

Sustainable Finance Disclosure Regulation Metrics – SFDR

Vested Impact Data & Analytics mapping of Level 2 Principal Adverse Impact (PAI) indicators

Last Updated: Jan 2025

V1.2



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Introduction

The Sustainable Finance Disclosure Regulation (SFDR) was introduced by the European Commission to set out sustainability disclosure requirements for a broad range of financial market participants, financial advisers and financial products. It was enacted to increase the transparency of sustainability-related disclosures and to enable comparability of disclosures for end investors.

The following document shows the Vested Impact data that is aligned to the various SFDR metrics and the calculation methodologies used to generate the reporting values, accessible through Vested Impact's API or exports on request.

SFDR metrics and calculation details

Adverse sustainability factor	Metric	Avail in Vested	Analysis and Vested Impact data items used (if data not from company information)	Algorithm description	Aggregation for portfolio
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS					
Greenhouse gas emissions					
1 - GHG Emissions	Scope 1 GHG Emissions	Available	Vested Impact can provide spend-based emissions calculations and estimates, which are deemed by the GHG Protocol as effective for screening purposes. Vested Impact can however integrate alongside carbon calculators and other emissions platforms.	SUM	
	Scope 2 GHG Emissions	Partial/proxy	Vested Impact leverages the GHG-approved Spend-Based Approach in conjunction with Environmentally Extended Input-Output (EEIO) tables to calculate emissions from trade transactions, ensuring compliance with standardized methodologies such as the GHG Protocol and ISO 14064. This approach enables a comprehensive estimation of emissions associated with production, transportation, and logistics across supply chains.	SUM	
	Scope 3 GHG Emissions	Available		SUM	
	Total GHG Emissions	Available	The system quantifies carbon footprints by mapping financial transaction data—such as procurement records and trade expenditures—to EEIO economic sectors, which have pre-established carbon intensity factors per unit of economic activity. By integrating USEEIO tables, Vested Impact effectively links trade spending to estimated emissions, allowing for a scalable and automated assessment of Scope 1, Scope 2, and Scope 3 emissions. This spend-based methodology is particularly valuable for SMEs and private companies that may lack direct emissions reporting but require compliance with evolving sustainability regulations.	SUM	
2 - Carbon Footprint	Carbon Footprint	Available		SUM	
3 - GHG Intensity	GHG Intensity	Available	Not currently available in Vested Impact, but could be managed on request using conversion factors - Calculated from the GHG + financial data and investor data. If data on 1 (GHG Emissions) is avail then can be calculated Not currently available in Vested Impact, but could be managed on request using conversion factors - Calculated from the GHG + financial data and investor data. If data on 1 (GHG Emissions) is avail then can be calculated.	Weighted average	

4 - Exposure to companies active in fossil fuel sector	Share of companies active in fossil fuel sector	Available	Presence of Vested Impact activities assigned as in Appendix 1 Vested can identify/classify companies that derive any revenues from exploration, mining, extraction, distribution or refining of hard coal and lignite; (ii) companies that derive any revenues from the exploration, extraction, distribution (including transportation, storage and trade) or refining of liquid fossil fuels; and (iii) companies that derive any revenues from exploring and extracting fossil gaseous fuels or from their dedicated distribution (including transportation, storage and trade);	Exposure to Fossil fuel sector (%) = activity * weight of security in portfolio	SUM
5. Share of non-renewable energy consumption		Partial/ Proxy	Calculation of estimate using conversion factors Generalised Linear Model (Gamma GLM) using geographic and activity information.	Renewable energy use ratio = Country % of renewable energy use * Industry renewable energy factor Renewable energy supply ratio = Country % of renewable energy supply * Industry renewable energy factor Non-renewable energy consumption (%) = (1 – Renewable energy use ratio) * 100 Non-renewable energy consumption (%) = (1 – Renewable energy supply) * 100	Weighted average
6 - High impact climate sectors	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	Available	Vested Impact can classify/identify a company as 'high impact climate sectors' as per Regulation (EC) No 1893/2006 of the European Parliament and of the Council (14), but cannot provide exact energy consumption (only GLM modelled - which is acceptable under scope 3) Issuers identified which exhibit high adverse impact can then be subject to further analysis and potential actions, to target reporting.	Companies with activities in high impact climate sectors (%) = SUM IF(activity = 'high negative' SDG goal 13)/total portfolio Energy consumption in GWh = data not available	Weighted average
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	Available	<p>Vested Impact automatically assesses whether an asset's activities have a potential impact on endangered species of wild flora and fauna listed in Appendix 1 of the Convention on International Trade in Endangered Species.</p> <p>Vested Impact automatically assesses whether an asset's activities have a potential impact on High Value Forests ; leveraging the Intact Forest Landscape dataset and IUCN Threats.</p> <p>Vested Impact automatically assesses whether an asset's activities have a potential impact on Key Biodiversity Areas (KBA's), which is compiled and maintained under the KBA Programme.</p> <p>Vested Impact automatically assesses whether an asset's activities have a potential impact on wetlands that are on The Ramsar List of Wetlands of International Importance (the "Ramsar List"), which is compiled and maintained under the Ramsar Convention on Wetlands (1971).</p> <p>Vested Impact automatically assesses and produces a flag regarding whether an asset's activities have a potential impact on Indigenous Peoples' rights in accordance with International Finance Corporation (IFC) Performance Standard 7, as well as the Equator Principles. The rights of Indigenous Peoples in relation to a project encompass collective rights related to the land, resources, and/or cultural heritage that are affected by the activities. Impacts on lands, forests, water, wildlife, and other natural resources may affect their institutions, livelihoods, economic development, and their ability to maintain and develop their identities and cultures.</p> <p>Vested Impact automatically assesses whether an asset's activities have a potential impact on world heritage sites as classified by the UN Educational, Scientific and Cultural Organization (UNESCO). Vested Impact flags activities located in or near World Heritage Sites, based on country-level data. It assesses risks related to ecosystem disruption and supports screening for material adverse impacts in protected areas. This flag is labelled UNESCO World Heritage Sites flag in Vested Impact.</p>	Negative biodiversity impact (%) = IF (Biodiversity impact (SDG 15,14,6) = "false", 100, 0)	Weighted average
Water					
8 - Emissions to water	Tonnes of emissions to water generated	Partial/ Proxy	<p>Can generate identified companies with potential hazardous waste, but not data for exact amounts.</p> <p>Issuers identified which exhibit high adverse impact can then be subject to further analysis and potential actions, to target reporting.</p>	<p>Water usage impact risks (%) = SUM IF(activity = 'high negative' SDG target 6.3 or 6.4)/total portfolio</p> <p>Tonnes of emissions to water generated = data not available</p>	Weighted average
Waste					

9. Hazardous waste ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average	Partial/ Proxy	<p>Can generate identified companies with potential hazardous waste, but not data for exact amounts.</p> <p>Issuers identified which exhibit high adverse impact can then be subject to further analysis and potential actions, to target reporting.</p>	<p>Companies with activities that produce hazardous waste (%) = $\text{SUM IF(activity = SDG target 12.4)}/\text{total portfolio}$</p> <p>Water management policy (%) = data not available</p>	Weighted average
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Social and employee, respect for Human Rights, anti corruption and anti-bribery

Social and employee matters					
10. Violations of UN Global Companies and OCED Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	Data Not Available			
11. Lack of process and compliance mechanisms to monitor compliance with UNGC and OECD Guidelines for multinational enterprises		Data Not Available			
12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	Partial/ Proxy	Calculation of estimate using conversion factors Generalised Linear Model (Gamma GLM) using geographic and activity information. companies are grouped based on the employees count and revenue. The estimates are expected to outperform a naive economic sector and country average aggregates.		Weighted average
13. Board Gender diversity	Average ratio of female to male board members in investee companies	Partial/ Proxy	Where director data is not available, Vested Impact estimates of board gender diversity are based on the economic activity modelling of companies as well as their geographic footprint. Materially the board composition of companies is expected to be similar between companies with similar economic activities and similar geographic location.	Board gender diversity (%) = (Board Gender Diversity, Percent)	Weighted average
14. Exposure to controversial weapons	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	Available	Vested Impact uses activity-level identification/classifications to identify weapons involvement.	Exposure to controversial weapons (%) = activity * weight of security in portfolio	Weighted average
Indicators applicable to investments in sovereigns and supranational					

Environmental					
15. GHG Intensity	GHG Intensity of countries	Available	CO2 emissions (kg per PPP \$ of GDP)	List of countries and relevant GHG intensity, where GHG intensity = $(\text{CO}_2 \text{ emissions (kg per PPP \$ of GDP)})$	SUM

Social					
16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	Available	<p>Vested Impact uses country-level identification/classifications to identify human rights and social violations.</p> <p>Vested Impact automatically assesses and produces a flag regarding whether an asset's activities have a potential impact on being involved in and/or contributing to forced labor and trafficking of humans. To determine whether a flag for potential risk/impact on Human Trafficking applies to the jurisdictions where the asset has activities, Vested Impact applies the TVPA watchlist tiers sourced from the annual Trafficking in Persons Report (TIP Report), published by the US Department of State. This provides an indication of the risk in the context in which the asset operates.</p> <p>Vested Impact automatically assesses and produces a flag regarding whether an asset's activities have a potential impact on being involved in and/or contributing to child labor. The Bureau of International Labor Affairs (ILAB) maintains a list of goods and their source countries that it has reason to believe are produced by child labor or forced labor in violation of international standards, as required under the Trafficking Victims Protection Reauthorization Act (TVPRA) of 2005 and subsequent reauthorizations.</p> <p>Vested Impact automatically assesses and produces a flag regarding whether an asset's activities have a potential impact on Indigenous Peoples' rights in accordance with International Finance Corporation (IFC) Performance Standard 7, as well as the Equator Principles. The rights of Indigenous Peoples in relation to a project encompass collective rights related to the land, resources, and/or cultural heritage that are affected by the activities. Impacts on lands, forests, water, wildlife, and other natural resources may affect their institutions, livelihoods, economic development, and their ability to maintain and develop their identities and cultures.</p>	<p>Investee countries subject to social violations - absolute = $\sum(\text{investee countries w. social violations})$</p> <p>Investee countries subject to social violations - relative (%) = $\text{investee countries w. social violations}/\text{total investee countries}$</p>	SUM
Indicators applicable to investments in real estate assets					
Fossil Fuels					
17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	Available	Vested Impact uses industry classification and NLP to classify/flag assets involved in Share of investments in the extraction, storage, transport or manufacture of fossil fuels	Exposure to fossil fuels through real estate assets (%) = activities * weight of security in portfolio	Weighted average
Energy Efficiency					
18. Exposure to energy-inefficient real estate assets	Share of investments in energy inefficient real estate assets	Data Not Available			

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