bribery policies	Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption
	16. Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery	Share of investments in investee companies with identified insufficiencies in actions taken to address breaches in procedures and standards of anti-corruption and anti-bribery
	17. Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws	Numbers of convictions and amount of fines for violations of anti-corruption and anti-bribery laws by investee companies
Indicators applicable to investments in sovereigns and supranationals		
Social	18. Average income inequality score	The distribution of income and economic inequality among the participants in a

		particular economy including a quantitative indicator explained in the explanation column
	19. Average freedom of expression score	Measuring the extent to which political and civil society organisations can operate freely including a quantitative indicator explained in the explanation column
Human rights	20. Average human rights performance	Measure of the average human right performance of investee countries using a quantitative indicator explained in the explanation column
Governance	21. Average corruption score	Measure of the perceived level of public sector corruption using a quantitative indicator explained in the explanation column
	22. Non-cooperative tax jurisdictions	Investments in jurisdictions on the EU list of non-cooperative jurisdictions for tax purposes

	23. Average political stability score	Measure of the likelihood that the current regime will be overthrown by the use of force using a quantitative indicator explained in the explanation column
	24. Average rule of law score	Measure of the level of corruption, lack of fundamental rights, and the deficiencies in civil and criminal justice using a quantitative indicator explained in the explanation column