

Statement on principal adverse impacts of investment decisions on sustainability factors

July 2023

Financial market participant CapitalatWork Foyer Group S.A., LEI 549300G1S24HHV2HX706

Summary

CapitalatWork Foyer Group S.A., LEI 54930068H4P06RJ61A49 considers principal adverse impacts of its investment decisions on sustainability factors. The present document is the consolidated statement on principal adverse impacts on sustainability factors of CapitalatWork Foyer Group S.A. and its subsidiary (CapitalatWork S.A.).

This statement on principal adverse impacts on sustainability factors covers the reference period from from 1 January to 31 December 2022.

This statement outlines CapitalatWork's approach to assessing the Principal Adverse Impacts (PAIs) of its investment choices on sustainability factors and provides a summary of our due diligence policies related to the associated procedures. To fulfill the regulatory reporting obligations under Article 4 of the SFDR and Chapter II of the RTS, CapitalatWork appointed KPMG Tax & Advisory SARL for the purpose of principal adverse impact calculation for the initial annual PAI report covering the calendar year 2022. For more details on the KPMG calculation, including the assumptions and methodology employed, please refer to Annex 1 in this document.

Analysis was conducted on CapitalatWork's portfolio to establish the scope of the PAI reporting. Consequently, the calculations were specifically performed for all direct investments eligible to PAI reporting, made by CapitalatWork.

This analysis is mainly driven by the results of the direct investments, such as equities and bonds since they represent 77% of the total portfolio. The part of the portfolio related the funds is out of scope of the present calculation, no European ESG Template (EET) was used in the calculation process.

The quarterly snapshots for financial year 2022 give the following portfolio composition:

Funds	Investee Companies	Other	Sovereign	Grand Total
173,162,786 €	4,578,527,618 €	302,158,104 €	865,283,121 €	5,919,131,630 €
3%	77%	5%	15%	100%

The present PAI analysis marks the very first PAI production exercise conducted, which entails facing challenges associated with data collection, data processing, data quality checks, and data analysis. These challenges serve as the groundwork for further analysis and exploration.

Taking into account the circumstances mentioned above, CapitalatWork aims to actively monitor the development of Principal Adverse Impacts (PAIs). In 2023 and subsequent years, we plan to conduct a comprehensive review and engage in a reflective process. This review will entail evaluating the overall PAI approach and considering potential adjustments, as well as establishing specific targets related to Environmental, Social, and Governance (ESG) factors. Our objective is to adapt and refine our approach as necessary, ensuring that we stay aligned with evolving sustainability goals and industry best practices.

CapitalatWork will consider in a later stage to perform an assessment determining the materiality of each Principal Adverse Impact (PAI), taking into account their relevance to our organization at the entity level. Through this evaluation, we will identify the critical PAIs that we deem vital for our entity. By prioritizing these PAIs, CapitalatWork aims to concentrate our resources and efforts on areas that have the most significant influence on our environmental, social, and governance (ESG) performance, aligning with our strategic objectives. This process will further enhance our reporting approach and strengthen our ability to monitor and address PAIs effectively.

Description of the principal adverse impacts on sustainability factors

The SFDR requires mandatory reporting of PAI indicators, which are divided into a “core set of universal mandatory indicators” and “additional opt-in indicators”. CapitalatWork considers all mandatory PAIs from Table 1 of Annex I, and 2 additional PAIs: one additional indicator from environment-related indicators, as set out in Table 2 of Annex I, and one additional indicators for social and employee matters, as set out in Table 3 of Annex I.

In the table below we have listed the PAIs and the related actions by CapitalatWork:

Indicators applicable to investments in investee companies						
Adverse sustainability indicator	Metric	Impact [year n]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period	
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	83 848 tonnes of CO ₂	N/A	-This indicator has a coverage of 54%. The eligibility of this indicator is 77%. -To be noted that almost 35% of GHG emissions scope 1 are emitted by direct investments into three companies."	During the year 2022, CapitalatWork diligently kept a close eye on the greenhouse gas emissions indicators within its investment portfolio. However, the effectiveness of these efforts fell short due to limited availability and coverage of data. CapitalatWork's primary objective is to meticulously monitor the progress of relevant PAIs. In 2023, CapitalatWork intends to conduct a comprehensive evaluation to determine the significance of each PAI, with a particular emphasis on identifying crucial indicators. As part of this evaluation, CapitalatWork will persist in its endeavors to enhance the accessibility of data
		Scope 2 GHG emissions	24 310 tonnes of CO ₂	N/A	-This indicator has a coverage of 58%. The eligibility of this indicator is 77%. -To be noted that nearly 20% of GHG emissions scope 2 are emitted by direct investments into three companies."	
		Scope 3 GHG emissions	960 690 tonnes of CO ₂	N/A	-This indicator has a coverage of 49%. The eligibility of this indicator is 77%. -To be noted that nearly 20% of GHG emissions scope 3 are emitted by direct investments into one company."	

		Total GHG emissions	1 068 849 tonnes of CO ₂	N/A	-This indicator has a coverage of 58%. The eligibility of this indicator is 77%. -To be noted that nearly 31% of GHG emissions are emitted by direct investments into three companies	<p>and explore potential avenues for engagement with underlying investments.</p> <p>To enhance the results of PAIs, special attention may be directed towards the most influential companies in which investments are made.</p>
2. Carbon footprint	Carbon footprint	181 tonnes of CO ₂ /€M	N/A	-This indicator has a coverage of 58%. The eligibility of this indicator is 77%. -To be noted that nearly 31% of the carbon footprint is explained by the carbon footprint of direct investments into three companies.		
3. GHG intensity of investee companies	GHG intensity of investee companies	247 tonnes of CO ₂ /€M	N/A	-This indicator has a coverage of 37%. The eligibility of this indicator is 77%. -To be noted that around 36% of the GHG intensity is explained by the GHG intensity of direct investments into three companies.		
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	2%	N/A	-This indicator has a coverage of 43%. The eligibility of this indicator is 77%. -To be noted that around 50% of the exposure to fossil fuel sector is explained by direct investments into two companies.		

	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	20%	N/A	-This indicator has a coverage of 29%. The eligibility of this indicator is 77%	
			0%	N/A	-This indicator has a coverage of 0%. The eligibility of this indicator is 77%	
	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	0.02593652 GWh/€M	N/A	-This indicator has a coverage of 27%. The eligibility of this indicator is 77%	
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	-	N/A	-This indicator has a coverage of 0%. The eligibility of this indicator is 77%. -The low coverage is mainly due to the lack of ESG indicators provided by the ESG data provider for the direct investments.	Due to the lack of comprehensive data on activities detrimental to biodiversity-sensitive areas, CapitalatWork is currently unable to take any actions. However, CapitalatWork remains dedicated to closely monitoring the progress of this PAI and assessing its importance as new information emerges.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.03 tonnes of CO ₂ /€M	N/A	This indicator has a coverage of 9%. The eligibility of this indicator is 77%.	Due to the lack of comprehensive data on water emissions, CapitalatWork is currently unable to take any actions. However, CapitalatWork remains committed to closely monitoring the progress of this PAI and evaluating its significance as new

						information becomes available.
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	0.22 tonnes of CO ₂ /€M	N/A	This indicator has a coverage of 31%. The eligibility of this indicator is 77%	Because of the current absence of comprehensive data on the ratios of hazardous waste and radioactive waste, CapitalatWork is presently unable to initiate any actions. Nevertheless, CapitalatWork will continue to diligently monitor the advancement of this PAI and evaluate its significance as new information becomes available.
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	1.95%	N/A	-This indicator has a coverage of 74%. The eligibility of this indicator is 77%. -To be noted that around 88% of the exposure to companies in violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises is explained by direct investments into 1 company.	Due to the existing limitations in the scope of this PAI, CapitalatWork is unable to take any actions at the moment. However, CapitalatWork will actively monitor the development of this PAI and assess its significance as it evolves.
	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	10%	N/A	-This indicator has a coverage of 69%. The eligibility of this indicator is 77%.	Due to the existing limitations in the scope of this PAI, CapitalatWork is unable to take any actions at the moment. However, CapitalatWork will actively monitor the development of this PAI and assess

		grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises				its significance as it evolves.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	0.02%	N/A	-This indicator has a coverage of 23%. The eligibility of this indicator is 77%. -This result is biased, mainly due to the fact that companies that are keen to report this KPI are often disclosing good results.	Due to the existing limitations in the scope of this PAI, CapitalatWork is unable to take any actions at the moment. However, CapitalatWork will actively monitor the development of this PAI and assess its significance as it evolves.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	20%	N/A	-This indicator has a coverage of 60%. The eligibility of this indicator is 77%. -This result is biased, mainly explained by the fact that companies that are keen to report this KPI are often disclosing good results.	Due to the existing limitations in the scope of this PAI, CapitalatWork is unable to take any actions at the moment. However, CapitalatWork will actively monitor the development of this PAI and assess its significance as it evolves.
	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	0.49%	N/A	-This indicator has a coverage of 69%. The eligibility of this indicator is 77%. -To be noted that 100% of the exposure to controversial weapons is explained by one direct investment.	Due to the existing limitations in the scope of this PAI, CapitalatWork is unable to take any actions at the moment. However, CapitalatWork will actively monitor the development of this PAI and assess its significance as it evolves. In order to improve the PAI results, a specific focus may be put on the main impactful investee companies.

Indicators applicable to investments in sovereigns and supranationals						
Adverse sustainability indicator		Metric	Impact [year n]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
Environmental	15. GHG intensity	GHG intensity of investee countries	42.26 tonnes of CO ₂ /€M	N/A	This indicator has a coverage of 14.5%. The eligibility of this indicator is 14.6%	Due to the existing limitations in the scope of this PAI, CapitalatWork is unable to take any actions at the moment. However, CapitalatWork will actively monitor the development of this PAI and assess its significance as it evolves.
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	0 (absolute) 0% (relative)	N/A	This indicator has a coverage of 14.5%. The eligibility of this indicator is 14.6%	Due to the existing limitations in the scope of this PAI, CapitalatWork is unable to take any actions at the moment. However, CapitalatWork will actively monitor the development of this PAI and assess its significance as it evolves.
Indicators applicable to investments in real estate assets						
Adverse sustainability indicator		Metric	Impact [year n]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	N/A	N/A	Could not be calculated due to lack of data and scope of PAI calculations for 2022.	In the investments that are in scope of these calculations, there were no real estate assets
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-	N/A	N/A	Could not be calculated due to lack of data and	In the investments that are in scope of these calculations,

		inefficient real estate assets			scope of PAI calculations for 2022.	there were no real estate assets
Other indicators for principal adverse impacts on sustainability factors						
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
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	N/A	N/A	Could not be calculated due to lack of data and scope of PAI calculations for 2022.	Due to the existing limitations in the scope of this PAI, CapitalatWork is unable to take any actions at the moment. However, CapitalatWork will actively monitor the development of this PAI and assess its significance as it evolves.
Social and employee matters	Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy	N/A	N/A	Could not be calculated due to lack of data and scope of PAI calculations for 2022.	Due to the existing limitations in the scope of this PAI, CapitalatWork is unable to take any actions at the moment. However, CapitalatWork will actively monitor the development of this PAI and assess its significance as it evolves.

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

At entity level, for all products, CapitalatWork is collecting and monitoring 18 mandatory and 2 optional PAIs on a best-effort basis. This year 2023 was the first reporting on 2022 exercise, with major data collection challenges. The objective for the next reporting is clear : evaluate how to improve the data coverage, in order to have a better understanding of the real impacts of investment decisions on sustainability factors, that is limited with low data coverage.

CapitalatWork is not currently able to cover instruments including, but not limited to investments in commodities, warrants, funds on bonds, ETFs, real estate, hedge funds, mixed funds, monetary funds and SIFs. For the SFDR Article 8 products, CapitalatWork is both monitoring the principal adverse impacts and excluding those non-compliant companies from the investment decisions, aligning with the ESG strategy of the funds.

Margin of error with our methodologies

The calculation of PAI indicators is inherently reliant on the data availability and quality. The data we receive from investee companies and third-party providers is reviewed and assessed for the purposes of data quality control to the extent possible. In this context, the calculations are done on a best-effort basis.

As may be observed in the calculated PAI indicators above, the limited data availability for indirect investments, e.g. fund-of-fund investments, poses a severe limitation on the data coverage. CapitalatWork is committed to improving this data availability by further engaging with relevant stakeholders to improve the data quality and availability for indirect investments.

Data Sources

The calculation of the PAI indicator was completed on the basis of a range of data, including values, scores and weights sourced from investee companies and third-party data providers. As a summary, the following data sources may be highlighted for the different types of assets:

- For direct investments in investee companies, the required ESG data was sourced from ESG Data Providers
- For indirect investments in investments funds, the required ESG data was sourced from EET extracts (received from Asset Managers)
- For investments in sovereigns and supranationals, the required ESG data was sourced from publicly available data points including the World Bank, the Emissions Database for Global Atmospheric Research (EDGAR) and the 'Varieties of Democracy' (V-Dem).

The external data providers and other data sources are assessed on an ongoing basis for data quality, coverage and other attributes.

Engagement policies

CapitalatWork has in place an engagement policy in accordance with SRDII regulation, Shareholder Rights Directive II, Directive EU 2017/828 (amending Directive 2007/36/EC).

CapitalatWork monitors the companies in the shares of which we invest under different angles including strategy, financial and non-financial performance and risk, capital structure, corporate governance and environmental and social impact. We follow a materiality principle. The monitoring and engagement process with the investee company includes a voting policy, cooperation with other shareholders and the management of conflicts of interest.

As of today, CapitalatWork does not engage with investee companies on sustainability-related matters.

References to international standards

- CapitalatWork is an associate member of **LuxFLAG**, an independent and international non-profit association created in 2006 by private and public founding partners to support sustainable finance.
- CapitalatWork is a signatory of the Towards Sustainability Quality standard. This initiative aims to help all retail and institutional investors looking for more sustainable savings and investment solutions.

Historical comparison

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