

Principal Adverse Impact Statement

30/06/2024

Financial market participant KBI Global Investors Limited. LEI: 635400Q9ONBFNLALUK61

Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors

Summary

KBI Global Investors Limited (LEI: 635400Q9ONBFNLALUK61) 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 KBI Global Investors Limited and its wholly owned subsidiary, namely KBI Global Investors (North America) Limited, collectively referred to as KBI for the purposes of this statement.

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

A summary of Principal Adverse Indicators considered by KBI is presented below.

Applicable to	Theme	PAI Indicator	Number
Investment Companies	Greenhouse Gas Emissions	GHG Emissions	1
		Carbon footprint	2
		GHG intensity of investee companies	3
		Exposure to companies active in the fossil fuel sector	4
		Share of non-renewable energy consumption and production	5
		Energy consumption intensity per high impact climate sector	6

	Biodiversity	Activities negatively affecting bio diversity-sensitive areas	7
	Water	Emissions to water	8
	Waste	Hazardous waste and radioactive waste ratio	9
	Emissions	Additional PAI: Investments in companies without carbon emission reduction initiatives	4 (Table 2)
	Social and Employee Matters	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	10
		Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	11
		Unadjusted gender pay gap	12
		Board gender diversity	13
		Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, and biological weapons)	14
		Investments in companies without workplace accident prevention	1 (Table 3)

Description of the Principal Adverse Impacts on Sustainability Factors

Table 1:

Climate and other Environment-related Indicators

Indicators applicable to investments in investee companies						
Adverse Sustainability Indicator	Metric	Impact in 2023	Impact in 2022	Explanation	Actions taken, actions planned and targets set for the next reference period	
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	1,196,356	890,260	We calculate carbon emissions by weighting them based on the investment value in each company and the company's enterprise value including cash (EVIC) in euros. For items 1-3, the weights of the firm holdings are adjusted to account for incomplete data coverage. Potential biases and inaccuracies in the data related to Scope 3 emissions remain. The figures from this year and the previous year may not be directly comparable due to changes in methodology and the composition of firm holdings.	<p>KBI Global Investors has committed to reduce the carbon intensity of its investments in line with the framework set out by the Net Zero Investment Management Initiative, of which the firm is a signatory.</p> <p>Additionally, the firm engaged with 53 companies on climate-related issues during the period and will continue to engage on this topic during 2024.</p> <p>KBI also excluded companies with large-scale involvement in coal extraction, coal-fired power generation and unconventional oil and gas (above certain thresholds) from all portfolios. This is expected to continue in 2024. KBI also used proxy voting to support climate-related aims and expect to do so again in 2024. KBI voted against management on 31 climate related resolutions representing 72% of these resolutions. KBI also withheld or voted against the re-election of 25 directors as a signal to the relevant boards that stronger independent oversight and board management of climate risks were needed.</p> <p>Carbon and climate-related performance of companies is integrated into our investment processes and hence investment decisions.</p>
		Scope 2 GHG emissions	258,785	204,312		
		Scope 3 GHG emissions	8,664,578	7,226,933		
		Total GHG emissions	9,546,086	8,326,227		
	2. Carbon Footprint	Carbon Footprint	602	587		
3. GHG intensity of investee companies	GHG intensity of investee companies	887	997	We calculate the exposure of companies active in the fossil fuel sector by adding the weights of investee companies that are exposed to fossil fuel-related activities. When data is not available, figures are not extrapolated, i.e. issuers for which data was not available were not included in this indicator.		
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	14%	12%			
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	70%	79%	We assess the share of non-renewable energy consumption and production sources by calculating the weighted average of the percentage of non-renewable energy consumption for investee companies. The weights of the firm holdings are adjusted to account for incomplete data coverage. There was no material change to the methodology used during 2023. The figures from this year and the previous year may not be directly comparable due to changes in the composition of the firm's holdings.		

	<p>6. Energy consumption intensity per high impact climate sector</p>	<p>Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector</p>	<p>0.0 NACE Code A: Agriculture, Forestry and Fishing</p> <p>3.7 NACE Code B: Mining and Quarrying</p> <p>0.5 NACE Code C: Manufacturing</p> <p>3.5 NACE Code D: Electricity, Gas, Steam and Air Conditioning Supply</p> <p>1.6 NACE Code E: Water Supply; Sewerage, Waste Management & Remediation Activities</p> <p>0.2 NACE Code F: Construction</p> <p>0.2 NACE Code G: Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles</p> <p>0.3 NACE Code H: Transportation and Storage)</p> <p>0.3 NACE Code L: Real Estate Activities</p>	<p>11.4 NACE Code A: Agriculture, Forestry and Fishing</p> <p>1.3 NACE Code B: Mining and Quarrying</p> <p>0.4 NACE Code C: Manufacturing</p> <p>3.9 NACE Code D: Electricity, Gas, Steam and Air Conditioning Supply</p> <p>1.4 NACE Code E: Water Supply; Sewerage, Waste Management & Remediation Activities</p> <p>0.2 NACE Code F: Construction</p> <p>0.1 NACE Code G: Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles</p> <p>0.5 NACE Code H: Transportation and Storage)</p> <p>0.3 NACE Code L: Real Estate Activities</p>	<p>We assess the energy efficiency by calculating the weighted average of the energy consumption intensity (measured in GWh per EUR million sales) for companies in high impact climate sectors (NACE section codes A, B, C, D, E, F, G, H, and L). The Nomenclature of Economic Activities (NACE) Group Code used for each investee company is based on the activity that has the highest reported or estimated revenue for the most recent year available. The weights of the firm holdings are adjusted to account for incomplete data coverage. There was no material change to the methodology used during 2023. The figures from this year and the previous year may not be directly comparable due to changes in the composition of firm holdings.</p>	
--	---	---	---	--	---	--

Table 1: Climate and other Environment-related Indicators

Indicators applicable to investments in investee companies						
Adverse Sustainability Indicator		Metric	Impact in 2023	Impact in 2022	Explanation	Actions taken, actions planned and targets set for the next reference period
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%	0%	We assess the exposure and potential risks to biodiversity and the environment by summing the weights of companies in that have operations located in biodiversity sensitive areas and are involved in controversies with severe impact on the environment. When data is not available, figures are not extrapolated, i.e. issuers for which data was not available were not included in this indicator. There was no material change to the methodology used during 2023. The figures from this year and the previous year may not be directly comparable due to changes in the composition of firm holdings.	KBI engaged with six companies, with the aim of reducing the adverse impact on biodiversity of those companies, during the period. KBI will continue this engagement in 2024. KBI did not designate any company involved in severe controversy relating to biodiversity to be a Sustainable Investment for the purposes of the EU's SFDR regulations. This will continue to be the case in 2024. We will use voting rights as escalation in the event of significant negative impacts.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.1	0.5	We assess the 'emissions to water' associated with 1 million EUR invested by summing the emissions (measured in metric tonnes) of companies and weighting them by the value of investment in each company divided by the company's most recently available enterprise value including cash (EVIC). The weights of the firm holdings are adjusted to account for incomplete data coverage. There was no material change to the methodology used during 2023. The figures from this year and the previous year may not be directly comparable due to changes in the composition of firm holdings.	Emissions to water was integrated (where relevant) into KBI's ESG scoring methodologies which directly impact on whether and how much KBI invested in a company. This is expected to continue in 2024. KBI engaged with 11 companies on water-related issue during the year. KBI expects to conduct engagement on this issue during 2023. Please note that issuers for which data was not available were assigned a 0 for this indicator.
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	1.0	2.1	We assess the hazardous waste ratio associated with 1 million EUR by summing the hazardous waste (measured in metric tonnes) of companies and weighting them by the value of investment in each company divided by the company's most recently available enterprise value including cash (EVIC). The weights of the firm holdings are adjusted to account for incomplete data coverage. There was no material change to the methodology used during 2023. The figures from this year and the previous year may not be directly comparable due to changes in the composition of firm holdings.	Waste output was integrated (where relevant) into KBI's ESG scoring methodologies which directly impact on whether and how much KBI invested in a company. This is expected to continue in 2024. KBI engaged with three companies on waste-related issue during the year. KBI expects to conduct engagement on this issue during 2024. KBI supported two shareholder resolutions on a related issue, against the company management's recommendation. KBI expects to conduct engagement on this issue during 2024.

Table 1: Indicators for Social and Employee, Respect for Human Rights, Anti-Corruption and Anti-Bribery Matters

Indicators applicable to investments in investee companies						
Adverse Sustainability Indicator		Metric	Impact in 2023	Impact in 2022	Explanation	Actions taken, actions planned and targets set for the next reference period
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	0%	We assess the violations of UN Global Compact Principles by summing the weights of investee companies that have Very Severe violations of the UN Global Compact. When data is not available, figures are not extrapolated, i.e. issuers for which data was not available were not included in this indicator. There was no material change to the methodology used during 2023. The figures from this year and the previous year may not be directly comparable due to changes in the composition of firm holdings.	KBI excluded companies which were in repeated and serious breach of the UNGC Principles, without corrective action, from all portfolios. Companies with less severe breaches were excluded from consideration as Sustainable Investments for the purposes of the EU's Sustainable Finance Disclosure Regulations. Breaches were also integrated (where relevant) into KBI's ESG scoring methodologies which directly impact on whether and how much KBI invested in a company. KBI expect these policies to remain in force during 2024. KBI engaged collaboratively via two initiatives on human rights and 'Just Transition' issues during the year. KBI expects to conduct engagement on this issue during 2024. KBI Supported four shareholder resolutions on human rights-related issues against the recommendation of the company management.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	41%	48%	To evaluate the 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, we sum the weights of investee companies that lack any proof of a monitoring mechanism for compliance with the UN Global Compact. When data is not available, figures are not extrapolated, i.e. issuers for which data was not available were not included in this indicator. There was no material change to the methodology used during 2023. The figures from this year and the previous year may not be directly comparable due to changes in the composition of firm holdings.	KBI excluded companies which were in repeated and serious breach of the UNGC Principles, without corrective action, from all portfolios. KBI expect this total exclusion policy to remain in place for 2024.

	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	10%	14%	We calculate the unadjusted gender pay gap by calculating the weighted average of the company's Gender Pay Gap ratio. When the coverage of the Gender Pay Gap ratio is less than 100%, the weights of the firm holdings are adjusted to account for incomplete data coverage. There was no material change to the methodology used during 2023. The figures from this year and the previous year may not be directly comparable due to changes in the composition of firm holdings.	KBI engaged with one company and supported three shareholder resolutions asking for a Report on Gender Pay gaps. KBI is aware that many companies still do not report this data and plans to engage with companies to encourage better disclosure.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	36%	34%	We calculate the % board gender diversity by calculating the weighted average of the percentage of board members who are female in investee companies, expressed as a percentage of all board members. When the coverage of the Gender Pay Gap ratio is less than 100%, the weights are adjusted to account for incomplete data coverage. There was no material change to the methodology used during 2023. The figures from this year and the previous year may not be directly comparable due to changes in the composition of firm holdings.	KBI engaged with five companies on this topic during the year and expect to continue to engage on this issue during 2024. KBI voted against or withheld votes for one or more board members of 52 companies due to a lack of gender or racial diversity on the board and it voted in favour of five shareholder proposals asking for Reports on Employment Diversity, Equity, and Inclusion Reports. Board gender diversity was integrated (where relevant) into KBI's ESG scoring methodologies which directly impact on whether and how much KBI invested in a company. KBI expects this to continue in 2024.
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	0%	We assess the exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons) by summing the weights of investee companies that have exposure to controversial weapons. When data is not available, figures are not extrapolated, i.e. issuers for which data was not available were not included in this indicator. There was no material change to the methodology used during 2023. The figures from this year and the previous year may not be directly comparable due to changes in the composition of firm holdings.	KBI did not invest in any companies involved in anti-personnel mines, cluster munitions, chemical weapons and biological weapons. KBI expect this complete exclusion policy to continue to be in place during 2024.

Table 1: Indicators applicable to investments in sovereigns and supranationals

Indicators applicable to investments in investee companies						
Adverse Sustainability Indicator		Metric	Impact in 2023	Impact in 2022	Explanation	Actions taken, actions planned and targets set for the next reference period
Environmental	15. GHG intensity	GHG intensity of investee countries	n/a	n/a		
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	n/a	n/a		

Indicators applicable to investments in real estate assets

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	n/a	n/a		
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	n/a	n/a		

Additional Indicators for Principal Adverse Impacts on Sustainability Factors

Table 2

	Adverse Sustainability Impact	Adverse impact on sustainability factors (qualitative or quantitative):	Metric	Impact in 2023	Explanation	Actions taken, actions planned and targets set for the next reference period
Additional climate and other environment-related indicator	Emissions	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	29%	We assess the extent of investments in companies without carbon emissions reduction initiatives aimed at aligning with the Paris Agreement. When data is not available, figures are not extrapolated, i.e. issuers for which data was not available were not included in this indicator. There was no material change to the methodology used during 2023. The figures from this year and the previous year may not be directly comparable due to changes in the composition of firm holdings.	Targets to reduce carbon emissions were integrated (where relevant) into KBI's ESG scoring methodologies which directly impact on whether and how much KBI invested in a company. KBI engaged with 41 companies on climate-related targets during 2023 and expects to engage on this topic again in 2024.

Additional Indicators for Principal Adverse Impacts on Sustainability Factors

Table 3

Additional indicator for social and employee, respect for human rights, anti-corruption and anti-bribery matters	Social and Employee Matters	Investments in companies without workplace accident prevention	Share of investments in investee companies' workplace accident prevention policies	2%	We assess the extent of investments in companies without a workplace accident prevention policy. When data is not available, figures are not extrapolated, i.e. issuers for which data was not available were not included in this indicator. There was no material change to the methodology used during 2023. The figures from this year and the previous year may not be directly comparable due to changes in the composition of firm holdings.	Workplace safety policies were integrated (where relevant) into KBI's ESG scoring methodologies which directly impact on whether and how much KBI invested in a company. KBI did not engage with any company specifically on this issue during 2023 but expects to engage on this topic in 2024.
--	-----------------------------	--	--	----	---	---

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

KBI has responsible investment and corporate responsibility as one of its founding pillars, based on the conviction that economic and financial actors have a greater responsibility towards a sustainable society and that the Environmental, Social and Governance (“ESG”) characteristics of companies can be a long-term driver of financial performance. KBI considers that, in addition to economic and financial aspects, the integration within the investment decision process of ESG dimensions, including an analysis of principal adverse impacts on sustainability factors, allows a more comprehensive assessment of investment risks and opportunities. Accordingly, the management of adverse impacts forms an important part of KBI’s due diligence process.

European Union regulations on sustainability-related disclosures in the financial services sector require investment managers to prioritise, identify and describe the principal adverse indicators of investment decisions.

Taking into account the nature of KBI’s investments and its knowledge of those investments and their adverse impact on sustainability factors (such knowledge also being informed and enhanced by research and information received from external ESG research providers), KBI considers the factors set out in the table above. KBI considers, in particular, the probability of occurrence of the various indicators, the degree of severity of the adverse impact, and the extent to which the adverse impact is unavoidable.

As listed above, following an analysis of various climate and environment adverse impact indicators, KBI selected the “*Investments in companies without carbon emission reduction initiatives*” as an additional Climate indicator based on its importance to the achievement of the aims of the Paris Agreement. Following an analysis of various social adverse impact indicators, KBI selected the “*Investments in companies without workplace accident prevention*” as an additional Social indicator based in its importance for workforce safety.

Data and Methodology

KBI reviews and monitors those adverse impacts on an ongoing basis. This monitoring is based on its knowledge of the companies, and/or on externally-sourced data from MSCI ESG Research in particular. When selecting the external data provider, KBI carried out a comprehensive assessment of various data vendor products which took account of data quality and data coverage for its universe of investments, and the methodology used by the data vendors. The availability of data varies by indicator, as not all data is available from the investee companies or from other reliable sources, and KBI takes this into account in its analysis of the results. Where data is not available, KBI may engage with the relevant company/companies to request them to publish the data, or engage with its data vendor to identify ways of obtaining (or estimating if necessary) the missing data. It is also the case that where KBI does obtain data, it may not be fully accurate in all respects and there is a material margin of error.

KBI has been unsuccessful in attempts to obtain data relating to nine investee companies which were “delisted” from public exchanges and hence for which data was not available from our data supplier.

As at 31 December 2023, KBI’s consolidated Assets under Management (AuM) were approximately €16bn. Included in this AuM is approximately €50m which is invested in third party funds and which represents some 0.3% of the firm’s overall AuM. The firm has made reasonable endeavours, including engaging with its third party data provider, to source data on a look-through basis relating to these funds for the purposes of this Statement however no relevant or meaningful data was available. Taking into account the immaterial level of AuM in such third party funds, KBI confirms that the information contained in this Statement is not materially impacted by the non-inclusion of relevant data associated with the third party funds.

KBI engages with investee companies on the topic of the principal adverse indicators (and other issues), as set out in its Engagement Policy which is published on its website and as detailed below.

Policies

KBI has a set of relevant policies, outlined below, each of which has aspects relevant to adverse impact. Each of these policies has been approved by the firm’s Responsible Investing Committee on various dates no earlier than 2023. The Responsible Investing Committee is a sub-committee of the firm’s Executive Committee which has responsibility for all aspects of Responsible Investing, including identifying and prioritising adverse impacts, and which reports to the firm’s board of directors. All policies are reviewed at least annually.

- Responsible Investing policy
- Engagement Policy
- Proxy Voting Policy
- Sustainability Risk Policy
- Due Diligence Policies with regard to Principal Adverse Sustainability Impacts of Investment Decisions

Engagement

KBI carries out both direct and collaborative Engagement. KBI believes that this has benefits in terms of reducing adverse impact on sustainability, but also assists investment performance. There are many reasons for commencing Engagement, including but not limited to concerns relating to adverse impact on sustainability, but KBI has decided to particularly prioritise adverse impact relating to climate and diversity when engaging with companies.

For Climate, KBI prioritises engagement with companies that do not meet the minimum expectations of reporting carbon emissions to CDP and reporting on climate-related financial disclosures using the Taskforce on Climate-Related Financial Disclosures (TCFD) framework. These priorities are clearly linked to PAIs 1 to 6 in the list of Principle Adverse Impacts in Table 1 above.

On Diversity KBI prioritises diversity at board and senior management level within investee companies. Its engagement priorities are supported by its voting policy, where KBI has a particular focus on board accountability in terms of climate and diversity at board and senior management level. This is intended to improve Principal Adverse Impact 13 (Board Gender Diversity) as listed above in Table 1.

While engagements on Climate and Diversity (and their related Principal Adverse Impact Indicators) are prioritised, engagement is also carried out on a broad range of issues including efforts to reduce other adverse impacts.

Reports are prepared on Stewardship (including Engagement) activity twice annually, and made available to all staff and to clients. In addition, a log of all engagement activity is maintained by the Responsible Investing team, and this is available to all investment staff at any time.

Direct Engagement

This will usually commence with an approach to the relevant company outlining KBI's concerns. KBI outlines its concern and asks the company to respond. KBI considers the company's response and either closes the Engagement if a satisfactory response has been obtained or pursues it further, usually via escalation to the Company Chairperson or designated independent/lead director, as appropriate. The process continues until closed.

Engagement can finish either because KBI has obtained a satisfactory result or because it feels a satisfactory outcome (i.e. a reduction in the principal adverse impact on sustainability) is unlikely to be achieved, in which case it will consider divestment, if it judges it to be in the best interests of its clients.

A log is kept of all Engagement, including the objective/target of the engagement, a summary of all interactions on the issue, whether the Engagement is complete, and, when closed, whether KBI views it as successful, unsuccessful, or partially successful.

Collaborative Engagement

As a specialist boutique asset manager with focused resources, KBI endeavours to leverage relationships to engage in collective engagement when appropriate. To that end, it is a member of or a signatory to the initiatives below and takes an active role in those most relevant to it.

- The United Nations Principles for Responsible Investment (PRI)
- Institutional Investors Group on Climate Change (IIGCC)
- CDP
- CERES Investor Network on Climate Risk
- Climate Action 100+
- ShareAction decarbonisation initiative

Risk Controls

Compliance with the Responsible Investment Policy is embedded in KBI's control framework. Responsibilities are spread between the first level of controls performed by the management teams themselves and the second level of controls performed by the Compliance and Risk Unit ("CRU"), which can check the compliance with the responsible investment policy of the portfolios on an ongoing basis. ESG rules are monitored by the CRU in the same way as other investment management constraints, using the same tools and procedures.

References to International Standards

Principal Adverse Impacts		Standards, initiatives and public policies relevant to taking into account principal adverse impacts
1	GHG emissions (Scope 1, 2, 3 and total)	Paris Agreement on Climate
2	Carbon footprint	Sustainable Development Goals (SDGs)
3	GHG intensity of investee companies	EU Taxonomy
4	Exposure to companies active in the fossil fuel sector	Net Zero Asset Managers Initiative (NZAMI)
5	Share of non-renewable energy consumption and production	Climate Action 100+ Carbon Disclosure Project (CDP)
6	Energy consumption intensity per high impact climate sector	Science-based Targets initiative Task Force on Climate-related Financial Disclosures (TCFD) Montréal Carbon Pledge Institutional Investors Group on Climate Change (IIGCC)

7	Activities negatively affecting biodiversity sensitive areas	Task Force on Nature-related Financial Disclosures (TNFD)
8	Emissions to water	Finance for Biodiversity Pledge
9	Hazardous waste ratio	CDP Water CDP Forest
10	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines	UN Global Compact OECD Guidelines on Multinational Enterprises
11	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines	UN Guiding Principles on Business and Human Rights PRI Human Rights Engagement
12	Unadjusted gender pay gap	Workforce Disclosure Initiative (WDI)
13	Board gender diversity	The 30% Club Ireland Investor Group
14	Exposure to controversial weapons	Ottawa and Oslo treaties
15	GHG intensity of investee countries	Paris Agreement on Climate
16	Investee countries subject to social violations	
17	Exposure to fossil fuels through real estate assets	
18	Exposure energy-inefficient real estate assets	

The following paragraphs aim to detail the internationally recognized standards that are the most relevant to act on PAI.

Paris agreement: Net Zero Asset Managers initiative (NZAMi)

PAIs: 1-6 Greenhouse Gas Emissions

As a member of the Net Zero Asset Managers Initiative, KBI not only embraces global carbon neutrality objectives, but is actively taking action to accelerate investing aligned with net zero emissions by 2050 or sooner. Within this commitment, KBI disclosed dedicated targets in 2022:

1. 100% of total AuM is net zero aligned by 2025,
2. A reduction of 7.6% per annum, on average, in carbon intensity of 100% of AUM by end 2024 relative to the end 2019 base.

In 2023, KBI held 218 companies in carbon related sectors (as defined by the Taskforce on Climate related disclosures). Of which, 88 companies had approved or committed Net Zero Science Based Targets. We further engaged directly or through collaborative engagement with 75 companies.

Methodologies leveraged: Paris Aligned Investing Initiative's Net Zero Investment Framework

Forward-looking climate scenario: The 7.6% reduction per annum, over the period from end 2019 to end 2024, is the reduction in annual emissions calculated as being required over the period from 2020 to 2030 to achieve a rise in global temperatures of 1.5 degrees Celsius – the amount needed to achieve the Paris Agreement aims - by the United Nations Environmental Programme in its "Emissions Gap Report 2019", which identified a gap of 32GtCO₂e between the Unconditional NDC Scenario and the median estimate of the level consistent with a rise of 1.5C. The "Unconditional NDCs Scenario" is the scenario which takes into account unconditional commitments by countries to change policies to address climate change, and at the time of the report was consistent with a 3.2C rise in temperature.

GHG scopes: Scope 1, 2 (with an expectation to include Scope 3 when data availability and accuracy has improved)

United Nations Global Compact (UNGC) and OECD Guidelines on Multinational Enterprises

PAIs: 10-11 Social and Employee Matters

As an asset manager, we recognize our responsibility to uphold human rights and address human rights abuses in our investment activities. We see human rights violations as a breach of KBI's investment principles, therefore, we pay particular attention to company exposure to human rights risks.

KBI's ultimate parent company, Credit Agricole, is a signatory of the UN Global Compact.

KBI considers specific principle adverse impacts ("Principle Adverse Impacts" or "PAIs") within its exclusion policy as part of its Responsible Investment Policy. These exclusions cover the following topics: controversial weapons, violations of UN Global Compact Principles, coal and tobacco.

In addition to research and monitoring, KBI exercises leverage with issuers through engagement. Human rights engagement follows a two-pronged approach. First, KBI aims to engage proactively with companies on identification and management of human rights risks. Second, it may engage reactively when an abuse or allegation occurs. In this case, KBI may seek to ensure that companies are taking appropriate measures for effective remediation.

Finance for Biodiversity Pledge

PAI: 7 Biodiversity

As a financial institution, our parent company Amundi recognises the need to protect biodiversity and reverse nature loss in this decade. As such, in 2021 Amundi joined the Finance for Biodiversity Pledge, a unprecedented coalition of 103 signatories representing over €14.7 trillion in AUM across 19 countries. The pledge is a commitment of financial institutions to protect and restore biodiversity through their finance activities and investments.

This initiative brings together 84 financial institutions from around the globe, committing to protect and restore biodiversity through their finance activities and investments. Amundi represented the signatories with a speech at the High Level Segment of the Fifteenth United Nations Conference on Biodiversity (COP15) to call on global leaders to protect and restore biodiversity.

In 2021, Amundi launched a specific engagement campaign on biodiversity. In 2023, it grew the engagement pool, expanding to 92 issuers. The expansive nature of the initial engagement sample meant that Amundi could identify best practices within and across sectors and geographies, and use this as guidance for companies. Details on these practices can be seen in Amundi's standalone report. In 2023, it followed up with corporates to reemphasise the recommendations. Beyond the initial engagement pool, biodiversity was a topic of engagement for additional companies in 2023. The best practices identified in 2021 were given as a reference guide to new companies.