*ANNEX I*

**Template principal adverse impacts statement**

1. For the purposes of this Annex, the following definitions shall apply:
2. ‘scope 1, 2 and 3 carbon emissions’ means the greenhouse gas emissions referred to in point (1)(e)(i-iii) of Annex III of 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[[1]](#footnote-1);
3. ‘tonne of carbon dioxide equivalent’ as defined in Article 3(j) of Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a system for greenhouse gas emission allowance trading within the Union and amending Council Directive 96/61/EC[[2]](#footnote-2);
4. ‘enterprise value’ means the sum of the investee company’s market capitalisation of common stock at fiscal year end, the market capitalisation of preferred equity at fiscal year-end, and the book values of total debt and minorities’ interests excluding the cash and cash equivalents held by the investee company;
5. ‘current value of investment’ means the value in EUR of the investment by the financial market participant in the investee company
6. ‘current value of all investments’ means the value in EUR of all investments by the financial market participant
7. ‘total carbon emissions’ shall be calculated in accordance with the following formula



1. ‘carbon footprint’ shall be calculated in accordance with the following formula



1. ‘weighted average’ means a ratio of the weight of the investment by the financial market participant in an investee company in relation to all investments of the financial market participant;
2. ‘carbon intensity’ shall be calculated in accordance with the following formula



1. ‘renewable energy sources’ as defined in Article 2(1) of Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (recast)[[3]](#footnote-3);
2. ‘non-renewable energy sources’ means energy from sources other than those referred to in point (j);
3. ‘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;
4. ‘protected area’ means an area designated under the European Environment Agency’s Common Database on Designated Areas (CDDA)[[4]](#footnote-4);
5. ‘area of high biodiversity value outside protected areas’ means land with high biodiversity value as defined Article 7b(3) of 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[[5]](#footnote-5);
6. ‘water emissions’ means direct nitrates, direct phosphate emissions, direct pesticides emissions, direct emissions of priority substances as defined in the 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[[6]](#footnote-6), Council Directive of 12 December 1991 concerning the protection of waters against pollution caused by nitrates from agricultural sources (91/676/EEC)[[7]](#footnote-7), Council Directive 91/271/EEC of 21 May 1991 concerning urban waste-water treatment[[8]](#footnote-8) and Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control)[[9]](#footnote-9);
7. ‘area of high water stress’ means regions where the percentage of total water withdrawn is high (60%) or extremely high (80%) in the World Resources Institute’s (WRI) Water Risk Atlas tool “Aqueduct”;
8. ‘hazardous waste’ means hazardous waste as defined in Article 3(2) of Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste and repealing certain Directives[[10]](#footnote-10) and radioactive waste;
9. ‘non-recycled waste’ means any waste not recycled within the meaning of ‘recycling’ in Article 3(17) of Directive 2008/98/EC;
10. ‘drivers of biodiversity and ecosystem change’ means the ones examined in the global assessment report on biodiversity and ecosystem services of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), released in May 2019
11. ‘gender pay gap’ means the difference between average gross hourly earnings of male and female employees as a percentage of male gross earnings;
12. ‘board’ means the administrative, management or supervisory body of a company;

1. ‘human rights policy’ means a policy commitment approved at board level on human rights covering the economic activities of the investee company consistent with UN Guiding Principles on Business and Human Rights;
2. ‘whistleblower’ means ‘reporting person’ as defined in Article 5(7) of Directive (EU) 2019/1937 of the European Parliament and of the Council on the protection of persons who report breaches of Union law[[11]](#footnote-11); and
3. ‘air pollutants’ means direct sulphur dioxides (SOx/SO2) emissions, direct nitrogen oxides (NOx/NO2) emissions, direct ammonia (NH3) emissions, direct particulate matter (PM2.5) emissions, direct non-methane volatile organic compounds (NMVOC) emissions, direct total heavy metals (HM) emissions (encompassing cadmium, mercury and lead) as defined in 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[[12]](#footnote-12).

*Table 1*

**Principal adverse impacts statement**

|  |
| --- |
| **Summary**[Name and, where available, LEI] considers principal adverse impacts of its investment decisions on sustainability factors. This principal adverse impacts statement covers the period from 1 January to 31 December [year n].[Summary referred to in Article 6(1)(d) in one of the official languages of the home Member State of the financial market participant and, if different, in a language customary in the sphere of international finance] |
| **Details of the assessment of principal adverse sustainability impacts**[Information referred to in Article 7 in the format set out below]

| **Adverse sustainability indicator** | **Metric (expressed in market value)** | **Impact [year n]** | **Impact [year n-1]** | **Explanation** |
| --- | --- | --- | --- | --- |
| **CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS** |
| Greenhouse gas emissions  | 1. Carbon emissions (broken down by scope 1, 2 and 3 carbon emissions - including agriculture, forestry and other land use (AFOLU) emissions - and in total)
 |  Please see point (f) above |  |  |  |
| 1. Carbon footprint
 | Please see point (g) above |  |  |  |
| 1. Weighted average carbon intensity
 | Please see point (i) above |  |  |  |
| 1. Solid fossil fuel sector exposure
 | Share of investments in solid fossil fuel sectors |  |  |  |
| Energy performance  | 1. Total energy consumption from non-renewable sources and share of non-renewable energy consumption
 | 1. Total energy consumption of investee companies from non-renewable energy sources (in GWh), expressed as a weighted average 2. Share of non-renewable energy consumption of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage |  |  |  |
| 1. 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  |  |  |  |
| 1. Energy consumption intensity
 | Energy consumption of investee companies per million EUR of revenue of those companies (in GWh), expressed as a weighted average  |  |  |  |
| 1. Energy consumption intensity per sector
 | Energy consumption intensity per million EUR of revenue of investee companies, per NACE sector (in GWh), expressed as a weighted average |  |  |  |
| Biodiversity | 1. Biodiversity and ecosystem preservation practices
 | 1. Share of all investments in investee companies that do not assess, monitor or control the pressures corresponding to the indirect and direct drivers of biodiversity and ecosystem change2. Share of all investee companies that that do not assess, monitor or control the pressures corresponding to the indirect and direct drivers of biodiversity and ecosystem change |  |  |  |
| 1. Natural species and protected areas
 | 1.Share of investments invested in investee companies whose operations affect IUCN Red List species and/or national conservation list species2.Share of investments in investee companies with operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas |  |  |  |
| 1. Deforestation
 | 1. Share of investments in entities without a deforestation policy2. Share of investee companies without a deforestation policy |  |  |  |
| Water | 1. Water emissions
 | Weight in tonnes of water emissions generated by investee companies per million EUR invested, expressed as a weighted average |  |  |  |
| 1. Exposure to areas of high water stress
 | 1. Share of investments in investee companies with sites located in areas of high water stress2. Share of investee companies with sites located in areas of high water stress |  |  |  |
| 1. Untreated discharged waste water
 | Total amount in cubic meters of untreated waste water discharged by the investee companies expressed as a weighted average |  |  |  |
| Waste | 1. Hazardous waste ratio
 | Weight in tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average |  |  |  |
| 1. Non-recycled waste ratio
 | Weight in tonnes of non-recycled waste generated by investee companies per million EUR invested, expressed as a weighted average |  |  |  |
| **SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS** |
| Social and employee matters | 1. Implementation of fundamental ILO Conventions
 | 1. Share of investments in entities without due diligence policies on issues addressed by the fundamental ILO Conventions 1 to 82. Share of investee companies without due diligence policies on issues addressed by the fundamental ILO Conventions 1 to 8 |  |  |  |
| 1. Gender pay gap
 | Average gender pay gap of investee companies |  |  |  |
| 1. 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) |  |  |  |
| 1. Board gender diversity
 | Average ratio of female to male board members in investee companies |  |  |  |
| 1. Insufficient whistleblower protection
 | 1. Share of investments in entities without policies on the protection of whistleblowers2. Share of investee companies without policies on the protection of whistleblowers |  |  |  |
| 1. Investment in investee companies without workplace accident prevention policies
 | 1. Share of investments in investee companies without a workplace accident prevention policy2. Share of investee companies without a workplace accident prevention policy |  |  |  |
| Human rights | 1. Human rights policy
 | 1. Share of investments in entities without a human rights policy 2. Share of investee companies without a human rights policy |  |  |  |
| 1. Due diligence
 | 1. Share of investments in entities without a due diligence process to identify, prevent, mitigate and address adverse human rights impacts 2. Share of investee companies without a due diligence process to identify, prevent, mitigate and address adverse human rights impacts |  |  |  |
| 1. Processes and measures for preventing trafficking in human beings
 | 1. Share of investments in investee companies without policies against trafficking in human beings2. Share of all investments exposed to entities without international framework agreements combating trafficking in human beings |  |  |  |
| 1. Operations and suppliers at significant risk of incidents of child labour
 | 1. Share of the investments in investee companies exposed to operations and suppliers at significant risk of incidents of child labour exposed to hazardous work in terms of geographic areas or type of operation2. Share of investee companies exposed to operations and suppliers at significant risk for incidents of child labour exposed to hazardous work in terms of geographic areas or type of operation |  |  |  |
| 1. Operations and suppliers at significant risk of incidents of forced or compulsory labour
 | 1. 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 operation2. Share of 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 |  |  |  |
| 1. Number and nature of identified cases of severe human rights issues and incidents
 | Number and nature of cases of severe human rights issues and incidents connected to investee companies |  |  |  |
| 1. Exposure to controversial weapons (land mines and cluster bombs)
 | Any investment in entities involved in the manufacture or selling of controversial weapons (land mines and cluster bombs)  |  |  |  |
| Anti-corruption and anti-bribery | 1. Anti-corruption and anti-bribery policies
 | 1. Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption2. Share of investee companies without policies on anti-corruption and bribery consistent with the United Nations Convention against Corruption |  |  |  |
| 1. Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery
 | 1. Share of investments in investee companies with identified insufficiencies in actions taken to address breaches in procedures and standards of anti-corruption and anti-bribery2. Share of investee companies with insufficiencies in actions taken to address breaches in procedures and standards of anti-corruption and anti-bribery |  |  |  |
| 1. 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 |  |  |  |
| [Insert description of adverse sustainability impact in Table 2] | [Insert descriptions of relevant adverse sustainability indicators in Table 2] | [Insert metrics from relevant adverse sustainability indicators in Table 2] |  |  |  |
| [Insert description of adverse sustainability impact in Table 3] | [Insert descriptions of relevant adverse sustainability indicators in Table 3] | [Insert metrics from relevant adverse sustainability indicators in Table 3] |  |  |  |
| [Insert description of any other adverse sustainability impacts identified] | [Insert descriptions of any other relevant adverse sustainability indicators identified] | [Insert metrics of any other adverse sustainability indicators identified] |  |  |  |

 |
| **Description of policies to assess principal adverse sustainability impacts**[Information referred to in Article 8]  |
| **Description of actions to address principal adverse sustainability impacts**[Information referred to in Article 9]  |
| **Engagement policies**[Information referred to in Article 10]  |
| **Adherence to international standards**[Information referred to in Article 11]  |
| **Historical comparison**[Insert the information referred to in Article 7(2)]  |

*Table 2*

 **Additional climate and other environment-related indicators**

|  |  |  |
| --- | --- | --- |
| **Adverse sustainability impact** | **Adverse sustainability impact** **(qualitative or quantitative)** | **Metric (expressed in market value)** |
| **CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS** |
| Emissions | 1. Emissions of inorganic pollutants
 | tonnes of inorganic pollutants equivalent per million EUR invested |
| 1. Emissions of air pollutants
 | tonnes of air pollutants equivalent per million EUR invested |
| 1. Emissions of ozone depletion substances
 | tonnes of ozone depletion substances equivalent per million EUR invested |
| 1. Investing in companies without carbon emission reduction initiatives
 | 1. Share of investments in investee companies without carbon emission reduction initiatives2. Share of investee companies without carbon emission reduction initiatives |
| Water, waste and material | 1. Water usage: Total amount of water consumed and reclaimed, broken down per sector where relevant
 | Average amount of water consumed and reclaimed by the investee companies (in cubic meter) per million EUR of revenue of investee companies  |
| 1. Water recycled and reused
 | Weighted average percentage of water recycled and reused by investee companies |
| 1. Investing in companies without water management initiatives
 | 1. Share of investments in investee companies with no water management initiatives2. Share of investee companies with no water management initiatives |
| 1. Land degradation, desertification, soil sealing
 | Land degradation, desertification and soil sealing as a percentage of land by the investee companies FMP invests in  |
| 1. Investing in companies without sustainable land/forestry/agriculture practices
 | 1. Share of investments in investee companies without sustainable land/forestry/agriculture practices policies2. Share of investee companies without sustainable land/forestry/agriculture practices policies |
| 1. Investing in companies without sustainable oceans/seas practices
 | 1. Share of investments in investee companies without sustainable oceans/seas practices policies2. Share of investee companies without sustainable oceans/seas practices policies |
| Green securities | 1. Share of securities not certified as green
 | Share of securities in investments not certified as green  |

*Table 3*

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

|  |
| --- |
| **SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS** |
| Social and employee matters | 1. Number/rate of accidents, injuries, fatalities, frequency
 | Number/rate of accidents, injuries, fatalities frequency in investee companies |
| 1. Number of days lost for injuries, accidents, fatalities, illness
 | Number of workdays lost to injuries, accidents, fatalities, illness of investee companies |
| 1. Supplier code of conduct
 | 1. Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour)2. Percentage of specific control and/or certified compliance for this code of conduct among suppliers of investee companies  |
| 1. Grievance/complaints handling mechanism
 | 1. Share of investments in investee companies without any grievance/complaints handling mechanism2. Share of investee companies without any grievance/complaints handling mechanism |
| 1. Incidents of discrimination
 | 1. Number of incidents of discrimination reported in investee companies2. Number of incidents of discrimination leading to sanctions in investee companies |
| 1. Lack of separation of CEO and Chair functions on the boards of investee companies
 | 1. Share of investments in investee companies without separate CEO and Chair functions2. Share of investee companies without separate CEO and Chair functions |
| Social securities | 1. Share of securities not certified as social
 | Share of securities in investments not certified as social |

1. OJ L 171, 29.6.2016, p. 1. [↑](#footnote-ref-1)
2. OJ L 275 25.10.2003, p. 32. [↑](#footnote-ref-2)
3. OJ L 328 21.12.2018, p.82 [↑](#footnote-ref-3)
4. <https://www.eea.europa.eu/data-and-maps/data/nationally-designated-areas-national-cdda-14> [↑](#footnote-ref-4)
5. OJ L 350, 28.12.1998, p.58 [↑](#footnote-ref-5)
6. OJ L 327, 22.12.2000, p. 1 [↑](#footnote-ref-6)
7. OJ L 375, 31.12.1991, p.1 [↑](#footnote-ref-7)
8. OJ L 135, 30.5.1991, p. 40 [↑](#footnote-ref-8)
9. OJ L 334, 17.12.2010, p.17 [↑](#footnote-ref-9)
10. OJ L 312, 22.11.2008, p. 3 [↑](#footnote-ref-10)
11. OJ L305, 26.11.2019, p.17 [↑](#footnote-ref-11)
12. OJ L 344, 17.12.2016, p.1 [↑](#footnote-ref-12)