



EUROPEAN
COMMISSION

Brussels, 6.4.2022
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

EN

EN

ANNEX I

Template principal adverse sustainability impacts statement

For the purposes of this Annex, the following definitions shall apply:

- (1) ‘scope 1, 2 and 3 GHG emissions’ means the scope of greenhouse gas emissions referred to in points (1)(e)(i) to (iii) of Annex III to Regulation (EU) 2016/1011 of the European Parliament and of the Council¹;
- (2) ‘greenhouse gas (GHG) emissions’ means greenhouse gas emissions as defined in Article 3, point (1), of Regulation (EU) 2018/842 of the European Parliament and of the Council²;
- (3) ‘weighted average’ means a ratio of the weight of the investment by the financial market participant in an investee company in relation to the enterprise value of the investee company;
- (4) ‘enterprise value’ means the sum, at fiscal year-end, of the market capitalisation of ordinary shares, the market capitalisation of preferred shares, and the book value of total debt and non-controlling interests, without the deduction of cash or cash equivalents;
- (5) ‘companies active in the fossil fuel sector’ means companies that derive any revenues from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade, of fossil fuels as defined in Article 2, point (62), of Regulation (EU) 2018/1999 of the European Parliament and of the Council³;
- (6) ‘renewable energy sources’ means renewable non-fossil sources, namely wind, solar (solar thermal and solar photovoltaic) and geothermal energy, ambient energy, tide, wave and other ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas, and biogas;
- (7) ‘non-renewable energy sources’ means energy sources other than those referred to in point (6);
- (8) ‘energy consumption intensity’ means the ratio of energy consumption per unit of activity, output or any other metric of the investee company to the total energy consumption of that investee company;

¹ Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).

² Regulation (EU) 2018/842 of the European Parliament and of the Council of 30 May 2018 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement and amending Regulation (EU) No 525/2013 (OJ L 156, 19.6.2018, p. 26).

³ Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council (OJ L 328, 21.12.2018, p. 1).

- (9) ‘high impact climate sectors’ means the sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006 of the European Parliament and of the Council⁴;
- (10) ‘protected area’ means designated areas in the European Environment Agency’s Common Database on Designated Areas (CDDA);
- (11) ‘area of high biodiversity value outside protected areas’ means land with high biodiversity value as referred to in Article 7b(3) of Directive 98/70/EC of the European Parliament and of the Council⁵;
- (12) ‘emissions to water’ means direct emissions of priority substances as defined in Article 2(30) of Directive 2000/60/EC of the European Parliament and of the Council⁶ and direct emissions of nitrates, phosphates and pesticides ;
- (13) ‘areas of high water stress’ means regions where the percentage of total water withdrawn is high (40-80%) or extremely high (greater than 80%) in the World Resources Institute’s (WRI) Water Risk Atlas tool “Aquaduct”;
- (14) ‘hazardous waste and radioactive waste’ means hazardous waste and radioactive waste;
- (15) ‘hazardous waste’ means hazardous waste as defined in Article 3(2) of Directive 2008/98/EC of the European Parliament and of the Council⁷ ;
- (16) ‘radioactive waste’ means radioactive waste as defined in Article 3(7) of Council Directive 2011/70/Euratom⁸;
- (17) ‘non-recycled waste’ means any waste not recycled within the meaning of ‘recycling’ in Article 3(17) of Directive 2008/98/EC;
- (18) ‘activities negatively affecting biodiversity-sensitive areas’ means activities that are characterised by all of the following:
 - (a) those activities lead to the deterioration of natural habitats and the habitats of species and disturb the species for which a protected area has been designated;
 - (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:

⁴ Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains Text with EEA relevance (OJ L 393, 30.12.2006, p. 1–39).

⁵ Directive 98/70/EC of the European Parliament and of the Council of 13 October 1998 relating to the quality of petrol and diesel fuels and amending Council Directive 93/12/EEC (OJ L 350, 28.12.1998, p. 58).

⁶ Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy (OJ L 327, 22.12.2000, p. 1).

⁷ Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste and repealing certain Directives (OJ L 312, 22.11.2008, p. 3).

⁸ Council Directive 2011/70/Euratom of 19 July 2011 establishing a Community framework for the responsible and safe management of spent fuel and radioactive waste (OJ L 199, 2.8.2011, p. 48).

- (i) Directive 2009/147/EC of the European Parliament and of the Council⁹;
 - (ii) Council Directive 92/43/EEC¹⁰;
 - (iii) an Environmental Impact Assessment (EIA) as defined in Article 1(2), point (g), of Directive 2011/92/EU of the European Parliament and of the Council¹¹;
 - (iv) for activities located in third countries, conclusions, mitigation measures or impact assessments adopted in accordance with national provisions or international standards that are equivalent to the Directives and impact assessments listed in points (i), (ii) and (iii);
- (19) ‘biodiversity-sensitive areas’ means Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas (‘KBAs’), as well as other protected areas, as referred to in Appendix D of Annex II to Commission Delegated Regulation (EU) 2021/2139¹²;
- (20) ‘threatened species’ means endangered species, including flora and fauna, listed in the European Red List or the IUCN Red List, as referred to in Section 7 of Annex II to Delegated Regulation (EU) 2021/2139;
- (21) ‘deforestation’ means the temporary or permanent human-induced conversion of forested land to non-forested land;
- (22) ‘UN Global Compact principles’ means the ten Principles of the United Nations Global Compact;
- (23) ‘unadjusted gender pay gap’ means the difference between average gross hourly earnings of male paid employees and of female paid employees as a percentage of average gross hourly earnings of male paid employees;
- (24) ‘board’ means the administrative, management or supervisory body of a company;
- (25) ‘human rights policy’ means a policy commitment approved at board level on human rights that the economic activities of the investee company shall be in line with the UN Guiding Principles on Business and Human Rights;
- (26) ‘whistleblower’ means ‘reporting person’ as defined in Article 5(7) of Directive (EU) 2019/1937 of the European Parliament and of the Council¹³;

⁹ Directive 2009/147/EC of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds (OJ L 20, 26.1.2010, p. 7).

¹⁰ Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (OJ L 206, 22.7.1992, p. 7).

¹¹ Directive 2011/92/EU of the European Parliament and of the Council of 13 December 2011 on the assessment of the effects of certain public and private projects on the environment (OJ L 026, 28.1.2012, p. 1).

¹² Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives (OJ L 442, 9.12.2021, p. 1).

¹³ Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law (OJ L 305, 26.11.2019, p. 17).

- (27) ‘inorganic pollutants’ means emissions within or lower than the emission levels associated with the best available techniques (BAT-AEL) as defined in Article 3, point (13) of Directive 2010/75/EU of the European Parliament and of the Council¹⁴, for the Large Volume Inorganic Chemicals- Solids and Others industry;
- (28) ‘air pollutants’ means direct emissions of sulphur dioxides (SO₂), nitrogen oxides (NO_x), non-methane volatile organic compounds (NMVOC), and fine particulate matter (PM_{2,5}) as defined in Article 3, points (5) to (8), of Directive (EU) 2016/2284 of the European Parliament and of the Council¹⁵, ammonia (NH₃) as referred to in that Directive and heavy metals (HM) as referred to in Annex I to that Directive;
- (29) ‘ozone depletion substances’ mean substances listed in the Montreal Protocol on Substances that Deplete the Ozone Layer.

For the purposes of this Annex, the following formulas shall apply:

- (1) ‘GHG emissions’ shall be calculated in accordance with the following formula:

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

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

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

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

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

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

¹⁴ Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control) (OJ L 334, 17.12.2010, p. 17).

¹⁵ Directive (EU) 2016/2284 of the European Parliament and of the Council of 14 December 2016 on the reduction of national emissions of certain atmospheric pollutants, amending Directive 2003/35/EC and repealing Directive 2001/81/EC (Text with EEA relevance), OJ L 344, 17.12.2016, p. 1–31

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

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

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

For the purposes of the formulas, the following definitions shall apply:

- (1) ‘current value of investment’ means the value in EUR of the investment by the financial market participant in the investee company;
- (2) ‘enterprise value’ means the sum, at fiscal year-end, of the market capitalisation of ordinary shares, the market capitalisation of preferred shares, and the book value of total debt and non-controlling interests, without the deduction of cash or cash equivalents;
- (3) ‘current value of all investments’ means the value in EUR of all investments by the financial market participant;
- (4) ‘nearly zero-energy building (NZEB)’, ‘primary energy demand (PED)’ and ‘energy performance certificate (EPC)’ shall have the meanings given to them in paragraphs 2, 5 and 12 of Article 2 of Directive 2010/31/EU of the European Parliament and of the Council¹⁶.

Table 1

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant Junction Growth Investors Fund CommV
Summary
[ENG] Junction Growth Investors Fund CommV considers principal adverse impacts (“PAI”) of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Junction Growth Investors Fund CommV.

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

¹⁶

Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings (recast) (OJ L 153, 18.6.2010, p. 13)

Given the Fund's aim of "enabling Net-Zero", we believe that economic activities from investee companies that negatively impact aspects of the environment or society, undermine our ability to meet the needs of our beneficiaries, both in terms of financial value, and in terms of sustainability risks caused by climate change. Our investment strategy aims to minimise principal adverse impacts throughout the investment process and correct signs of adverse impact to our portfolio, where feasible.

The Fund reports in line with regulatory requirements on all mandatory indicators related to principal adverse impact on sustainability factors as set out in this Table 1 of Annex I of the Regulatory Technical Standards of SFDR.

In addition to the mandatory set of fourteen PAI indicators, we also selected the following additional indicators related to principal adverse impacts on a climate or other environment related sustainability factor that qualifies as principal as set out in Table 2 of Annex I and related to social, employee, human rights, anti-corruption or anti-bribery sustainability factors that qualify as principal as set out in Table 3 of Annex I of the Regulatory Technical Standards. Alongside the fourteen mandatory indicators, we believe that these two additional metrics best coincide with our materiality of sustainability factors:

- Investments in companies without carbon emission reduction initiatives
- Lack of anti-corruption and anti-bribery policies

[NL] Junction Growth Investors Fund CommV houdt rekening met de belangrijkste negatieve gevolgen van zijn investeringsbeslissingen op duurzaamheidsfactoren. Dit verslag omvat de geconsolideerde rapportering over de belangrijkste negatieve gevolgen op de duurzaamheidsfactoren van Junction Growth Investors Fund CommV en heeft betrekking op de referentieperiode van 1 januari tot 31 december 2023.

Gezien de doelstelling van het fonds om "Net-Zero mogelijk te maken", zijn wij van mening dat beleggen in economische activiteiten die een negatieve invloed hebben op aspecten van het milieu of de samenleving, ons vermogen ondervinden om aan de behoeften van onze begunstigden te voldoen, zowel in termen van financiële waarde als in termen van duurzaamheidsrisico's veroorzaakt door klimaatverandering. Onze beleggingsstrategie is gericht op het minimaliseren van negatieve effecten gedurende het beleggingsproces en het corrigeren van tekenen van negatieve effecten op onze portefeuille, waar mogelijk.

Het Fonds rapporteert in overeenstemming met de wettelijke vereisten over alle verplichte indicatoren met betrekking tot de belangrijkste negatieve gevolgen op duurzaamheidsfactoren, zoals uiteengezet in deze tabel 1 van bijlage I van de Technical Standards van SFDR.

Naast de verplichte set van veertien PAI indicatoren hebben we ook aanvullende indicatoren geselecteerd, zoals uiteengezet in tabel 2 en 3 van bijlage I van de technische reguleringsnormen van SFDR, met betrekking tot belangrijkste negatieve gevolgen voor het klimaat of andere milieugerelateerde duurzaamheidsfactoren en sociale, werknemers-, mensenrechten-, anticorruptie- of antiomkopingduurzaamheidsfactoren. Naast de veertien verplichte indicatoren zijn wij van mening dat deze twee aanvullende indicatoren het beste aansluiten bij onze investeringsstrategie:

- Investeringen in bedrijven zonder initiatieven om de uitstoot van koolstof te verminderen
- Ontbreken van beleid tegen corruptie en omkoping

Description of the principal adverse impacts on sustainability factors

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	52,4	30,6	<p>Aggregated scope 1 emissions of the investee companies during the reporting period, each weighted by Junction's share in the company. Relying on exact data as well as proxy's when data was not available (detailed description below)</p>
		Scope 2 GHG emissions	10,3	0,3	<p>Aggregated scope 2 emissions of the investee companies during the reporting period, each weighted by Junction's</p>

					share in the company. Relying on exact data as well as proxy's when data was not available (detailed description below)	emissions and challenge investee companies to reach targets - Junction to challenge investee companies to increase accuracy when proxies are used
	Scope 3 GHG emissions	226,1	69,7		Aggregated scope 3 emissions of the investee companies during the reporting period, each weighted by Junction's share in the company. Relying on exact data as well as proxy's when data was not available (detailed description below)	- Investee companies have set annual targets, or are in the process of setting such targets - Junction to monitor emissions and challenge investee companies to reach targets - Junction to challenge investee companies to increase accuracy when proxies are used
	Total GHG emissions	288,7	100,6		Aggregated scope 123 emissions of the investee companies during the reporting period, each weighted by Junction's share in the company. Relying on exact data as well as proxy's when data was not available (detailed description below)	- Support companies to develop Net-Zero plans and identify min. 1 KPI - Continue to increase ESG related knowledge at portfolio companies and identify ESG related opportunities - Link Mgmt incentives to Impact & ESG KPI's
2. Carbon footprint	Carbon footprint	21,7	20,1		Aggregated scope 123 emissions of the investee companies during the	- Continue to monitor emissions and assess impact of new investments

					reporting period, each weighted by Junction's share in the company. Relying on exact data as well as proxy's when data was not available (detailed description below)	throughout the Due Diligence process and beyond via our bespoke methodology
3. GHG intensity of investee companies	GHG intensity of investee companies	8,6	8,6	Aggregated scope 123 emissions of the investee companies during the reporting period, each weighted by Junction's share in the company, divided by current value of all Junction investments. Relying on exact data as well as proxy's when data was not available (detailed description below)	- Continue to monitor emissions and assess impact of new investments throughout the Due Diligence process and beyond via our bespoke methodology	
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0,0	0,0	None of the portfolio investments are active in the fossil fuel sector	- No specific actions defined in 2024	
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	96%	95%	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	- Concrete improvements are set at 2 out of 5 portfolio companies, as part of our approach to set annual targets for scope 123 emissions. The 3 remaining portfolio companies are still in the process of defining	

		energy sources compared to renewable energy sources, expressed as a percentage of total energy sources			as a percentage of total energy sources	Net-Zero plans and targets on 31/12/2023 - Overall, Junction aims at pushing portfolio companies to enter into green energy contracts or to invest in green energy consumption (heat pumps instead of gas consumption) or production (PV installations)
	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	0,0	0,0	None of the portfolio investment are active in any of the high impact climate sectors	- No specific actions defined in 2024
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	0,0	To the best of our knowledge, none of the portfolio investments are active in biodiversity sensitive areas	- No specific actions defined in 2024

Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0,0	0,0	Tonnes of emissions to water of each investee company, weighted by Junction's share in the company, divided by current value of all Junction investment. Using a proxy when explicit data was not available. To the best of our knowledge, none of the portfolio investments generate emissions to water	- No specific actions defined in 2024
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	0,0	0,0	To the best of our knowledge, none of the portfolio investments generate hazardous waste and radioactive waste	- No specific actions defined in 2024

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	Share of investments in investee companies that have been	0%	0%	To the best of our knowledge, none of the portfolio investments have been involved in violations of the UNGC principles or	- No specific actions defined in 2024
-----------------------------	--	---	----	----	--	---------------------------------------

	Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises			OECD Guidelines for Multinational Enterprises	
	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	100%	100%	None of the portfolio investments have (formal) processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises that Junction is aware of	- No specific actions defined in 2024

for Multinational Enterprises						
12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	13%	6%	Unadjusted gender pay gap describes the average wage difference between men and women in portfolio companies (without taking into account the type of job). Currently, there is an unadjusted gender pay gap at all portfolio companies, often driven by women occupying lower level jobs compared to men. In one portfolio company the gender pay gap is negative	- No specific actions defined in 2024	
13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	3%	5%	Board member diversity is currently below 20% at all portfolio companies	- If possible, Junction will advocate for gender diversity on the board	
14. Exposure to controversial weapons (anti-personnel mines, cluster	Share of investments in investee companies involved in the manufacture or selling of	0%	0%	None of the portfolio investments involved in the manufacture or selling of controversial weapons	- No specific actions defined in 2024	

	munitions, chemical weapons and biological weapons)	controversial weapons				
--	---	-----------------------	--	--	--	--

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	GHG intensity	GHG intensity of investee countries	Not applicable	Not applicable	Not applicable	Not applicable
Social	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,	Not applicable	Not applicable	Not applicable	Not applicable

		where applicable, national law				
--	--	-----------------------------------	--	--	--	--

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	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	Not applicable	Not applicable	Not applicable	Not applicable
Energy efficiency	Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	Not applicable	Not applicable	Not applicable	Not applicable

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	15. 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	60%	100%	<p>Junction requires its portfolio companies to set up Net-Zero plans (including reduction initiatives) within the first 12 months after investment. As a result, this KPI should move to 0% at the end of the first 12 months after investment (for each individual portfolio company). Note that on 31/12/2023, for 3 out of 5 portfolio companies, the initial first 12 months have not yet passed</p>	<ul style="list-style-type: none"> - Support companies to develop Net-Zero plans (incl. reduction initiatives) and identify KPI's within the first year after investment - Continue to increase ESG related knowledge at portfolio companies and identify opportunities - Link Mgmt. incentives to Impact & ESG KPI's
Anti-corruption and anti-bribery	16. 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	80%	100%	<p>1 out of 5 portfolio investments has implemented a formal anti-corruption and anti-bribery policy. 1 other portfolio company was in the process of defining an anti-corruption and anti-bribery policy throughout the reporting period of 2023</p>	<ul style="list-style-type: none"> - Develop and implement anti-corruption and anti-bribery policies at the remaining 3 portfolio companies during the course of 2024

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

As described in our ESG policy (approved in July 2022 and updated in March 2024), the fund aims to make sustainable investments which are aligned with our internal Sustainable Investment Objective (cfr. [Junction ESG Policy](#)). One of the criteria of our internal Sustainable Investment Objective is a screening against the Do No Significant Harm principles within the EU Taxonomy. Principal adverse impacts are thus screened as part of our initial investment decision (requiring approval from our Investment Committee).

Once we have made the investment decision, we work closely with management to define and select feasible pathways to the Green Deal targets in 2030 and 2050. Given the range of companies invested in, individual targets are set. While some climate change mitigation opportunities may be able to set ambitious carbon reduction targets ahead of others (e.g. adaptation opportunities), all investments have to demonstrate a carbon reduction plan. To reduce the risk of inertia, we break down long-term targets into intermediary steps across 5-year time frames. As part of this, we identify and develop action plans to drive progress on ESG Management and Sustainability Impact performance overall. All required datapoints to complete our PAI statement (Annex 1, Table 1 and 2 additional KPI's of Tables 2 and 3) are requested as part of this Net-Zero approach.

The Fund puts the development, approval, and follow-up of such plans on the agenda of the portfolio company's Board of Directors. Plans are presented to the Fund's *Impact & ESG subcommittee*, to anchor KPIs in context of the remuneration policy at fund level. On a yearly basis, a progress report is presented to the *Impact & ESG subcommittee*.

The Fund fully relies on data provided by its portfolio companies to complete a consolidated PAI statement. If data is not available at portfolio companies, they are instructed to make well substantiated, reasonable (and transparent) assumptions. Note that portfolio companies often rely on consultants to support them in identifying emissions and are required to calculate all material Scope 1, 2 and 3 emissions by default. To minimize the potential error margin, we ensure accuracy of data collected through implementing internal review, external auditing of emission-related data and ESG services provided by our advisors. We will continuously review our approach to collecting, and reviewing, PAI data on a no less than annual basis.

Engagement policies

Through active ownership, the Fund engages with investee companies to identify and measure principal adverse impacts on sustainability factors.

We engage with all our companies on a continual basis and set targets to demonstrate measurable improvement in the reduction of any identifiable adverse impacts. The Fund provides proposed approaches, lists of ESG consultants or tools, templates and (if necessary) operational support or advice.

As mentioned before, we will continuously review our approach to collecting, and reviewing, PAI data on a no less than annual basis.

References to international standards

The Fund doesn't have as an objective to make EU Taxonomy aligned investments, given that (i) the methodology and data availability on reporting under the EU Taxonomy continues to develop, and (ii) the Belgian Financial Services and Markets Authority (FSMA) currently prohibits any Belgian-based fund to state that investments qualify as sustainable under the EU Taxonomy¹.

Portfolio companies are required to define and select feasible pathways to the Green Deal targets in 2030 and 2050. During the reference period, all portfolio companies have relied on the GHG Protocol guidelines to identify GHG emissions. Depending on materiality and/or data availability, the included scope 1, 2 or 3 emissions can vary across our portfolio. Below a table can be found, indicating what data was included per portfolio company and to what extent the calculations are based on proxies. As mentioned above, we will continuously challenge portfolio companies on further increasing data accuracy.

Note (1): See FSMA_2023_01 van 24/01/2023 - Q&A's over de inwerkingtreding van de Gedelegeerde Verordening (EU) 2022/1288 van de Commissie van 6 april 2022 tot aanvulling van de SFDR-verordening met technische reguleringsnormen inzake activabeheer (https://www.fsma.be/sites/default/files/media/files/2023-01/fsma_2023_01_nl.pdf or https://www.fsma.be/sites/default/files/media/files/2023-01/fsma_2023_01_fr.pdf).

		Scope bucket	Activity	Haulogy	Hysopt	Eturnity	Ampacimon	EET	
SCOPE 1		Direct emissions	Company facilities (gas/oil)	Not available	Activity based	Not available	Activity based	Activity based	
			Delivery vehicles	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	
			Passenger vehicles	Activity based	Activity based	Not applicable	Activity based	Activity based	
			-- Diesel	Activity based	Activity based	Not applicable	Activity based	Activity based	
			-- Petrol	Activity based	Activity based	Not applicable	Not applicable	Not applicable	
SCOPE 2		Electricity, heating & cooling	Electricity (on which we have impact)	Activity based ¹	Activity based	Activity based	Activity based	Activity based	
			Heat & steam	Not applicable	Not applicable	Not available	Not available	Not available	
			District cooling	Not available	Not material	Not available	Not available	Not available	
			Electricity for Electrical vehicles	Activity based (incl. in elec)	Activity based	Not applicable	Activity based (incl. in elec)	Activity based	
SCOPE 3	Upstream	1. Purchased good & Services	Honoraires (accounting, legal, audit, notary, consulting, insurance, telco)	Spent based	Spent based	Spent based	Spent based	Spent based	
			Electrical and optical IT and office equipment	Spent based	Spent based	Activity based	Spent based	Activity based	
			Freelancers	Activity based	Spent based	Not available	Not material	Not available	
			-- Freelance home office (gas/elec)	Activity based	Spent based	Not available	Not material	Not available	
			-- Freelance car drives	Activity based	Spent based	Not available	Not material	Not available	
			Water consumption	Activity based	Activity based	Not available	Not available	Not available	
			Cloud computing	Spent based	Spent based	Spent based	Spent based	Spent based	
			Other purchased goods & services, such as e.g. marketing costs, HR costs, maintenance costs, material costs	Not available	Not available	Not available	Not available	Not available	

Scope bucket	Sub-activity	Haulogy	Hysopt	Eturnity	Ampacimon	EET
SCOPE 3	Upstream	2. Capital goods (included in purchased goods & services)	Spent based – limited ²	Spent based – full ³	Activity based – limited ²	Spent based – limited ²
		3. Fuel & energy related activities	Not available/material	Activity based	Not available/material	Not available/material
		4. Upstream transportation & distribution	Not applicable	Not applicable	Not applicable	Not available
		5. Waste generated in operations	Not available	Not available	Not available	Activity based
		6. Business travel	Spent based	Not available	Not available	Activity based
			Transport	Spent based	Activity based	Activity based
		7. Employee commute	Car	Activity based	Activity based	Activity based
			Public transport	Activity based	Activity based	Activity based
			Home office (gas/elec)	Activity based	Activity based	Activity based
	Downstream	8. Upstream leased assets	Electricity	Activity based	Activity based	Not applicable
		9. Transportation & distribution of sold products	Not material	Activity based 2022 Not material 2023	Not material	Activity based
		10. Processing of sold products	Not applicable	Not applicable	Not applicable	Activity based
		11. Use of sold products	Not applicable	Not applicable	Not applicable	Activity based
		12. End-of-life treatment of sold products	Not applicable	Not applicable	Not applicable	Activity based
		13. Downstream leased assets	Not applicable	Not applicable	Not applicable	Not applicable
		14. Franchises	Not applicable	Not applicable	Not applicable	Not applicable
	15. Investments	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Other comments		Haulogy holds 50% share in FR entity, but is in control: 100% GHG reported	9. Includes transport to Hysopt bootcamps in 2022 (not material). No more bootcamps in 2023	Fully remote company, oil consumption not deemed material	ES & US entity 100% owned and included. Materials: limited volumes of sensors sold (only GHG transport included)	N/A

Legenda: Not applicable: not included in S123 calculations as not relevant for portco; not material: not included in S123 calculations as assessed not of material importance; Spent based: GHG emissions derived from spendings of portfolio company multiplied by a spent based emission factor; Activity based: GHG emissions derived from bottom up activity data (e.g. actual amount of flights taken or actual kWh energy consumed) or proxy's for activity data (e.g. estimated kWh energy consumed), multiplied with activity based emission factor; Not available: not included due to lack of data

Note that portfolio companies work with consultants or tools that provide emission factors, as such the approach and actual emissions can vary across portfolio companies. (1) Haulogy calculation is based on the assumption of a green energy contract in its office in Neupré, however, no written proof of this contract is

obtained (based on verbal confirmation of building owner) (2) Limited: only limited capital goods included, as limited information was available (mainly laptops and other IT hardware); (3) Full: all capital goods included, except for leased cars

Historical comparison

The Fund compares the reference period n (1 january – 31 december 2023) with period n-1 (1 january – 31 december 2022). At the end of 2023, the portfolio consisted of 5 portfolio companies, while at the end of 2022, the portfolio consisted of 2 portfolio companies.

Note that the reported emissions are the emissions for our portfolio snapshot taken at 31/12/2023 and include the emissions for the full financial year (i.e. without correcting for the investment period of the Fund).

Comparing 2023 vs. 2022 will provide limited conclusive insights, as the Fund has grown its portfolio from 2 to 5 companies in 2023. Nevertheless, we notice that the total emissions from portfolio companies have tripled (due to the addition of 3 portco's).