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C(2022) 1931 final

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

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant: Climate Investor One (“CI1”) comprising the Stichting Development Fund (“DF1”) and the Coöperatief Construction Equity Fund U.A. (“CEF1”)

Summary

On behalf of Climate Investor One (“CI1” or the ‘financial product’), Climate Fund Managers (“CFM”) 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 Climate Investor One (“CI1”).

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2023.

A summary of CI1’s principal adverse impacts statement is as follows:

- CI1 is invested exclusively for the purpose of financing the development, construction and operation of renewable energy projects. Accordingly, and as at the end of the 2023 reporting period, 100% of the CI1 investments are classed as having a sustainable investment objective of climate change mitigation.
- The portfolio contained no investments that are included in the CI1 List of Excluded Activities as result of the application of the CFM due diligence process as detailed in the CFM Environmental and Social Management System (“ESMS”).
- There were no detected or reported violations of the ILO standards, UNGPs, UNGC or OECD Guidelines for Multinational Enterprises.
- The Principal Adverse Impacts (PAIs) of the financial product are considered throughout the investment process and a summary is presented to the investment committees for DF1 and CEF1 approval. Pre-investment the proposed investment is screened to confirm mandate-fit, and this includes application of the CI1 List of Excluded Activities.
- During due diligence and development the investment is assessed in terms of the potential for adverse impacts in order to inform investment decision-making and to identify the necessary management and mitigation measures.
- Post-CEF1 investment, CFM applies the requirements of its Investment and Asset Management Policy to formalise arrangements for ongoing shareholder engagement and to embed the requisite risk management and governance processes in the investee company so that the PAIs are appropriately managed and mitigated. Any concerns relating to principal adverse impacts during the construction and operating phases (including in situations where there is no improvement in performance) are managed through the CI1 shareholder engagement and governance arrangements.

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

CFM has in place policies on the assessment process to identify and prioritise principal adverse impacts on sustainability factors. The principles and undertakings for managing sustainability factors are detailed in the CI1 Responsible Investment Code (“the Code”). The Investment Mandate of CI1 requires compliance with the Code. The Code is included as Annex IV to the CI1 Development Fund (DF1) Donors Agreement and the CI1 Construction Equity Fund (CEF1) Members Agreement.

The Responsible Investment Policy (“the Policy”) details the commitments and arrangements for compliance with the Code including *inter alia*, the arrangements for the assessment, management and and mitigation of

principal adverse impacts. The arrangements are further detailed in CFM's Environmental and Social Management System ("ESMS").

The DF1 Donors Agreement and the CEF1 Members Agreement were approved by the Donors and Members on 23 June 2017 and subsequently has been updated. The most recent versions were executed on 20 April 2023 and 30 January 2023, respectively. No changes were made to the Code.

CFM's Management Board approved the first version of the Policy on 15 February 2017. Since this time it has been reviewed on a periodic basis the current version was approved on 7 July 2021. The ESMS was first approved in April 2017 and is also periodically refreshed.

Ultimate responsibility for implementing the policies within CFM's business rests with the CFM Management Board which is accountable for all E&S duties and responsibilities of CI1 and for ensuring there are no deviations from the Donors and Members Agreements. The responsibility for implementing the commitments and arrangements for managing sustainability factors, as set out in the Code, the Policy and the ESMS, is delegated by the CFM Management Board to the Head of ESG.

The ESMS describes the process to be followed to identify, assess and prioritise the principal adverse impacts referred to in all of the preceding boxes. This process involves the systematic and rigorous evaluation of a wide range of sustainability factors to determine the potential probability of occurrence and severity of an impact (including adverse impact) on the basis of best practice guidance and references including those published by the International Finance Corporation ("IFC") and described in its Performance Standards and associated Guidance Notes. Ultimately, this process results in a risk classification for the proposed investment which ranges from (i) Category A (investments that will involve activities with potential significant adverse environmental or social risks and/or impacts that are diverse, irreversible, or unprecedented; (ii) Category B+ (Projects with potential adverse social or environmental impacts that are generally beyond the site boundaries, largely reversible and can be addressed through relevant mitigation measures; (iii) Category B (Projects with potential limited adverse social or environmental impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures); through to (iv) Category C (Projects with minimal or no adverse social or environmental impact).

CFM's policies identifying and prioritising the principal adverse sustainability impacts are aided by the use of various methodologies to identify, prioritise and management the principal adverse sustainability impacts associated with CI1's investments. The primary and secondary data is used to determine, on the basis of both qualitative and quantitative factors, the potential probability and severity of any potential adverse impacts. Through this process, the principal adverse impacts are identified and prioritised for further evaluation, and ultimately, to help inform the investment decision and the subsequent management and mitigation measures that will be required.

In identifying and prioritising the principal adverse sustainability impacts, some assumptions typically need to be made to address data limitations. This challenge has been encountered in the calculation of the greenhouse gas emissions of the investee companies. In particular, data for calculating the Scope 3 emissions is limited and it is anticipated that the reported emissions will be subject to recalculation in future reporting periods.

Methodologies and data sources include:

- Due diligence process for a proposed investment: this involves a desk-based evaluation of data and information from both primary and secondary sources. Initial screening of a proposed investment typically relies on publicly available information to determine the contextual risks. A wide range of sources is used and this reflects the wide range of sustainability factors that are considered. This review will subsequently be supplemented by collection of primary data through a due diligence process which typically involves visiting a proposed project location (in the case of many greenfield projects) or existing brownfield assets. Information will also be obtained from review of proprietary information provided by the counterparty to the investment, and through interviews with counterparty representatives, local partners, and other

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institutions as may be required. The due diligence process is undertaken in accordance with industry standards and reference to published guidance.

- Once DF1 investment has been approved, various studies will be undertaken. For all Category A and B+ projects this involves the completion of an Environmental and Social Impact Assessment (“ESIA”). Some Category B projects may also require an assessment of a specific sub-set of impacts. The ESIA and most specialist studies will be conducted by external and suitably qualified, competent, and experienced consultants. All such studies must follow the methodology and guidance defined by international standards including IFC PS1 in the case of the identification and assessment of impacts.

Engagement policies

CFM has in place certain engagement policies, including pursuant to Article 3g of Directive 2007/36/EC (the “Shareholder Rights Directive”) which document how shareholder engagement is integrated into the investment strategy. The principal policy implemented in this regard is CFM’s Investment and Asset Management Policy.

In accordance with the above referenced policy, CFM establishes, *inter alia*, the following governance structures for engagement with every investee company in relation to sustainability-related aspects, among others:

- **Boards** with responsibilities including: (i) endorsement of investee companies risk management framework including key corporate governance policies and approval of any changes to the framework or any key corporate governance policies; (ii) monitoring compliance with the endorsed risk management framework; and (iii) delegating authority to management, where appropriate.
- **Board Audit and Risk Committees** following commencement of commercial operations, with responsibilities including: (i) reviewing the scope and results of external audits and, if applicable, internal audits; (iv) maintaining open lines of communication between the Board, management and the external auditors, thus enabling information and points of view to be freely exchanged; and (vi) assessing the adequacy of the internal control framework including accounting and operational risk management controls.
- **Specialist subcommittees (construction and sustainability committees)** of the Board, with responsibilities including: (i) providing expert knowledge on matters such as procurement, remuneration, financing, technical and sustainability matters; (ii) exercising non-executive oversight over the business; (iii) maintaining open lines of communication between the Board, management and the external parties; and (iv) informing the Board of material matters effecting the business.

Through these governance arrangements, and through ongoing monitoring using leading and lagging indicators, the overall risk and performance of the investee companies is evaluated and reported. Through the governance arrangements described above, any concerns relating to principal adverse impacts (including in situations where there is no improvement in performance) will be reported and corrective actions will be identified. Progress in closing out these actions will be reported to the Board and any sub-committees as appropriate.

References to international standards

An external index or benchmark has not been adopted, however work is planned for 2024 to assess against the MSCI ESG Indexes which will allow for index-linked reporting in future.

All investments of the financial product are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights, as described in CFM's Environmental and Social Management System manual and Responsible Investment Code.

In addition, CFM requires all investments to be aligned with the International Finance Corporation ("IFC") Performance Standards on environmental and social sustainability, the World Bank Group Environmental, Health and Safety Guidelines and the UN Guiding Principles on Business and Human Rights. All investments must also comply with all relevant national and local legal requirements, regulations, and industry specific codes of practice relating to sustainability governance and management.

Historical comparison

This report presents data and information relating to the mandatory and additional principal adverse indicators defined by the SFDR for the reporting period 01 January to 31 December 2023 along with a comparison against 2022 (indicated by year n-1). The results are presented in Tables 1, 2 and 3 below. There has been no change in the selection of the additional indicators that CFM selected for use. Definitions of key terms and the formulae used in the calculations are included in **Annex 1**. The key results are summarised below:

- During 2023, construction activities reduced across the portfolio as more projects moved into operations. This has resulted in a notable reduction in greenhouse gas emissions (in particular Scope 1 emissions) which are largely related to diesel powered heavy plant and equipment (including diesel generators) typically used in construction. CFM will continue to work with investee companies to identify opportunities for energy efficiency and alternative sources of energy. However, it is expected that construction-related fuel use will continue to drive material changes in the overall carbon footprint until such time as renewable energy fuelled construction equipment becomes widely available.
- Another major change in 2023 was the marked improvement in the share of non-renewable versus renewable energy consumption and production (PAI 5). During the reporting period reliance on fossil fuels reduced significantly, compared with the 2022 reporting period with the majority of CI1 investee companies relying on renewable energy (mostly self-generated) for >95% of their energy needs.
- CFM has rolled out training and tools to all investee companies as part of a programme of work to improve data completeness and reduce reliance on assumptions and proxies. Since the roll out of the tools, all investee companies are now reporting greenhouse gas data on a quarterly basis.
- During 2023 CFM developed high level carbon emissions reduction plans for all assets and these started to be implemented in Q4 2023. By end of 2023 the share of investments in companies without carbon emission reduction initiatives dropped by 10.54 percentage points to 55.01%.
- During 2023 an increased focus on parity in male and female positions on the Boards of the investee companies. This was part of CFM's ongoing action to mainstream gender across the fund. As a result, the average ratio of female to male Board members improved by 10.58 percentage points, from 12.5 to 23%.
- By end of 2023, the share of the CI1 portfolio exposed to solar supply chain risks had increased by 23.2 percentage points as a result of three new CEF1 solar investments during 2023 (Ampyr Sulekal and Scatec Release).

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Table 1: Indicators applicable to investments in investee companies						
Adverse sustainability indicator	Metric	Impact (2023)	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	346.09	-17,104.63	During 2023 there was a substantial reduction in GHG emissions. This is largely attributed to the completion of construction activities which typically rely on fossil fuels (in the absence of renewable alternatives). In particular the reduction can be attributed to RSP which has seen a reduction in GHG emissions of approx. 109,000 tCO ₂ e.	Continue to work with the investee companies to adopt energy efficiency programmes and renewable energy sources.
		Scope 2 GHG emissions	462.87	-532.92		
		Scope 3 GHG emissions	931.36	-3,580.28		
		Total GHG emissions	1,740.31	-21,217.83		
	2. Carbon footprint	Carbon footprint	0.00001	-0.00007		
3. GHG intensity of investee companies	GHG intensity of investee companies	0.00023	-0.00044			
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0.00%	0	None of CI1's investee companies are active in the fossil fuel sector.	Continue to monitor during all stages of investment.	
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	0.54%	-34.03	During the reporting period reliance on fossil fuels reduced significantly, compared with the 2022 reporting period with the majority of CI1 investee companies relying on self-generated renewable energy for >95% of their energy needs.	Continue to work with investee companies in the construction phase to identify alternative and non-fossil fuel energy sources during construction and operation.	

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Table 1: Indicators applicable to investments in investee companies						
Adverse sustainability indicator		Metric	Impact (2023)	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	3.72	+1.33	Some investee companies rely on fossil fuel sources of energy particularly during the construction phase. There may also be a minimal reliance on grid power during the operating phase to cope with periods when self-generated energy is not available. The increase in energy consumption intensity that is reflected in the data is attributed to one investee company which continued to rely on the grid for power, as a result of plant refurbishment during which time limited or no renewable energy was being generated. Once this work is complete the plant will resume its reliance on self-generated renewable energy.	Continue to work with investee companies to reduce energy consumption during construction and operation.
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	0.00%	0	CI1 seeks to avoid investing in sites / operations in biodiversity-sensitive areas. Where this is not possible, CI1 takes measures in accordance with IFC Performance Standard 6 (PS6) to avoid negative impact on such areas.	Continue to manage and monitor in accordance with CFM ESMS.

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Table 1: Indicators applicable to investments in investee companies						
Adverse sustainability indicator		Metric	Impact (2023)	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.00	0	CI1's investee companies do not make direct emissions of (i) priority substances as defined in Article 2(30) of Directive 2000/60/EC of the European Parliament and of the Council ¹ and (ii) direct emissions of nitrates, phosphates and pesticides.	Continue to manage and monitor in accordance with CFM ESMS.
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	1.28	+0.02	An increased number of investee companies started reporting this data during 2023 following increased scrutiny by CFM. Despite this the overall change is minimal (+0.02) due to the 2022 baseline being recalculated ² . In overall terms, the volume of hazardous waste generated across the portfolio is minimal given the nature of the activities across the portfolio. None of the CI1 investee companies generate radioactive waste.	Roll out tools, to be supported by training, to all investee companies to improve completeness and accuracy of hazardous waste data.

¹ 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).

² The hazardous waste weighted average reported in the 2022 periodic disclosure was 0.10 and has since been recalculated to include additional data that was provided during 2023, meaning the weighted average for 2022 increased to 1.26.

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Table 1: Indicators applicable to investments in investee companies						
Adverse sustainability indicator	Metric	Impact (2023)	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period	
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	0.00%	0	There have been no reported violations during the reporting period.	Conduct ongoing monitoring in accordance with existing monitoring requirements as detailed in the Manager's ESMS.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for	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	0.00%	0	All investee companies are required to operate in accordance with CFM's ESMS which requires compliance with the UNGC and OECD Guidelines for Multinational Enterprises.	Conduct ongoing monitoring in accordance with existing monitoring requirements as detailed in the Manager's ESMS.

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Table 1: Indicators applicable to investments in investee companies						
Adverse sustainability indicator		Metric	Impact (2023)	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
	Multinational Enterprises					
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	36.11%	-17.58	Between 2022 and 2023 the average unadjusted gender pay gap dropped by 17.5 percentage points to 36.11%. All investee companies are required to implement a gender action plan which includes actions for gender mainstreaming including in relation to labour and working conditions.	Continue to work with the investee companies to identify and roll out initiatives to address the unadjusted gender pay gap.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	23%	+10.58	During 2023 positions on existing Boards were filled by women, and newly created Boards (for new SPVs) include women members, resulting in an increase in the average ratio of female to male employees of 10.58 percentage points. All investee companies are required to implement a gender action plan which includes actions for gender mainstreaming including in relation to Board and senior management representation.	Continue to work with the investee companies to identify and to improve board gender diversity across the portfolio.
	14. Exposure to controversial weapons (anti-personnel)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.00%	0	None of CI1's investee companies are involved in the manufacture or selling of controversial weapons which is in line with the CI1 Exclusions List.	Conduct ongoing monitoring in accordance with existing monitoring

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Table 1: Indicators applicable to investments in investee companies						
Adverse sustainability indicator		Metric	Impact (2023)	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
	mines, cluster munitions, chemical weapons and biological weapons)					requirements as detailed in the Manager's ESMS.
Table 1: 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	1. GHG intensity	GHG intensity of investee countries	N/A	N/A	Not applicable to the Fund's investment mandate.	N/A
Social	2. 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.	N/A	N/A	Not applicable to the Fund's investment mandate.	N/A

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Table 1: Indicators applicable to investments in real estate assets						
Adverse sustainability indicator		Metric	Impact (2023)	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
Fossil fuels	1. 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	N/A	N/A	Not applicable to the Fund's investment mandate.	N/A
Energy efficiency	2. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	N/A	N/A	Not applicable to the Fund's investment mandate.	N/A

Additional Indicators for Principal Adverse Impacts on Sustainability Factors

During the course of the Reference Period, CFM has identified the following additional principal adverse sustainability impacts per **Table 2 and Table 3**. For the full list of additional indicators provided by the regulation, refer to Annex 2 of this report.

Table 2: Additional Climate and other Environment-Related Indicators						
Adverse sustainability indicator		Metric	Impact (2023)	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
Climate and other environmental-	PAI 4: Investments in companies without carbon	Share of investments in investee companies without carbon emission reduction	55.01%	-10.54	During 2023 CFM developed high level carbon emissions reduction plans for all assets and these started to be implemented in Q4 2023. By end of	Continue to work with the investee companies to implement carbon

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Table 2: Additional Climate and other Environment-Related Indicators						
Adverse sustainability indicator		Metric	Impact (2023)	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
related indicators	emission reduction initiatives	initiatives aimed at aligning with the Paris Agreement			2023 the share of investments in companies without carbon emission reduction initiatives dropped by 10.54 percentage points to 55.01%.	emissions reduction plans.
	PAI 14.1: Natural species and protected areas	Share of investments in investee companies whose operations affect threatened species	0.00%	0	All CI1 project companies are required to assess the potential for adverse impacts on biodiversity (including threatened species) and to avoid or otherwise mitigate potential harm. Biodiversity monitoring is conducted on an ongoing basis where required. During the reporting period, there were no reported concerns that would indicate that threatened species present or have been affected by the activities of the projects.	Conduct due diligence and risk management in accordance with the Manager's ESMS in order to identify potential risks to biodiversity and put in place measures to avoid or mitigate potential impacts.
	PAI 14.2: Natural species and protected areas	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	0.00%	0	All CEF1 projects that are required to do so implement a biodiversity protection policy. The requirement to implement a policy for biodiversity protection applies to the Ecotech and TWPC projects due to their location in areas of critical habitat. None of the other investee companies is located in or adjacent to a protected area or an area of high biodiversity value.	Conduct ongoing management and monitoring in accordance with existing monitoring requirements as detailed in the Manager's ESMS.

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Table 3: Additional Indicators for Social and Employee, Respect for Human Rights, Anti-Corruption and Anti-Bribery Matters

Adverse sustainability indicator		Metric	Impact (2023)	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
Social and employee matters	PAI 1: Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy	0.00%	0	In accordance with CI1's E&S Requirements, and as set out in CFM's ESMS, all investee companies are required to implement a workplace accident prevention policy.	Conduct ongoing management and monitoring in accordance with the Manager's ESMS.
	PAI 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	0.00%	0	All incidents were reported to CFM and managed in accordance with the requirements detailed in CFM's ESMS.	Conduct ongoing management and monitoring in accordance with the Manager's ESMS.
	PAI 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	0.00%	0	During the reporting period there were no grievances or complaints related to employee matters. All investee companies are required to implement a worker grievance mechanism in accordance with IFC PS2 and are required to report any grievances or complaints to CFM.	Conduct ongoing management and monitoring in accordance with the Manager's ESMS.
	PAI 7: Incidents of discrimination	Number of incidents of discrimination reported	0.00%	0	During the reporting period there were no incidents of discrimination. All	Conduct ongoing management and

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Table 3: Additional Indicators for Social and Employee, Respect for Human Rights, Anti-Corruption and Anti-Bribery Matters						
Adverse sustainability indicator		Metric	Impact (2023)	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
		in investee companies expressed as a weighted average			investee companies are required to adhere to CI1's E&S Requirements as they pertain to non-discrimination and are required to report any incidents to CFM.	monitoring in accordance with the Manager's ESMS.
	PAI 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.	31.5%	+23.2	Investments of CI1 in solar energy generation projects are exposed to forced labour risks in the polysilicon supply chain. The share of the CI1 portfolio exposed to solar supply chain risks has increased by 23.2 percentage points as a result of three new CEF1 solar investments during 2023. CFM has adopted a position statement on human rights including those in the supply chain. CFM applies a human rights lens to the due diligence screening of all potential investments and requires investee companies to implement measures for managing, monitoring and reporting potential risks. CFM acknowledges that this is an emerging global issue and is committed to adopting new	Conduct ongoing management and monitoring in accordance with the Manager's ESMS and Human Rights Position Statement.

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Table 3: Additional Indicators for Social and Employee, Respect for Human Rights, Anti-Corruption and Anti-Bribery Matters						
Adverse sustainability indicator		Metric	Impact (2023)	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
					international guidance and to working with experts in the field as part of its commitment to respect internationally proclaimed human rights.	

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Annex 1: Definitions and Formulae

For the purposes of this statement, 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 Council³;
- (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 Council⁴;
- (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 Council⁵;
- (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;

³ 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).

⁴ 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).

⁵ 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).

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- (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 Council⁶;
- (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 Council⁷;
- (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 Council⁸ 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 Council⁹ ;
- (16) ‘radioactive waste’ means radioactive waste as defined in Article 3(7) of Council Directive 2011/70/Euratom¹⁰;
- (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 Council¹¹;

⁶ 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).

⁷ 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).

⁸ 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).

⁹ 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).

¹⁰ 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).

¹¹ 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).

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- (ii) Council Directive 92/43/EEC¹²;
 - (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 Council¹³;
 - (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) 2021/2139¹⁴;
- (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 Council¹⁵;
- (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 Council¹⁶, for the Large Volume Inorganic Chemicals- Solids and Others industry;

¹² 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).

¹³ 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).

¹⁴ 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).

¹⁵ 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).

¹⁶ 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).

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- (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 Council¹⁷, 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 Statement, 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:

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

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

¹⁷ 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

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

(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 Council¹⁸.

¹⁸ 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)

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Annex 2: Full list of Additional Indicators for Principal Adverse Impacts on Sustainability Factors

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	1. Average amount of water consumed by the investee companies (in cubic meters) per million EUR of revenue of investee companies 2. Weighted average percentage of water recycled and reused by investee companies
	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

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	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	1.Share of investments in investee companies whose operations affect threatened species 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
	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

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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

Table 3: Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric
Indicators applicable to 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

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		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 supnationals		
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

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	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