

Report on the Principal Adverse Sustainability Impacts - 2023

radicant SDG Impact Solution Fund - Global Sustainable Bonds

Sustainability is at the core of radicant's business. We strive to generate a positive impact through the companies we invest in. However, investment decisions may cause, contribute to or be directly linked to effects on sustainability factors that are negative, material or likely to be material.

As part of the EU regulation, also known as SFDR (Sustainable Finance Disclosure Regulation), the Principal Adverse Impact (PAI) indicators are a set of mandatory indicators with the objective to show clients the negative impacts that investments may pose on sustainability factors. To give you the full transparency, we disclose these mandatory indicators as well as three additional indicators for our radicant SDG Impact Solution Fund - Global Sustainable Bonds below.

Please note that below the reported PAIs, we have included an explanation at a minimum for those showing a significant negative change when compared from year to year.

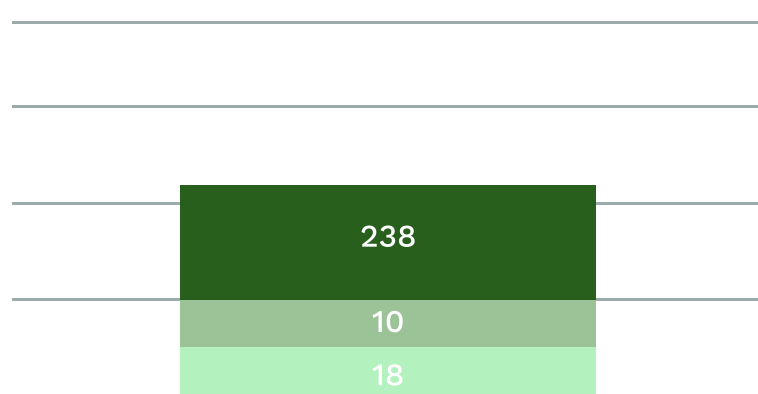
For more information about radicant SDG Impact Solution Fund - [Global Sustainable Bonds](#)

Greenhouse Gas (GHG) Emissions



01 GHG emissions

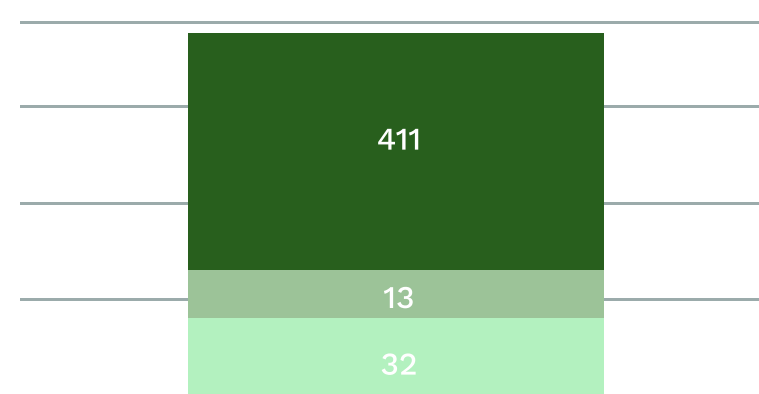
GHG Emissions 2022
(in tonnes of CO2e per Mio EUR Enterprise Value)



● Scope 1 ● Scope 2 ● Scope 3

Data availability: 99%

GHG Emissions 2023
(in tonnes of CO2e per Mio EUR Enterprise Value)



● Scope 1 ● Scope 2 ● Scope 3

Data availability: 98%

Greenhouse gas (GHG) emission scopes outline when emissions occur across the value chain of companies. They are divided into direct and indirect emissions and with three scopes:

- **Scope 1:** Direct emissions cover the emissions that occur during the production process in the entities directly owned by the company
- **Scope 2:** Indirect emissions cover the emissions that occur during the generation of purchased electricity, steam, heating and cooling consumed by the company in its upstream activities.
- **Scope 3:** Indirect emissions cover all the emissions resulting from the company's upstream and downstream activities, for example during the use of the products or services. They occur from sources not owned or controlled by the company.

Enterprise value (EV) is the total value of a company, including both the current share price (market capitalization) and the cost to pay off debt (net debt, or debt minus cash), without the deduction of cash or cash equivalents.

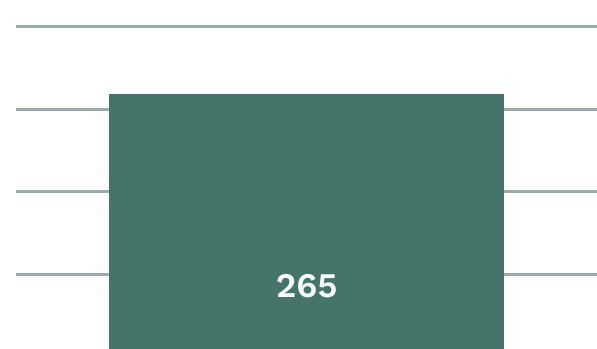
Explanation:

Compared to 2022, the increase in the total GHG emissions is explained by the rise in the overall portfolio's Scope 3 emissions per Mio EV. This happened during Q3 and Q4 2023, after we added to the portfolio a bond from Continental AG, whose Scope 3 GHG emissions per Mio EV are high when compared to all other bond issuers in the portfolio.



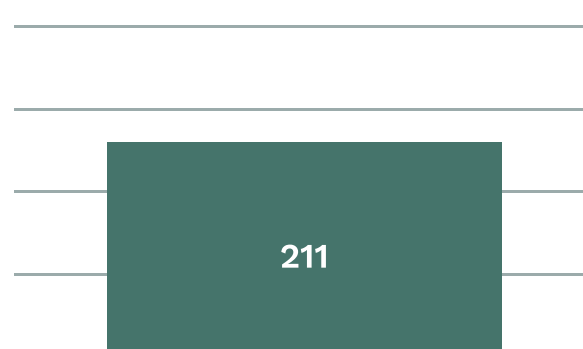
02 Carbon footprint

Total Carbon Footprint 2022
(in tonnes of CO2e per Mio EUR Enterprise Value)



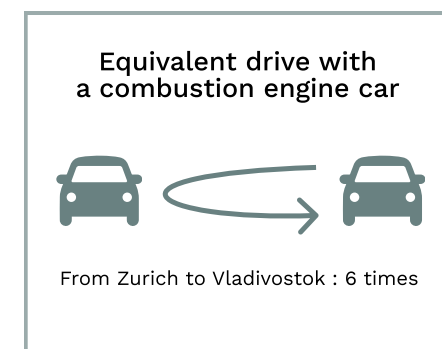
Data availability: 99%

Total Carbon Footprint 2023
(in tonnes of CO2e per Mio EUR Enterprise Value)



Data availability: 98%

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CO2e: GHG emissions are expressed in CO2 equivalents, a unit of measurement that is used to compare the emissions of various GHG emissions on the basis of their halflife in the atmosphere and as a result effects to global-warming.

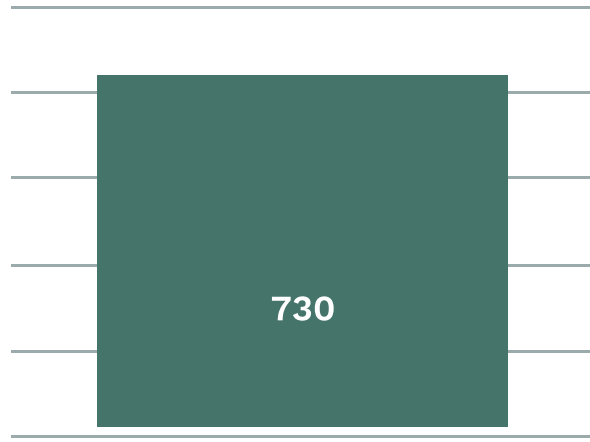
Carbon Footprint is the total of all GHG emissions divided by the current value of all investments.



03

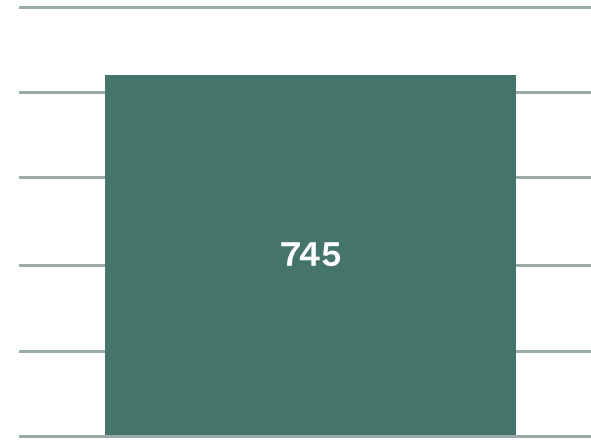
GHG intensity of investee companies

Total GHG Emissions Intensity 2022
(in tonnes of CO₂e per Mio EUR Revenue)



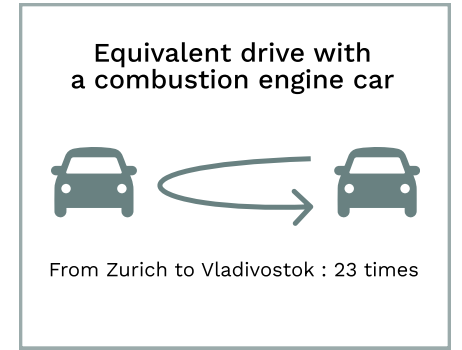
Data availability: 100%

Total GHG Emissions Intensity 2023
(in tonnes of CO₂e per Mio EUR Revenue)



Data availability: 80%

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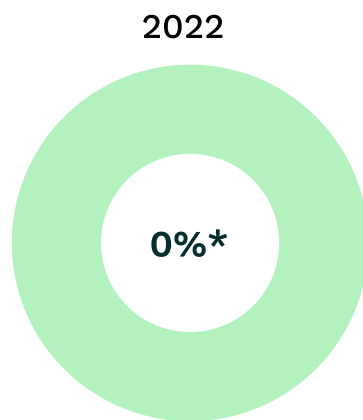


GHG Emissions Intensity is expressed as the total carbon emissions equivalent of the companies invested per million EUR of revenue.

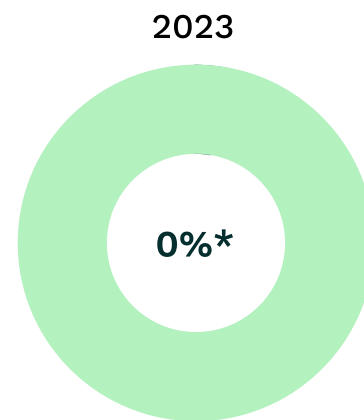


04

Exposure to companies active in the fossil fuel sector



Data availability: 96%



Data availability: 96%

Share of investments in companies active in the fossil fuel sector

Explanation:

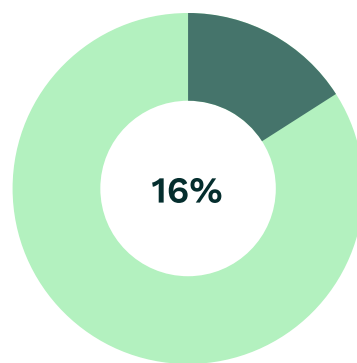
*We invested in E.ON and Avangrid green bonds, whose objective are to transition to renewable energies. Even though those issuers are involved in the distribution and production of fossil fuels, the proceeds of the green bonds are not used for fossil fuels. We exclude the mining and extraction, refining and production of conventional fossil fuels based on a revenue threshold of 5%. If green CAPEX and clean/green power production is above 50%, a 30% revenue threshold of 30% is applied. Furthermore, we exclude extreme fossil fuels extractions and productions such as arctic drilling, hydraulic fracturing (fracking) and oil sands based on a revenue threshold of 5%.



05

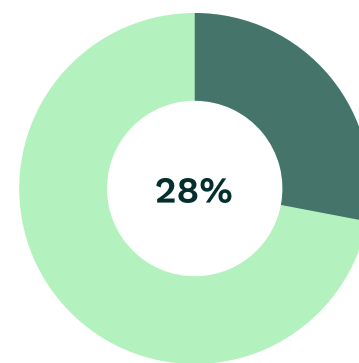
Share of non-renewable energy consumption and production

Non-renewable energy consumption* 2022



Data availability: 24%

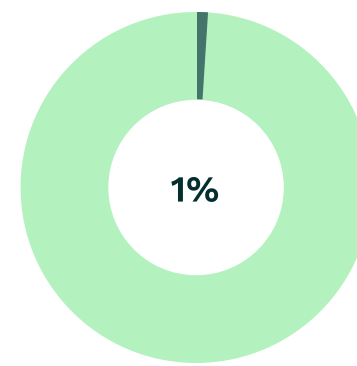
Non-renewable energy consumption* 2023



Data availability: 47%

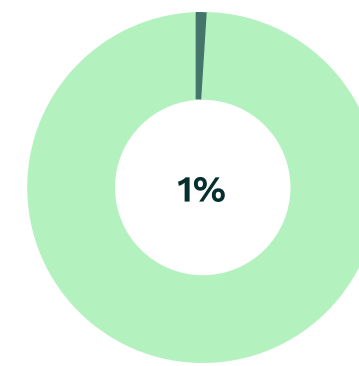
*Percentage of energy consumed by investee companies, which was generated from coal, nuclear, oil, natural gas, waste-to-energy, biomass or unclear energy sources.

Non-renewable energy production 2022



Data availability: 89%

Non-renewable energy production 2023



Data availability: 90%

Explanation:

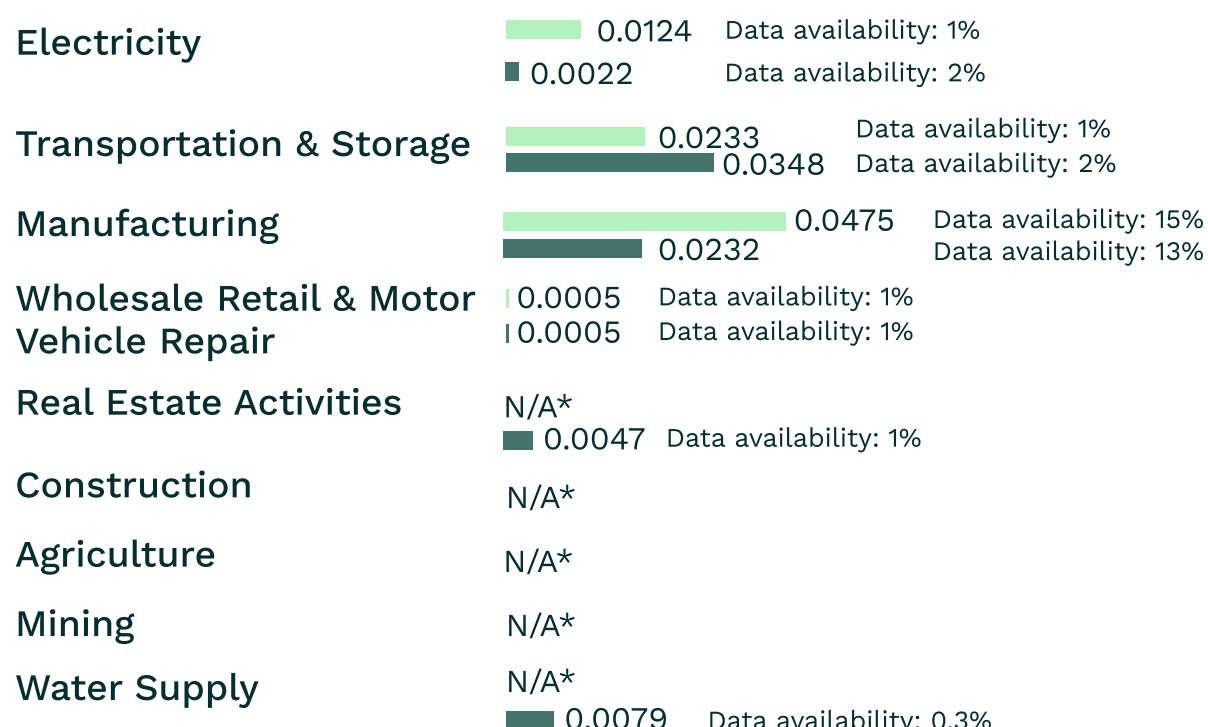
The percentage of non-renewable energy consumption increased to 28% in 2023, essentially due to the increase in the data coverage from our provider ISS ESG Institutional Services. Data for several US companies, including Kansas City Southern, who consumes 100% of non renewable energy, is now included.



06

Energy consumption intensity per high impact climate sector

Energy consumption intensity per high impact climate sector* (GWh per Mio EUR revenue)



*The fund does not invest in these high impact climate sectors.

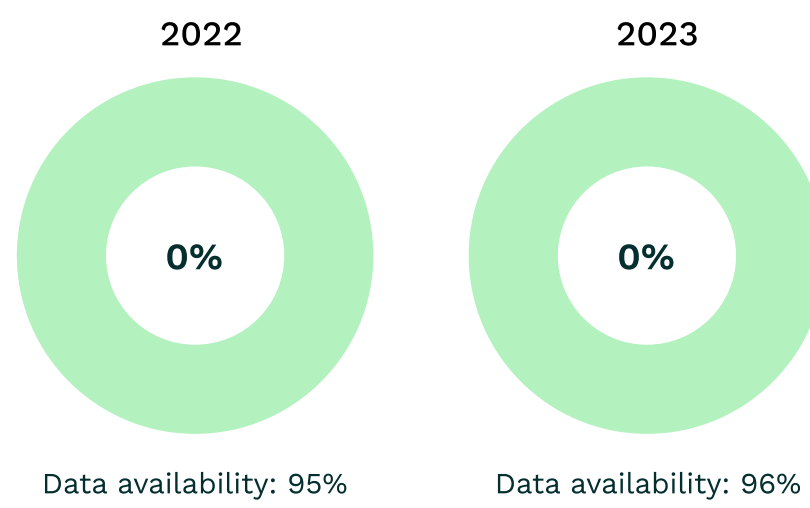
2022
2023

High Impact climate sectors are the sectors listed in the table as defined by the European Parliament and of the Council establishing the statistical classification of economic activities NACE.

Biodiversity



07 Activities negatively affecting biodiversity-sensitive areas

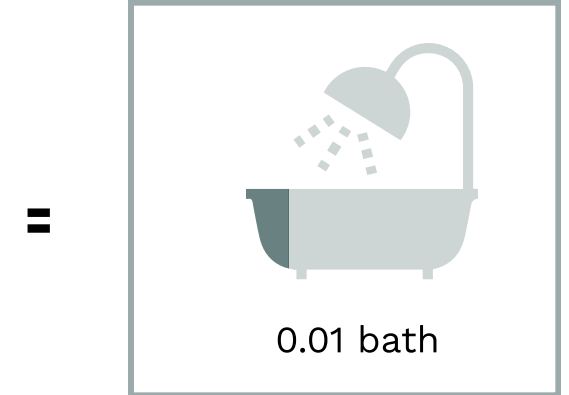
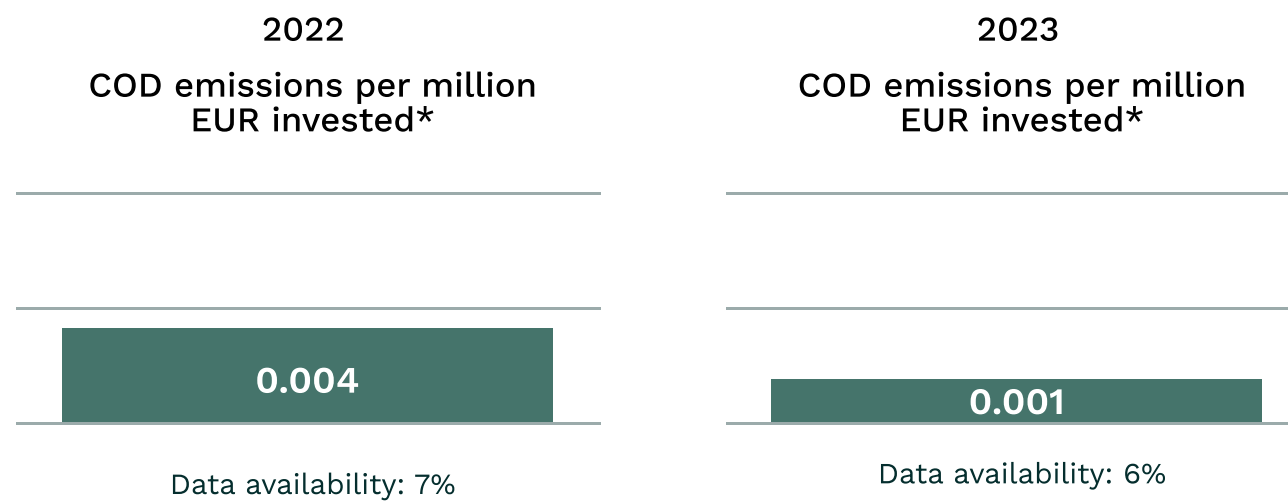


Share of companies with sites/operations located in or near biodiversity-sensitive areas where activities of those investee companies negatively affect those areas

Water



08 Toxic emissions to water



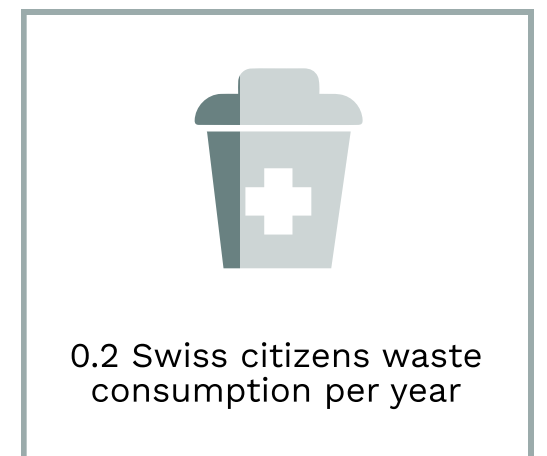
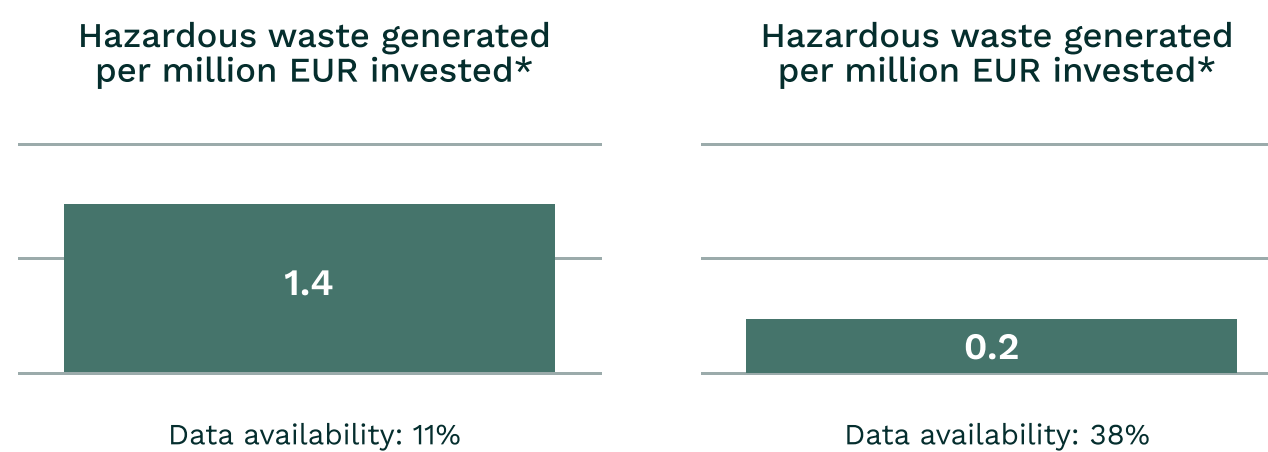
*Tonnes of chemical oxygen demand (COD) emissions to water generated by companies per million EUR invested (expressed as a weighted average)

Chemical oxygen demand (COD) emissions is used as an indicator of organic pollution in surface waters or wastewater treatment plants. COD is an indicative measure of the amount of oxygen required to chemically oxidize the organic materials and inorganic nutrients present in water.

Waste



09 Hazardous waste ratio

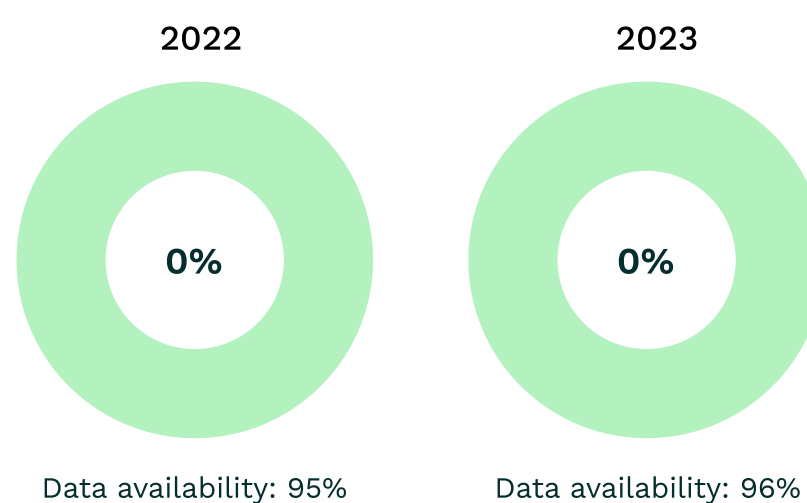


*Tonnes of hazardous waste generated by companies per million EUR invested, expressed as a weighted average

Social & employee matters



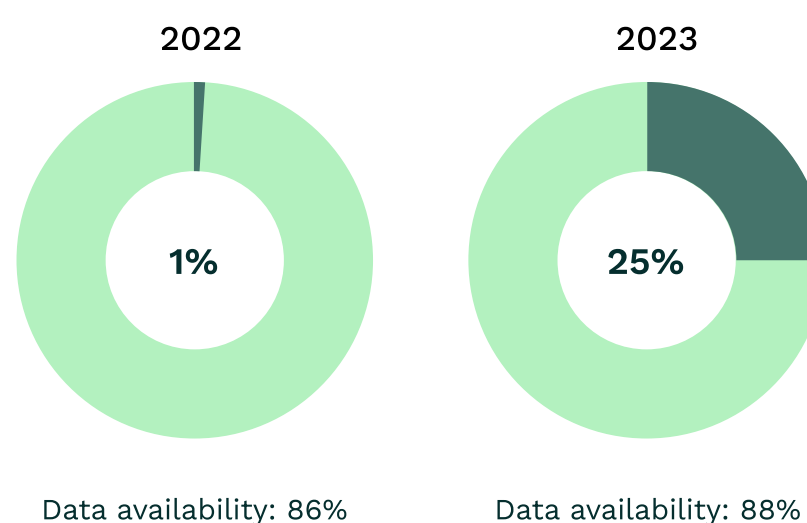
10 Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises



Share of investments in companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises



11 Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and the OECD Guidelines for Multinational Enterprises



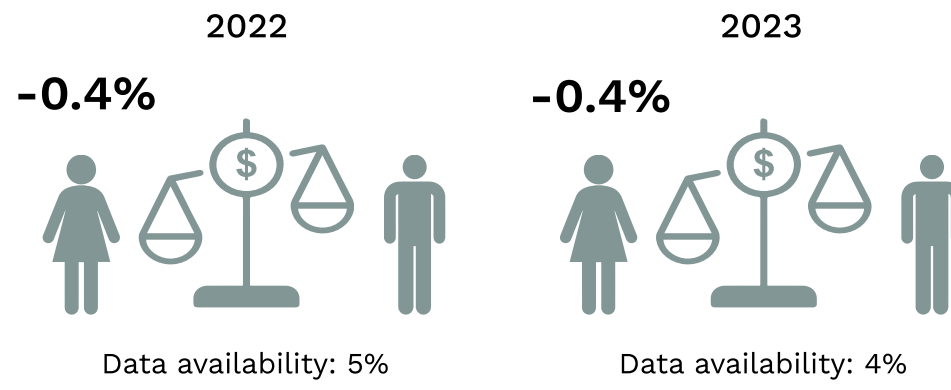
Share of investments in companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations

Explanation:

Through the year 2023, we incorporated in our fund several bonds - issued mainly by financial institutions- who do not report to follow the guidelines from the UNGC principles or OECD Guidelines for Multinational Enterprises. The bond issues falling in this category for Q2 2023 pertain to: Korea Development Bank; Synchrony Financial, La Corporacion Andina de Fomento SA, La Corporacion Andina de Fomento SA; for Q3 2023 to: Ferring Holding SA +Q4, Kraftwerke Linth-Limmern AG (KLL), UnitedHealth Group Incorporated, The Toronto-Dominion Bank, International Finance Corporation, The African Development Bank, and the International Bank for Reconstruction & Development.

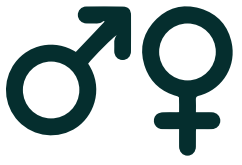


12 Unadjusted gender pay gap

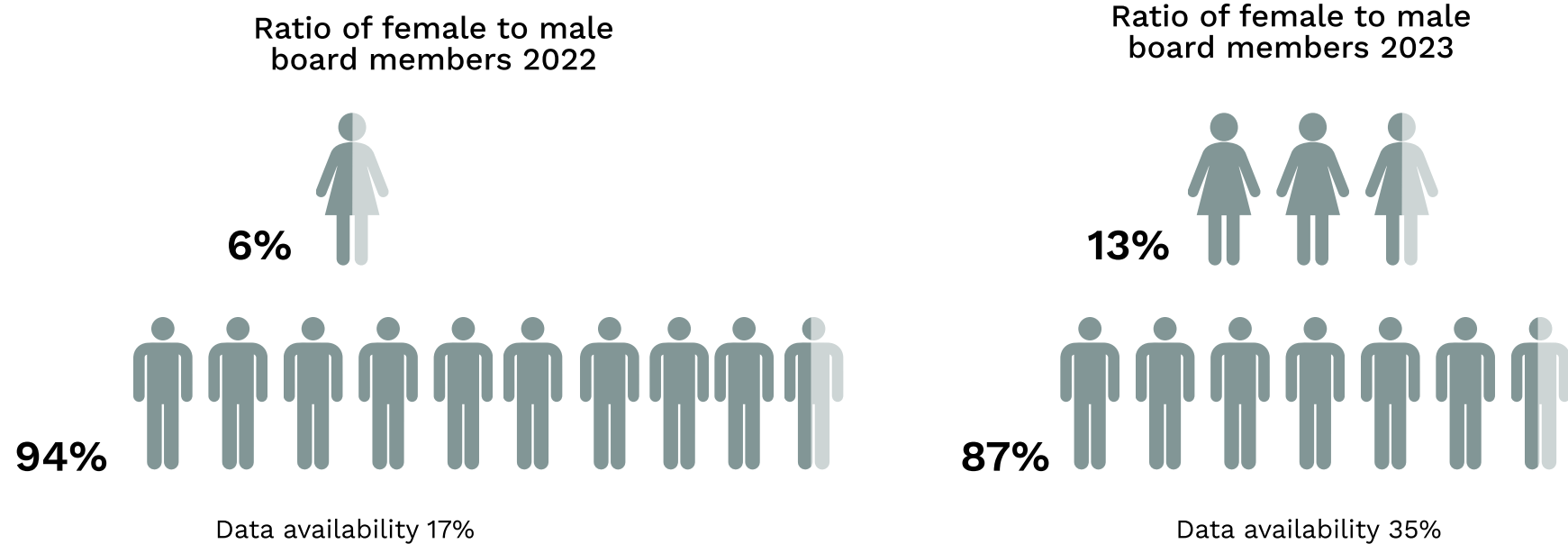


Women earn on average 0.4% less than men.

The unadjusted gender pay gap represents the average difference in pay between all men and women employees within the companies invested. The data availability of this indicator is very low and therefore the value is not meaningful.



13 Board gender diversity

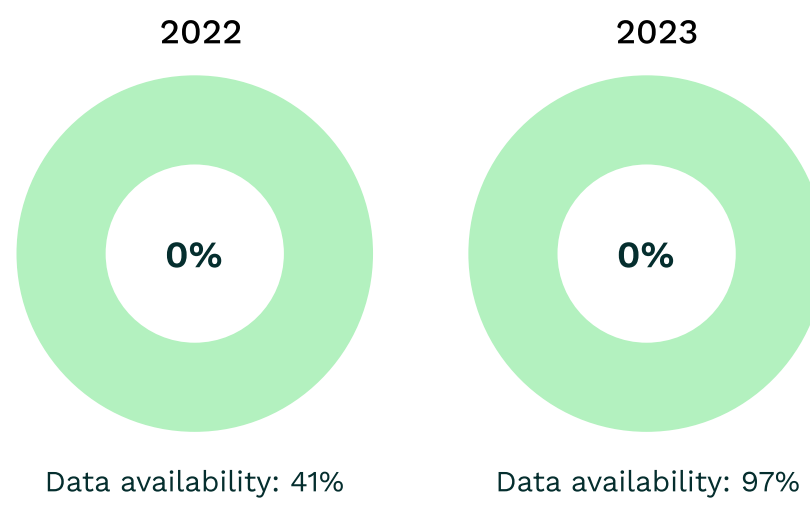


Explanation:

As part of our active ownership strategy, Gender Equality belongs to our focus engagement themes. We started to address this topic by exercising our voting rights at AGMs. Please refer to our Active Ownership Engagement Policy for more details.

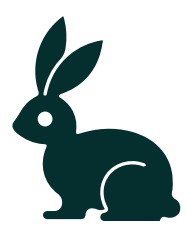


14 Exposure to controversial weapons

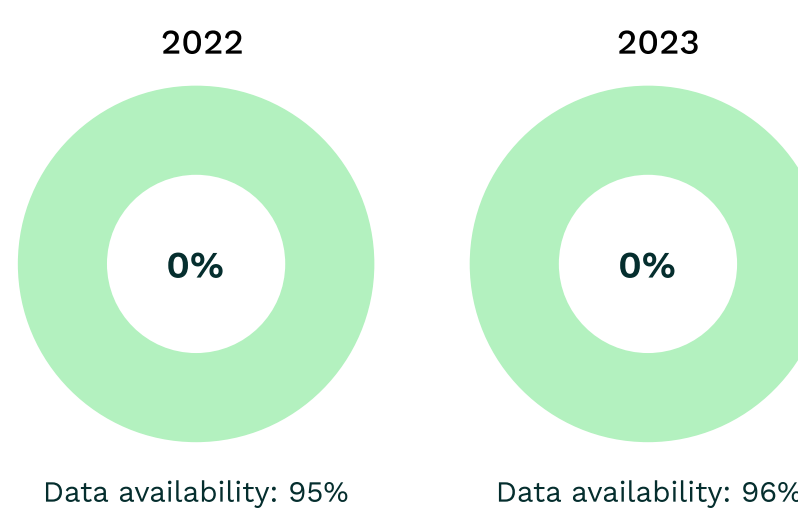


Share of investments in companies involved in the manufacture or selling of controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)

Natural species & protected areas



15 Share of companies with controversies affecting threatened species



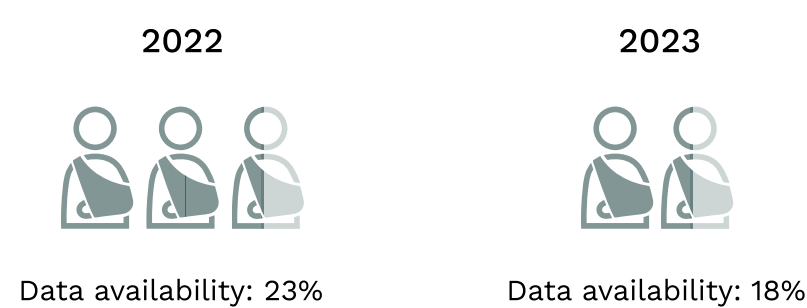
Share of investments in companies whose operations affect threatened species

'Threatened species' means endangered species (flora and fauna) listed in the European Red List or the IUCN (International Union for Conservation of Nature) Red List.

Rate of accident

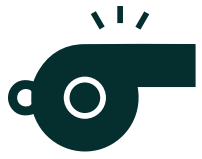


16 Rate of accidents in investee companies expressed as a weighted average



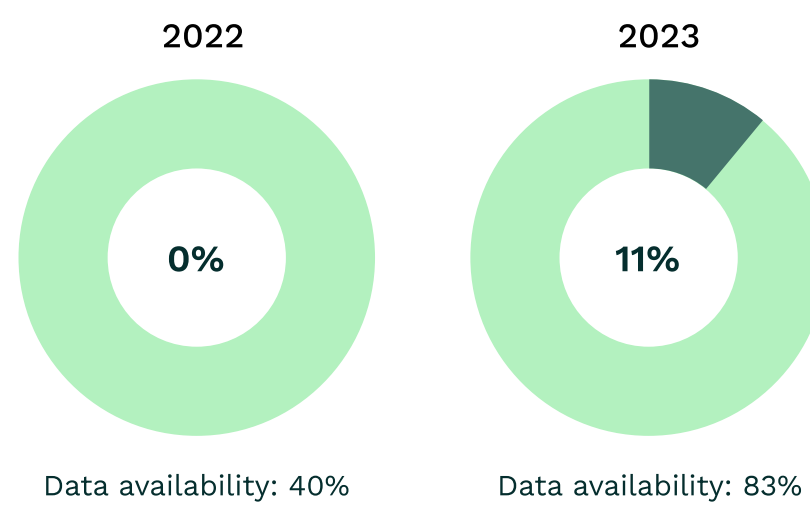
1.4 accidents for 1000 employees working full time for a year

Insufficient whistleblower protection



17

Share of investments in entities without policies on the protection of whistleblowers



Disclosure of confidential hotline/
protection of whistleblowers

Explanation:

The rise in the share of invested entities without policies on the protection of whistleblowers in 2023 is due to new investments in bonds issued by Kraftwerke Linth-Limmern AG and NRW.BANK, as well as to the fact that the processes in place at the International Finance Corporation and International Bank for Reconstruction & Development are now considered as insufficient.

Actions taken & planned, and targets set for the next reference period

Our radicanr SDG Impact Solution Fund - Global Sustainable Bonds invests in issuers providing solutions to reach the Sustainable Development Goals. Through our SDG-aligned investment methodology, we focus on products and services and strive to ensure that all holdings have a net positive contribution to the SDGs.

Please note that below the reported PAIs, we have included an explanation at a minimum for those showing a significant negative change when compared from year to year. As our fund was launched in 2022, we start by observing the negative effect of our investments on sustainability factors, and then will define our targets to tackle those areas where progress is most needed.

Disclaimer

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This data is sourced from ISS ESG Institutional Services and radicanr. The data availability is not always 100% since many entities do not disclose information on the indicators required for Principal Adverse Impact reporting.

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