

# Description of Principal Adverse Impacts on Sustainability Factors

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**Mirova US LLC**

**June 2025**

**Financial market participant Mirova, LEI: 969500YW3F4AWI51IH84**

Mirova, LEI: 969500YW3F4AWI51IH84 considers principal adverse impacts of its investment decisions on sustainability factors. As part of the analysis of residual ESG risks conducted on each investee, Mirova systematically assesses and monitors indicators that are deemed to indicate the presence of principal adverse impact (including consideration of data relating to the mandatory PAI indicators referred to in the consolidated Regulatory Technical Standards for assessment of sustainable investment in accordance with art. 2 (17) SFDR). The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Mirova. This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2023 to 31 December 2023. It covers the mandatory principal adverse impact indicators and three voluntary indicators defined by the Sustainable Finance Disclosure Regulation (SFDR).

**Acteur des marchés financiers Mirova, LEI : 969500YW3F4AWI51IH84**

Mirova, LEI: 969500YW3F4AWI51IH84 prend en considération les impacts négatifs principaux de ses décisions d'investissement sur les facteurs de durabilité. Dans le cadre de l'analyse des risques ESG résiduels menée sur chaque investissement, Mirova évalue et surveille systématiquement des indicateurs jugés indiquer la présence d'un impact négatif principal (y compris la prise en compte des données relatives aux indicateurs PAI obligatoires mentionnés dans les normes techniques réglementaires consolidées pour l'évaluation de l'investissement durable conformément à l'art. 2 (17) de la SFDR). La présente déclaration est la déclaration consolidée sur les impacts négatifs principaux sur les facteurs de durabilité de Mirova. Cette déclaration sur les impacts négatifs principaux sur les facteurs de durabilité couvre la période de référence du 1er janvier 2023 au 31 décembre 2023. Elle couvre les indicateurs obligatoires d'impact négatif principal et trois indicateurs volontaires définis par le Règlement sur la divulgation en matière de finance durable (SFDR).

**Financiëlemarktaandeelnemer Mirova, LEI: 969500YW3F4AWI51IH84**

Mirova, LEI: 969500YW3F4AWI51IH84 neemt de belangrijkste nadelige effecten van haar investeringsbeslissingen op duurzaamheidsfactoren in overweging. Als onderdeel van de analyse van resterende ESG-risico's die op elke investering worden uitgevoerd, evalueert en bewaakt Mirova systematisch indicatoren die worden geacht de aanwezigheid van belangrijke nadelige effecten aan te geven (inclusief overweging van gegevens met betrekking tot de verplichte PAI-indicatoren zoals vermeld in de geconsolideerde regelgevings technische normen voor de beoordeling van duurzame investeringen overeenkomstig art. 2 (17) SFDR). Deze verklaring is de geconsolideerde verklaring over belangrijke nadelige effecten op duurzaamheidsfactoren van Mirova. Deze verklaring over belangrijke nadelige effecten op duurzaamheidsfactoren heeft betrekking op de referentieperiode van 1 januari 2023 tot 31 december 2023.

Het omvat de verplichte indicatoren van belangrijke nadelige effecten en drie vrijwillige indicatoren die zijn gedefinieerd door de Verordening inzake duurzame financiële bekendmaking (SFDR).

**Finanzmarktteilnehmer Mirova, LEI: 969500YW3F4AWI51IH84**

Mirova, LEI: 969500YW3F4AWI51IH84 berücksichtigt wesentliche nachteilige Auswirkungen seiner Anlageentscheidungen auf Nachhaltigkeitsfaktoren. Im Rahmen der Analyse der verbleibenden ESG-Risiken, die bei jedem Investitionsobjekt durchgeführt wird, bewertet und überwacht Mirova systematisch Indikatoren, die als Hinweis auf das Vorhandensein wesentlicher nachteiliger Auswirkungen gelten (einschließlich der Berücksichtigung von Daten zu den obligatorischen PAI-Indikatoren, die in den konsolidierten technischen Regeln für die Bewertung nachhaltiger Anlagen gemäß Art. 2 (17) SFDR genannt werden). Die vorliegende Erklärung ist die konsolidierte Erklärung zu wesentlichen nachteiligen Auswirkungen auf Nachhaltigkeitsfaktoren von Mirova. Diese Erklärung zu wesentlichen nachteiligen Auswirkungen auf Nachhaltigkeitsfaktoren umfasst den Bezugszeitraum vom 1. Januar 2023 bis zum 31. Dezember 2023. Sie umfasst die obligatorischen Indikatoren für wesentliche nachteilige Auswirkungen und drei freiwillige Indikatoren, die durch die Sustainable Finance Disclosure Regulation (SFDR) definiert sind.

**Participante en los mercados financieros Mirova, LEI: 969500YW3F4AWI51IH84**

Mirova, LEI: 969500YW3F4AWI51IH84 considera los impactos adversos principales de sus decisiones de inversión en los factores de sostenibilidad. Como parte del análisis de los riesgos ESG residuales realizados en cada inversión, Mirova evalúa y supervisa sistemáticamente los indicadores que se consideran indicativos de la presencia de un impacto adverso principal (incluida la consideración de datos relativos a los indicadores PAI obligatorios mencionados en las Normas Técnicas Reglamentarias consolidadas para la evaluación de la inversión sostenible de conformidad con el art. 2 (17) SFDR). La presente declaración es la declaración consolidada sobre los impactos adversos principales en los factores de sostenibilidad de Mirova. Esta declaración sobre los impactos adversos principales en los factores de sostenibilidad abarca el período de referencia del 1 de enero de 2023 al 31 de diciembre de 2023. Incluye los indicadores obligatorios de impacto adverso principal y tres indicadores voluntarios definidos por el Reglamento de Divulgación de Finanzas Sostenibles (SFDR).

**Partecipante ai mercati finanziari Mirova, LEI: 969500YW3F4AWI51IH84**

Mirova, LEI: 969500YW3F4AWI51IH84 considera gli impatti avversi principali delle sue decisioni di investimento sui fattori di sostenibilità. Come parte dell'analisi dei rischi ESG residui condotta su ciascun investimento, Mirova valuta e monitora sistematicamente gli indicatori che sono considerati indicare la presenza di un impatto avverso principale (inclusa la considerazione dei dati relativi agli indicatori PAI obbligatori menzionati nelle Norme tecniche regolamentari consolidate per la valutazione degli investimenti sostenibili ai sensi dell'art. 2 (17) SFDR). La presente dichiarazione è la dichiarazione consolidata sugli impatti avversi principali sui fattori di sostenibilità di Mirova. Questa dichiarazione sugli impatti avversi principali sui fattori di sostenibilità copre il periodo di riferimento dal 1 gennaio 2023 al 31 dicembre 2023. Include gli indicatori obbligatori di impatto avverso principale e tre indicatori volontari definiti dal Regolamento sulla divulgazione di finanza sostenibile (SFDR).



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## Regulatory Framework

The Sustainable Finance Disclosure Regulation (SFDR), which has been in effect since March 2021, requires asset management actors to provide increased transparency regarding environmental, social, and governance (ESG) issues. In particular, Article 4 of the SFDR mandates the publication of an entity-level statement detailing how the principal adverse impacts (PAI) are identified, measured, and taken into account in investment decisions. This provision requires an annual publication commitment, compliant with a regulatory template, as well as monitoring of mandatory indicators (see table

below) and a reasoned selection of additional indicators.

Mirova, a management company specializing in responsible investment and certified B Corp<sup>1</sup> as well as a mission-driven organization<sup>2</sup>, positions itself as a committed player. True to its ambition of combining financial performance with positive impact, Mirova prioritizes investment approaches with high environmental and social value, in accordance with the SFDR Article 9 classification of its funds<sup>3</sup>.

In compliance with Article 4 of the SFDR, Mirova reports mandatory

Principal Adverse Impacts (PAI) indicators as well as additional indicators—particularly related to corporate decarbonization strategies and the prevention of human rights violations and ethical breaches—based on a robust methodology aligned with Regulatory Technical Standards (RTS). These indicators are integrated into an interdisciplinary governance framework that brings together teams from sustainable development research, compliance, reporting, product engineering, and information technology (IT) to ensure rigor, consistency, and reliability.

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<sup>1</sup> References to a ranking, award or label have no bearing on the future performance of any fund or manager.\*Mirova is a mission-driven company since 2020. For more information : [www.entrepriseamission.com](http://www.entrepriseamission.com) \*\*Since 2006, the B Corp movement has been promoting strong values of change throughout the world to make companies "a force for good" and to distinguish between those that reconcile profit (for profit) and collective interest (for purpose). The B Corp's objective is to certify companies that integrate social, societal and environmental objectives into their business models and operations. B Corp Certification is a designation that a business is meeting high standards of verified performance, accountability, and transparency on factors from employee benefits and charitable giving to supply chain practices and input materials. Certified since 2020, Mirova reapplies for the B Corp Certification every three years. The annual fee for maintaining the certification is €2,500. To find the complete B Corp certification methodology, please visit the B Corp website here: <https://www.bcorporation.net/en-us/certification>.\*\*\*As of 2020. Source: Mirova.

<sup>2</sup> Introduced in France in 2018 under the Pacte Law, a 'société à mission' company must define its "raison d'être" and one or more social, societal or environmental objectives beyond profit. The purpose, and objectives aligned with this purpose, must be set out in its Articles of Association. The Articles specify the means by which the execution of the Mission will be monitored by a Mission Committee (a corporate body distinct from the board of directors which is responsible for monitoring the implementation of the mission with at least one employee.) An independent third party then verifies the execution of the Mission, via a written opinion which is annexed to the report of the Mission Committee to shareholders and made available on the website of the company for a period of five years.

<sup>3</sup> With exception of certain dedicated funds and funds delegated by management companies outside Groupe BPCE.

# Data Coverage and Reliability: Towards Continuous Improvement

Since the first year of reporting, ESG data providers have enhanced the coverage, granularity, and reliability of PAI indicators. Aware of the importance of this progress, Mirova

has worked closely with its partners to enrich the covered universes, improve methodologies, and optimize the integration of data into internal models. Mirova has also actively contributed to the development of

innovative databases, such as [the avoided emissions platform \(AEP\)](#), as part of a joint market initiative launched with Robeco in 2023.

## Information on Calculation Methodology

The PAI indicators are calculated for all of Mirova's assets (listed and unlisted), except for solidarity assets<sup>4</sup>.

For each of our indicators, the coverage ratio indicated in the report reflects the proportion of eligible assets (i.e., investments in issuing companies) for which data is available, either from our third-party data providers for listed equities or collected directly from investments for real assets.

All entity-level indicators are based on a standardized methodology, specifically a weighted average based on assets under management, except for PAI 17, which is based on a fund-by-fund and quarterly average of confirmed cases.

Exposure to companies involved in the fossil fuel sector is derived from data points on the maximum percentage of the company's revenue linked to exploration, extraction, distribution, and refining activities provided by our third-party data provider.

We have made no methodological changes regarding aggregation calculations compared to the 2023 reporting exercise.

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<sup>4</sup> Structures of the social and solidarity economy (SSE), in which solidarity funds invest, often lack the technical means to produce the PAI indicators defined by the SFDR regulation, which were originally designed for larger companies. Furthermore, these structures generally benefit from ESUS approval, which ensures responsible governance, regulated profitability, and an explicit social purpose, thereby reducing the risk of negative impacts on sustainability factors.

Indicator of Negative Impacts on Sustainability	Measurement	Impact 2024	Entity-level coverage rate 2024	Impact 2023	Entity-level coverage rate 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period
<b>Primary Indicators - Energy and Emissions</b>							
1. Greenhouse Gas (GHG) Emissions						<p>Industries with high carbon intensity that do not contribute to achieving the Paris Agreement are excluded from our investments. In our listed equity portfolios, the largest issuers are found in the utilities, industrial, and materials sectors. These are also companies that are developing solutions to address climate change and environmental issues. Since 2016, we have developed a portfolio temperature alignment indicator that includes life cycle principles, takes into account avoided emissions, and integrates forward-looking elements regarding companies' strategies to address climate change. Based on this, we systematically communicate the "temperature" of our investments, which reflects the alignment of investments with climate scenarios. All our listed portfolios comply with a climate trajectory of less than 2°C as defined in the 2015 Paris Agreement.</p> <p>We have worked with our data provider to increase the coverage of our assets; this has resulted in an increase in values for PAI 1 and PAI 3 related to GHG emissions.</p>	We will ensure that we continue to meet our objective of keeping all our portfolios on a climate trajectory of less than 2°C and systematically engaging with the largest emitters to strengthen their commitments to carbon neutrality. In 2025, we are particularly working to enhance our approach to corporate transition by supporting our analysis based on the Net Zero Investment Framework from the IIGCC and its various levels of alignment.
Scope 1 GHG emissions	TCO <sub>2</sub>	104,102	92.66%	64,073	96.93%		
Scope 2 GHG emissions	TCO <sub>2</sub>	37,776	92.66%	23,377	96.93%		
Scope 3 GHG emissions	TCO <sub>2</sub>	738,697	92.66%	668,416	92.35%	<p>Scope 3 emissions are not always fully reported by companies. We rely as much as possible on estimates of these emissions based on company-level activity data. The results are consistent with the general consensus of an 80/20% distribution of Scope 3 emissions compared to Scope 1 and 2 emissions. No treatment of double counting is used in this calculation, which results in an overestimation of absolute emissions but allows for a fair distribution of these emissions across sectors based on their respective reliance on carbon.</p>	We continue to work towards more comprehensive and accurate reporting of Scope 3 emissions by companies, whether through direct engagement or regulation.
Total GHG emissions	TCO <sub>2</sub>	880,575	92.66%	755,866	96.93%		
<b>2. Carbon Footprint</b>							



... without retreatment of double counting	TCO <sub>2</sub> /M€	201	92.66%	203	96.93%	Identical to the previous comment.	Identical to the previous comment.
3. GHG intensity of investee companies							
... without retreatment of double counting	TCO <sub>2</sub> /M€	1,612	92.66%	1,530	96.93%	Category 15 of Scope 3 (financed emissions) is included in the carbon impact assessment of all listed companies—including banks—in our portfolios. When considering the intensity of GHG emissions of companies relative to their revenues, this leads to a significant increase in the overall intensity of GHG emissions compared to a methodology where the emissions financed by banks are not taken into account. This is due to the relatively low revenue levels of banks compared to their total financing, which is generally used.	Identical to the previous comment.
4. Exposure to companies active in the fossil fuel sector	Percentage	0.42%	97.28%	0.74%	97.12%	We have a transparent and ambitious policy regarding fossil fuels, described on our website: <a href="https://www.mirova.com/en/minimum-standards">https://www.mirova.com/en/minimum-standards</a> . We aim to invest in companies that are significant and credible players in the energy transition. Therefore, our remaining investments in fossil fuels are limited to the activities of publicly traded companies that have undergone their transition to a sustainable model and have a credible exit strategy for their legacy fossil fuel activities.	We maintain a demanding dialogue with these companies. The sustainability of our investment depends on their credibility regarding the transition. This credibility obviously requires a gradual reduction of their fossil fuel-based energy mix and, above all, investments in decarbonized and renewable energy sources.
5. Share of non-renewable energy consumption and production	Percentage					The limited data coverage for the indicator related to non-renewable energy consumption does not provide relevant information. We systematically seek to invest in companies that reduce their carbon footprint, including with respect to their energy consumption (Scope 2). The share of non-renewable energy production is relatively limited, as we aim to invest in renewable energy development projects and renewable energy producers. However, for publicly traded companies, the data provided by our third-party sources covered a wide range of sectors for which this indicator was not relevant.	We will seek to improve the quality and coverage of data for these two indicators. We will also continue to engage with all companies to strengthen their commitments to carbon neutrality.
Share of non-renewable energy consumption	Percentage	42.80%	79.56%	44.56%	81.44%		



Share of non-renewable energy production	Percentage	3.08%	95.90%	3.22%	96.06%		
6. Energy consumption intensity per high impact climate sector	GWh per million EUR	0.069	60.64%	0.084	64.28%	Across all our portfolios, we seek investments in sectors that provide solutions for the climate and environmental transition. These players are primarily found in the manufacturing, electricity, and mobility sectors. We systematically aim to invest in companies that reduce their carbon footprint, including with respect to their energy consumption.	We will continue to engage our investors to strengthen their commitments to carbon neutrality.
Agriculture. Forestry. and Fishing	GWh per million EUR	NA	NA	NA	NA		
Mining and Quarrying	GWh per million EUR	NA	NA	NA	NA		
Manufacturing	GWh per million EUR	0.079	48.22%	0.063	51.55%		
Electricity. Gas. Steam and Air Conditioning Supply	GWh per million EUR	0.076	2.91%	0.291	7.05%		
Water Supply. Sewerage. Waste Management and Remediation Activities	GWh per million EUR	0.019	4.18%	0.001	1.47%		
Construction	GWh per million EUR	NA	NA	NA	NA		
Wholesale and retail Trade. Repair of Motor Vehicles and Motorcycles	GWh per million EUR	0.002	4.29%	0.002	4.22%		
Transportation and Storage	GWh per million EUR	0.021	1.04%	NA	NA		
Primary Indicators – Biodiversity, Water, and Waste							
7. Activities negatively affecting biodiversity sensitive areas	% of investments by yes or no	0.00%	97.28%	0.00%	97.12%	In accordance with our Minimum Standards policy, available on our website <a href="https://www.mirova.com/en/minimum-standards">https://www.mirova.com/en/minimum-standards</a> , companies or projects that severely harm sensitive biodiversity areas are excluded from our investments.	We will continue to monitor our investments to avoid any negative impact in sensitive biodiversity areas.
8. Emissions to water	T/M€ of EVIC (Enterprise Value Including Cash)	0.02	7.38%	0.01	5.93%	The lack of reliability and coverage of indicators related to water emissions does not allow for relevant explanations or comparisons with the previous reporting year. However, when relevant, this principal negative impact is systematically included in our pre-investment analysis, and companies or projects that do not provide	We will seek to improve the quality and coverage of data for this indicator. We will also continue to engage with the relevant companies on this issue.



						sufficient assurance of "not causing significant harm" are excluded.	
9. Hazardous waste	T/M€ of EVIC (Enterprise Value Including Cash)	0.15	50.68%	0.23	54.37%	The lack of reliability and coverage of indicators related to hazardous waste does not allow for relevant explanations or comparisons with the previous reporting year. However, when relevant, this principal negative impact is systematically included in our pre-investment analysis, and companies or projects that do not provide sufficient assurance of "not causing significant harm" are excluded.	We will seek to improve the quality and coverage of data for this indicator. We will also continue to engage with the relevant companies on this issue.
<b>Primary Indicators - Social and Employee matters</b>							
10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	% des investissements par oui ou non	0.00%	97.28%	0.00%	97.12%	Violations of the principles of the United Nations Global Compact and the OECD guidelines are systematically examined as part of our assessment and monitoring processes. In accordance with our Minimum Standards policy, companies or projects that violate the principles of the United Nations Global Compact and the OECD guidelines are excluded from our investments. We continuously review the track records of companies and disseminated information to identify significant controversies. The involvement of companies and the measures taken to address issues are taken into account. Potential violation risks can be monitored through engagement to obtain additional assurances. Companies determined by Mirova to be in serious violation of the OECD guidelines for multinational enterprises or the United Nations Guiding Principles on Business and Human Rights are recognized as causing significant harm and are therefore deemed ineligible. In 2024, we did not identify any cases of violations of these principles in our investments.	We will continue to monitor our investments to avoid any exposure to violations of the principles of the United Nations Global Compact and the OECD guidelines.
11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	% of investments by yes or no	7.43%	97.28%	15.87%	97.12%	All companies or projects that do not comply with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights are excluded from our investments. However, some investors do not adhere to this indicator solely based on the availability of policies. This is the case for small companies in our publicly traded portfolios. For investments in non-listed SMEs (with fewer than 250 employees), specific recommendations published by the Platform on Sustainable Finance ("Platform Recommendations on Data and Usability") have been utilized to tailor requirements to the level of risk and	Identical to the previous comment.





						maturity of the companies. Nevertheless, this principal negative impact is systematically included in our pre-investment analysis, taking into account exposure to specific investor risks and the quality of practices. Companies or projects that do not provide sufficient assurance of "not causing significant harm" are excluded.	
12. Unadjusted gender pay gap	Percentage	0.01%	20.14%	-0.13%	18.61%	The lack of robustness and coverage of indicators related to the adjusted gender pay gap does not allow for relevant explanations. However, the quality of gender equality practices is systematically included in our pre-investment analysis, and companies or projects that do not provide sufficient assurance of "not causing significant harm" are excluded. Additionally, we use supplementary indicators to address issues of the "glass ceiling," such as the number of women in leadership and executive positions, work-life balance policies, career management, and more.	We will seek to improve the quality and coverage of data for this indicator. We will also continue to engage in dialogue with the relevant invested companies on this issue. See our engagement report for more details: <a href="https://www.mirova.com/en/research/voting-and-engagement#engagement">https://www.mirova.com/en/research/voting-and-engagement#engagement</a>
13. Women on Board	% of Women on Board	36.17%	97.28%	34.32%	91.89%	The quality of gender equality practices is systematically included in our pre-investment analysis, beyond this indicator. Companies or projects that do not provide sufficient assurance of "not causing significant harm" are excluded. Additionally, we use supplementary indicators to address issues related to the "glass ceiling," such as the number of women in leadership and executive positions, work-life balance policies, career management, and more.	We will also continue to engage in dialogue with the relevant invested companies on this issue. For more details, see our engagement report: <a href="https://www.mirova.com/en/research/voting-and-engagement#engagement">https://www.mirova.com/en/research/voting-and-engagement#engagement</a> .
14. Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)	% of investments by yes or no	0.00%	97.28%	0.00%	97.12%	In accordance with our Minimum Standards policy, available on our website <a href="https://www.mirova.com/en/minimum-standards">https://www.mirova.com/en/minimum-standards</a> , exposure to controversial weapons results in the exclusion of our entire portfolios.	We will continue to monitor our investments to avoid any exposure to controversial weapons.
<b>Additional Indicators – Climate &amp; Environnement</b>							
4. Investing in companies without carbon emission reduction initiative	% of investments by yes or no	27.17%	97.28%	28.23%	97.12%	For the PAI indicator, our third-party data provider for listed equities, ISS ESG, considers that companies have carbon reduction initiatives aimed at aligning with the Paris Agreement only if they have set science-based targets (SBT) for emissions reductions or have formally committed to doing so. While we believe that all companies and projects in our portfolios have carbon reduction initiatives, the SBT is not yet adopted by a significant number of companies. Companies that do not engage with the SBTi include small businesses and companies in "low-impact sectors" within our listed portfolios.	We will continue to engage in dialogue with all the companies in which we invest to strengthen their commitments to carbon neutrality. In 2025, we are particularly working to enhance our approach to corporate transition by supporting our analysis based on the Net Zero Investment Framework from the IIGCC and its various levels of alignment.



Additional Indicators - Human Rights, Anti-Corruption, and Anti-Bribery							
14. Number of identified cases of severe human rights issues and incidents	Percentage	0.00%	97.28%	0.00%	97.12%	Cases of human rights violations are systematically examined as part of our assessment and monitoring processes. In accordance with our Minimum Standards policy, any proven involvement in human rights violations results in the exclusion of our investments. In 2024, we did not identify any cases of serious human rights incidents in our investments.	We will continue to monitor our investments to avoid any exposure to human rights violations.
17. Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws							
... Number of convictions for violation of anti-corruption and anti-bribery laws	Integer	0	96.87%	0	97.03%	Cases of violations of anti-corruption laws and regulations are systematically examined as part of our assessment and monitoring processes. In accordance with our Minimum Standards policy, any proven involvement in serious violations results in the exclusion of our investments. In 2024, we did not identify any serious cases of violations in our investments.	We will continue to monitor our investments to avoid any exposure to violations of anti-corruption laws and regulations.
... Global associated amount of fines	Integer						

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

The sustainability governance is structured around several committees: governance bodies (such as the board of directors, the executive committee, and the mission committee), the product committee where the ESG objectives of each strategy are submitted for approval, investment research and management committees, as well as risk and compliance committees.

As part of the ESG risk analysis conducted on each company in which Mirova invests, Mirova systematically evaluates and monitors indicators that are intended to indicate the presence of principal adverse impacts (including the review of data related to the mandatory PAI indicators mentioned in the consolidated regulatory technical standards for the assessment of sustainable investment in accordance with Article 2(17) of the SFDR). When the necessary data for calculating certain PAI indicators is not available, Mirova may use qualitative or quantitative proxies covering themes similar to the relevant PAI indicators.

Negative impacts are prioritized based on the specificities of the sectors and business models of the companies considered for investment, using a combination of criteria based on:

- The analysis of the company's exposure to environmental impacts

based on scientific data from international organizations (e.g., energy intensity, impacts on biodiversity, etc.).

- The analysis of the company's exposure to fundamental rights and employee-related issues through its operations, business model, and supply chain organization (e.g., exposure to health and safety risks, exposure to countries with specific human rights risks, etc.).
- The analysis of the company's footprint on local communities and consumers.
- Monitoring of ongoing or potential controversies.

The first version of the sustainability impact analysis procedure was produced on February 1, 2017. It was last updated on February 13, 2024, and validated by the Deputy General Manager on the same date. The procedure covers the following topics:

- Qualitative assessment of sustainability impact: Positive impact assessment; ESG risk assessment; Opinion on sustainability impact; Consequences of the opinion on sustainability impact on the monitoring process; Additional ratings: Numerical score.

- Quantitative impact indicators: Listed investments; Unlisted investments; SFDR indicators; Data collection and sources.

When Mirova determines that the processes and practices of the company in which it invests are insufficient to mitigate environmental, social, and governance risks, particularly concerning relevant PAIs, the company's impact is regarded as negative, making it ineligible for investment.

Furthermore, Mirova has designed and implemented a dedicated procedure that outlines Mirova's governance approach, organization, and processes established to ensure compliance with the sustainable finance framework. It covers data collection and processing, the scope and reporting indicators, associated tools and controls. It also details the process for producing SFDR disclosures and the allocation of responsibilities between Mirova and its service providers. This procedure was approved by Mirova's Deputy General Manager in September 2023.

The table below describes how PAI indicators are used by Mirova.

Adverse Sustainability indicator		How PAIs are taken into account by Mirova
Greenhouse gas emissions	1. GHG emissions	<ul style="list-style-type: none"> <li>Exclusion of the most carbon-intensive entities that do not have a plan or have an insufficient plan to reduce greenhouse gas emissions.</li> <li>Systematic integration into qualitative internal analysis.</li> <li>Part of engagement plans / ESAP with investors.</li> </ul>
	2. Carbon footprint	
	3. GHG intensity of investee companies	
	4. Exposure to companies active in the fossil fuel sector	<ul style="list-style-type: none"> <li>Exclusion cf. <a href="#">Standards Minimum</a></li> </ul>
	5. Share of non-renewable energy consumption and production	<ul style="list-style-type: none"> <li>Integration into qualitative internal analysis when relevant.</li> <li>Part of engagement plans / ESAP with investors when relevant.</li> </ul>
	6. Energy consumption intensity per high impact climate sector	<ul style="list-style-type: none"> <li>Integration into qualitative internal analysis when relevant.</li> <li>Part of engagement plans / ESAP with investors when relevant.</li> </ul>
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	<ul style="list-style-type: none"> <li>Exclusion of companies or projects that severely harm sensitive biodiversity areas.</li> <li>Systematic integration into qualitative internal analysis.</li> <li>Part of the controversy analysis and engagement process.</li> </ul>
Water	8. Emissions to water	<ul style="list-style-type: none"> <li>Integration into qualitative internal analysis when relevant.</li> <li>Part of engagement plans / ESAP with investors when relevant.</li> </ul>
Waste	9. Hazardous waste and radioactive waste ratio	<ul style="list-style-type: none"> <li>Integration into qualitative internal analysis when relevant.</li> <li>Part of engagement plans / ESAP with investors when relevant.</li> </ul>
Social and Employee matters	10. Violations of UNGC principles and OECD guidelines for Multinational Enterprises	<ul style="list-style-type: none"> <li>Exclusion of companies that violate the principles of the United Nations Global Compact and the OECD guidelines.</li> <li>Systematic integration into qualitative internal analysis.</li> <li>Part of the controversy analysis and engagement process.</li> </ul>
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	<ul style="list-style-type: none"> <li>Exclusion for large companies; case-by-case assessment for small companies or projects.</li> <li>Systematic integration into qualitative internal analysis.</li> <li>Part of engagement plans / ESAP with investors when relevant.</li> </ul>
	12. Unadjusted gender pay gap	<ul style="list-style-type: none"> <li>Systematic integration of gender equality into qualitative internal analysis.</li> <li>Part of engagement plans / ESAP with investors.</li> </ul>
	13. Board gender diversity	<ul style="list-style-type: none"> <li>Systematic integration of gender equality into qualitative internal analysis.</li> <li>Part of engagement plans / ESAP with investors.</li> </ul>
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	<ul style="list-style-type: none"> <li>Exclusion (from the first euro of revenue)</li> </ul>



Additional PAI Indicators	4. Investments in companies without carbon emission reduction initiatives	<ul style="list-style-type: none"> <li>• Exclusion of the most carbon-intensive entities that do not have a plan or have an insufficient plan to reduce greenhouse gas emissions.</li> <li>• Systematic integration into qualitative internal analysis.</li> <li>• Part of engagement plans / ESAP with investors when relevant.</li> </ul>
	14. Number of identified cases of severe human rights issues and incidents	<ul style="list-style-type: none"> <li>• Exclusion of companies involved in poor practices or serious incidents related to human rights.</li> <li>• Systematic integration into qualitative internal analysis.</li> <li>• Integration into controversy analysis and the engagement process.</li> </ul>
	17. Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws	<ul style="list-style-type: none"> <li>• Exclusion of companies involved in violations of anti-corruption laws.</li> <li>• Systematic integration into qualitative internal analysis.</li> <li>• Integration into controversy analysis and the engagement process.</li> </ul>

Mirova's additional criteria are linked to our commitment to participating in the transition to a sustainable future. Therefore, Mirova has chosen the criteria that it deemed most appropriate to complement the mandatory PAIs. These criteria

were selected based on the possibilities for internal calculation and reporting, as well as the relevance of the PAIs for mitigating significant risks. The approach to calculating sustainability metrics and PAIs at the financial product level is defined

jointly by the research, compliance, reporting, product engineering, and IT teams, in accordance with the applicable regulatory technical standards (RTS) at the time of publication, in order to minimize margins of error.

## Methods for Selecting One or More Additional Indicators

Additional environmental indicators are selected based on (i) their relevance to our responsible investment philosophy and (ii) the coverage and reliability of the available data.

As part of our responsible investment philosophy, Mirova has placed a strong emphasis on climate across all its portfolios, utilizing a methodology based on comprehensive life cycle assessments, as well as a quantification of induced and avoided emissions. This approach enables us to commit all our funds to align with sustainable climate scenarios (of +2°C or less). Therefore, an additional PAIs indicator monitoring our exposure to corporate decarbonization strategies

would appear to be the most relevant.

Additional social indicators are chosen based on (a) their relevance to our responsible investment philosophy and (b) the coverage and reliability of the available data.

In accordance with our commitment under Article 9, companies are eligible only if they contribute to at least one of the Sustainable Development Goals (SDGs) while not significantly harming another SDG. This commitment involves continuous and active monitoring of potential violations and unethical practices. On the social and business ethics front, mandatory PAIs include indicators monitoring policies and violations

related to the principles of the United Nations Global Compact and the OECD guidelines. To enhance this monitoring, the addition of two supplementary PAIs indicators addressing serious issues related to human rights and violations of business ethics appears to be the most relevant, as they will allow for more detailed tracking of negative impacts.

We select PAIs for which we believe our providers and/or investors can directly supply data for a significant portion of our investments. We also choose PAIs for which we assess that the data is reliable, based on the quality of the provider's methodology, the measurability of the PAIs, and the consistency of the data.

## Data Sources Used – PAI Data and Taxonomy

Mirova has selected ISS ESG and their tool to collect data covered by the SFDR regulation, such as taxonomy alignment and PAI indicators for listed assets. ISS ESG was chosen by Mirova among other available solutions for the following reasons:

- A provider willing to adopt Mirova's philosophy based on sustainable solutions and risk mitigation.
- A commitment to providing customized analyses and opinions based on Mirova's methodology.
- Analyses conducted by analysts rather than solely based on data and a checkbox approach.
- Access to analysts and ongoing dialogue between Mirova and ISS ESG.
- A comprehensive set of indicators covered (more than 700 data points).
- Extensive coverage (over 8,000 companies covered across all relevant data points for our methodology).
- Data quality tested over a long experience (more than 10 years).

## Data Sources Used – Greenhouse Gas Emissions

In 2015, Mirova developed, in collaboration with the consultancy Carbon4, a methodology for assessing greenhouse gas (GHG) emissions from an issuer and for conducting this assessment at the portfolio level as well. The methodological report is publicly available.

Since then, Carbon4 Finance has provided Mirova's sustainability research team with the GHG emissions of issuers, calculated

according to the aforementioned methodology.

The data provided by Carbon4 Finance includes, for each issuer:

- Induced emissions (emissions generated by the issuer or by the use of funds for green bond emissions)
- Avoided emissions (emissions avoided thanks to the issuer's activities or by the use of funds for green bond emissions)
- Carbon impact rating
- Scope 1 and 2 emissions (emissions directly generated by the issuer or related to electricity purchases) and Scope 3 emissions (emissions indirectly generated by the issuer, such as those related to the production of its raw materials, etc.)
- Absolute GHG emissions (total figure) and GHG emissions intensity (GHG emissions per million euros of sales).

## Engagement Policy

Engagement activities are an integral part of Mirova's sustainable investment approach. We implement our [engagement policy](#) across all our asset classes. We prioritize our engagement with companies in the following cases:

- We have identified sustainability concerns that warrant our increased attention.

- We require a thorough examination of their approach to fair value allocation.
- We believe that our expertise can help guide and develop the company's sustainability journey.

Thus, our engagement policies aim to both make progress regarding positive impact and minimize negative impact, including concerning the PAIs of the SFDR. All PAIs are reflected in our engagement activities

when they are deemed relevant to the activities and practices of our investors, except for PAI 7 (sensitive areas for biodiversity), PAI 10 (violations of the principles of the United Nations Global Compact and the OECD guidelines), PAI 14 (controversial weapons), as well as the additional social PAI 14 (serious human rights issues) and additional PAI 17 (serious cases of corruption). In accordance with our

Minimum Standards policy, exposure to any of these PAIs results in exclusion from our portfolios. These elements are also monitored throughout the investment period. Exposure to any of these PAI indicators will trigger our engagement escalation process and may lead to divestment.

In relevant cases and to ensure that companies make progress, we monitor and track the performance of our engagement activities and have established clear escalation processes. Our escalation tools are varied and include, among others, requesting a meeting with the chair of the board or the CEO, participating in collective engagements, or

exercising our voting rights (for listed assets). At any point in the escalation process, if the company's progress and/or practices are deemed insufficient to maintain its eligibility, divestment may be considered.

Finally, Mirova sets priority themes that guide engagement priorities. These priorities are updated annually. Historically, our efforts have focused on:

- Mitigating climate change.
- Preserving biodiversity.
- Addressing social issues and inequalities, including diversity and inclusion, job quality, and the impact of social solutions.

- Sustainability governance and equity

In 2025, we are also adding digital transformation and artificial intelligence as a priority to ensure that these transitions are carried out with respect for stakeholders and the environment.

Our [engagement priorities](#) are communicated at the beginning of the year to all companies in our portfolio. Lastly, we are currently participating in nine collaborative engagement platforms.

More information on this topic can be found in Mirova's [engagement report](#) and [voting rights exercise report](#).

## Consideration of Negative Impact Indicators and Approach to Mitigation

To date, insufficient performance on the most relevant PAI indicators for a company is identified through the ongoing monitoring conducted by the impact and ESG analysts. An

initial dialogue is initiated to understand the reality of the practices and the corrections expected by the company, within the framework of a holistic approach and the

company's lifecycle. If the expected corrections are not made in the following months, the company's eligibility may be called into question by the analysts.

## References to International Standards

### Standards for due diligence and reporting

The B Corp label legally requires Mirova to adopt responsible behavior. Indeed, Mirova has included in its articles of association the commitment to "consider (i) the social, societal, and environmental consequences of its decisions on all stakeholders of the company, and (ii) the consequences of its decisions on the environment."

As a member of the Natixis-BPCE group, Mirova adheres to the commitments made at the group level. In particular, Natixis has signed the

United Nations Global Compact and thus commits to respecting human rights in its activities. Natixis also pledges to combat the financing of terrorism, money laundering, corruption, and tax evasion.

Furthermore, both Natixis and Mirova engage in responsible lobbying to ensure that the company's interests are taken into account in public decision-making while remaining a non-political organization. Natixis also adheres to the Equator Principles, a common framework for

financial institutions to identify, assess, and manage environmental and social risks when financing projects. Finally, through its exclusion policy, Mirova complies with the Ottawa (1999) and Oslo (2010) Conventions, which prohibit the production, use, stockpiling, marketing, and transfer of anti-personnel mines (APMs) and cluster munitions (CMs).

Regarding internationally recognized standards for due diligence and reporting, Mirova aligns with

numerous initiatives detailed in Mirova's engagement report. The data sources, coverage, and

methodologies used to measure alignment are described in the section "Description of Policies Aimed

at Identifying and Prioritizing Principal Adverse Impacts of Investment Decisions on Sustainability Factors.

## Climate scenarios

Whether through voluntary efforts or in response to regulatory obligations, most investors are now seeking to analyze the links between their portfolios and climate change. To date, there is no established consensus on the methodologies for conducting such assessments.

Many methodologies are gradually emerging in the market, often referred to as implicit temperature rise (ITR) methodologies, which aim to assign a temperature to a portfolio of financial assets corresponding to the temperature scenario with which the portfolio of these assets would be aligned. These methodologies encompass a significant number of decisive underlying assumptions. However, despite a demonstrated willingness to achieve a "science-based" outcome, the

harmonization of approaches is still far off. For the same portfolio of assets, results will vary from one methodology to another based on the underlying choices made, similar to the strong heterogeneity of ESG ratings based on their providers.

Since 2016, Mirova has developed a methodology for measuring temperature alignment for its listed investment portfolios. This methodology has undergone developments, the most recent of which are outlined in this document, but the fundamental principles are and will remain unchanged:

- Carbon neutrality can only be considered as a global state of the planet that reflects the most ambitious climate goals to

which each individual, company, organization, and state must contribute with their "fair share."

- Measuring climate impact can only be done using a "life cycle" approach, which means considering both the direct impacts of the company and the indirect impacts from the supply chain, products, and services provided.
- A measure of impact and, by extension, an assessment of alignment must necessarily integrate the understanding and valuation of energy transition solutions.

The approach adopted by Mirova to understand and measure the alignment of its portfolios with climate scenarios can be found in the document ["Measuring Temperature Alignment of Listed Portfolios."](#)

## Historical Comparison

Changes in the methodologies of our providers, fluctuations in coverage rates, portfolio turnover, and market movements do not allow for reliable comparisons. We aim to be able to attribute value changes to these various parameters mentioned earlier and are working on developing tools for this purpose.

Our consideration of PAIs remains consistent with that of last year, and we will continue our efforts to improve our performance by reducing negative impacts and increasing positive impacts.

We have observed an improvement in the coverage and quality of data provided by our partners; however, we note that for a large portion of

the PAIs, the data continues to be estimated.

We hope that improvements in the availability and reliability of data will enable us to provide stronger comparisons in the coming years.



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Mirova's voting and engagement policy, as well as transparency codes, are available on its website: [www.mirova.com](http://www.mirova.com).

Non-contractual document, completed in June 2025.

## ESG INVESTMENTS – RISKS AND METHODOLOGICAL LIMITATIONS

For all its investments, Mirova aims to offer portfolios consistent with a climate trajectory of less than 2°C as defined in the 2015 Paris Agreement, and systematically reports the carbon impact of its investments (excluding Solidarity and Natural Capital management), calculated using a proprietary methodology that may contain biases. By using ESG criteria in the investment policy, the goal of the relevant Mirova strategies is particularly to better manage sustainability risk and generate sustainable long-term returns. ESG criteria may be generated using proprietary models, third-party models and data, or a combination of both. Evaluation criteria may evolve over time or vary depending on the sector or industry in which the relevant issuer operates. The application of ESG criteria to the investment process may lead Mirova to invest in or exclude securities for non-financial reasons, regardless of the available market opportunities.

ESG data received from third parties may be incomplete, inaccurate, or unavailable from time to time. Consequently, there is a risk that Mirova may incorrectly assess a security or issuer, resulting in the incorrect direct or indirect inclusion or exclusion of a security in a Fund's portfolio. For more information on our methodologies, please visit our Mirova website: <https://www.mirova.com/en/sustainability>



## ABOUT MIROVA

At the forefront of sustainable finance for over a decade, Mirova has been developing innovative investment solutions across all asset classes, aiming to combine long term value creation with positive environmental and social impact. Headquartered in Paris, Mirova offers a broad range of equity, fixed income, multi-asset, energy transition infrastructure, natural capital and private equity solutions designed for institutional investors, distribution platforms and retail investors in Europe, North America, and Asia-Pacific. Mirova and its affiliates had €32 billion in assets under management as of March 31, 2025. Mirova is a mission-driven company\*, labeled B Corp\*\*.

*References to a ranking, award or label have no bearing on the future performance of any fund or manager. \* Mirova has been a mission-driven company since 2020. For more information: [www.entreprisesamission.com](http://www.entreprisesamission.com). \*\* Since 2006, the B Corp movement has been promoting strong values of change worldwide to make businesses "a force for good" and to distinguish those that reconcile profit (for profit) and the common good (for purpose). The goal of B Corp is to certify companies that incorporate social, societal, and environmental objectives into their business models and operations. B Corp certification is a designation indicating that a company meets high standards of verified performance, accountability, and transparency on factors ranging from employee benefits and charitable donations to supply chain practices and input materials. Certified since 2020, Mirova submits a new B Corp certification application every three years. The annual renewal fee for certification is €2,500. For more information, please visit the B Corp website here: <https://www.bcorporation.net/en-us/certification>*

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