



**Statement on principal adverse impacts
on sustainability factors**

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Summary

Sustainable Finance Disclosure Regulation (SFDR) requires financial market participants to make a ‘*comply or explain*’ decision on whether they consider principal adverse impacts (“PAIs”) of investment decisions on sustainability factors.

PAIs have been defined by the EU as “*negative effects, material or likely to be material on sustainability factors that are caused, aggravated by or directly linked to investment decisions and advice performed by the legal entity*”. PAIs are the negative consequences of investment decisions on the Environment, Social or Governance factors. There are 16 mandatory indicators in total: 14 are applicable to corporate assets and 2 are optional indicators. These indicators focus on environmental issues (impact on biodiversity, carbon footprint, exposure to fossil fuel sectors, etc.) and social issues (unadjusted gender pay gap, lack of anti-corruption procedures, etc.).

Argos Wityu considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Argos Wityu. This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2023 to 31 December 2023.

Argos Wityu’s ESG team has collected this data from investee companies through a dedicated questionnaire. With this statement, Argos Wityu is reporting at funds level, by taking into consideration data from 21 Portfolio Companies out of 23.

For more information on Argos Wityu ESG engagements, please see Argos Wityu’s sustainability website section.

Indicators applicable to investments in investee companies (Table 1)

Climate and other environment-related indicators (part 1)

Adverse sustainability indicator	Metric	Impact year 2023	Impact year 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period	
Greenhouse gas emission	Weighted Scope 1 GHG emissions	51 830t	35 529t	<p>Argos Wityu requires all its Portfolio Companies to calculate their carbon footprint according to the GHG protocol. The GHG Protocol establishes comprehensive global standardized frameworks to measure and manage greenhouse gas (GHG) emissions from private and public sector operations, value chains and mitigation actions. Scope 1, Scope 2 and Scope 3 are therefore calculated.</p> <p>For the indicator of the exposure to companies active in the fossil fuel sector, Argos Wityu applies a materiality threshold of 1% of company revenues linked to 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 Council.</p>	<p>In the impact year 2023, GHG metrics have been collected through the use of a dedicated questionnaire created with the aim of monitoring specific indicators that are key for Argos, both for reporting purposes and strong commitment towards implementing sustainable practices within the Portfolio.</p> <p>Even though the acquisition of three new companies in 2023 led to an expected rise in total Scope 1, 2, and 3 emissions, our active engagement with portfolio companies to establish decarbonization initiatives has resulted in a notable decrease in both carbon footprint and GHG intensity compared to 2022.</p> <p>Currently, 91% of the 23 Portfolio Companies assess their carbon footprint.</p> <p>Argos Wityu aims to have 100% of its Portfolio Companies assessing and actively monitoring their carbon footprint in 2024.</p>	
	Weighted Scope 2 GHG emissions	10 686t	11 441t			
	Weighted Scope 3 GHG emissions	490 033 t	457 445t			
	2. Carbon footprint	Weighted total GHG emissions divided by the current value of all investments	424 tCO ₂ eq/M€			541 tCO ₂ eq/M€
	3. GHG intensity of investee companies	GHG intensity of investee companies	511 tCO ₂ eq/ M€			553 tCO ₂ eq/ M€
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector (in %)	9,52%			12%
5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources (in %)	88%	94%			
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	0.077 GWh/M€	0.109 GWh/M€			

Indicators applicable to investments in investee companies (Table 1)

Climate and other environment-related indicators (part 2)

Adverse sustainability indicator		Metric	Impact year 2023	Impact year 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
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 (in %)	9.52%	12%	Argos Wityu monitors this principal adverse impact with the support of Natura 2000 data, the European network of protected sites. Natura 2000 is the key instrument to protect biodiversity in the European Union. It is an ecological network of protected areas, set up to ensure the survival of Europe's most valuable species and habitats. Natura 2000 is based on the 1979 Birds Directive and the 1992 Habitats Directive.	In 2023, Argos Wityu has incorporated a climate and biodiversity risk assessment, aligned with the TCFD, in its investment process. This assessment is an integral part of our pre-investment evaluation for new deals and remains an ongoing process throughout the holding period, ensuring a continuous monitoring of these risks. In cases of significant risks, an external advisor is engaged to conduct a detailed examination.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.0015	N/A	Companies within our Portfolio have to report on their emissions to water annually.	The tonnes of emissions to water will be monitored, and potential actions to mitigate this adverse indicator will be analysed in the coming years.
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	3.95t	5.45t	Companies within our Portfolio have to report on their hazardous waste and radioactive waste ratio annually.	The tonnes of hazardous waste and radioactive waste will be monitored, and potential actions to mitigate this adverse indicator will be analysed in the coming years.

Indicators applicable to investments in investee companies (Table 1)

Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery (part 1)

						Actions taken, and actions planned and targets set for the next reference period
Adverse sustainability indicator	Metric	Impact year 2023	Impact year 2022	Explanation		
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises (in %)	0%	0%	Argos Wityu acts in accordance with the International Labor Organization (ILO) standards, United Nations Guiding Principles (UNGPs), United Nations Global Compact (UNGC) Principles and the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, and is guided by these international standards to assess the behavior of companies.	Argos Wityu will continue to monitor these indicators. several ESG initiatives were organized to raise awareness among Portfolio Companies, including quarterly ESG clubs and frequent one-on-one meetings with the ESG team.
	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 for Multinational Enterprises (in %)	62%	76%		
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	9%	12%	Argos Wityu monitors annually this adverse impact indicator. The unadjusted gender pay gap is defined as the difference between the average gross hourly earnings of men and women expressed as a percentage of the average gross hourly earnings of men.	

Indicators applicable to investments in investee companies (Table 1)

Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery (part 2)

Social and employee matters

Adverse sustainability indicator	Metric	Impact year 2023	Impact year 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	16%	16%	Argos Wityu monitors annually this adverse impact indicator. Board is defined as the administrative, management or supervisory body of a company.	<p>Argos Wityu has been monitoring several diversity KPIs, including gender diversity within the workforce, top management, and board levels, for the past two years.</p> <p>Argos Wityu aims to have at least 40% women in the board of its Portfolio Companies by the end of 2030. In 2024, an active collaboration between the ESG team and the investment team is expected to enhance awareness and support initiatives in this area.</p>
14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons (in %)	0%	0%	As exposure to controversial weapons is part of Argos Wityu's exclusion policy, the share of investments in investee companies involved in the manufacture or selling of controversial weapons will always be 0%.	<p>Argos Wityu applies exclusionary rules to ensure that funds managed will not invest in the following businesses or activities:</p> <ul style="list-style-type: none"> - Production or trade in any product or activity deemed illegal under applicable local and national laws or regulations; - Businesses for which the main source of income and/or main activity is derived from: <ul style="list-style-type: none"> - Manufacturing or dealing with arms; - Manufacture of tobacco products; - Human cloning; - Gambling; - Pornography; - Coal burning or extraction. <p>Moreover, some additional sectors may be excluded from the investment strategy of a specific fund (ex: distilled alcohol and related products).</p>

Additional climate and other environment-related indicators (Table 2)

	Adverse sustainability indicator	Metric	Impact year 2023	Impact year 2022	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 (in %)	81%	94%	From December 2022, Argos Wityu has validated Science Based Targets in place, including scope 3 investments. For this reason, Argos Wityu is supporting Portfolio Companies to align to this commitment and start the process of validation of their own SBTs. For this reason, the company has decided to monitor investee companies with carbon emission reduction initiatives aimed at aligning with the Paris Agreement.	<p>Argos Wityu has set a fund level SBT: having 50% of our eligible private equity investments by invested capital setting SBTi validated targets by 2028, and 100% by 2040 from 2021 base year.</p> <p>In December 2023, Argos Wityu had four companies with validated SBTs. In 2024, Argos Wityu plans to continue engaging with its portfolio companies through initiatives such as quarterly ESG Clubs, the Argos Climate Academy, and frequent one-on-one meetings. These efforts are aimed at raising awareness and supporting the companies in monitoring and reducing their carbon footprint, as well as in setting SBTs.</p>

Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters (Table 3)

Adverse sustainability indicator		Metric	Impact year 2023	Impact year 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
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 (in %)	5%	12%	Argos Wityu decided to monitor this additional indicator as the existence of anti-corruption and anti-bribery policies in the investee companies is in line with the Responsible Investment policy.	Argos Wityu will continue to monitor this indicator. During the impact year 2023; several ESG initiatives will be organised to raise awareness in portfolio companies about the importance of anti-corruption measures implementation.



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

Argos Wityu's Responsible Investment policy and Climate policy formalise how the principal adverse sustainability impacts are identified during the investment process.

To ensure preparedness and continuous development, we are integrating ESG into the investment process of the Funds. This integration starts at the screening phase and continues to the exit phase, during which we are increasing our capabilities to capture the ESG and sustainability value creation levers, typically reflected in our vendor due diligence documentation.

The **first screening phases** focus on identifying main risks, opportunities, and material ESG challenges.

Additional steps for **the Climate Action Fund (article 9 SFDR)** : Conduct an identification of the decarbonisation potential and key levers for each industry to conduct a preliminary ACA eligibility check, thanks to an Argos proprietary tool developed with the support of partners specialised in industrial decarbonisation.

Due diligence phase: To deepen the analysis of ESG risks and opportunities, an ESG review is systematically carried out by external advisors, which provide their expertise. The review is focused on material topics defined by the advisors, which will identify and assess ESG risks which are significant for the organisation and how these issues may affect the business.

Additional steps for **the Climate Action Fund:** Conduct a detailed assessment of decarbonisation levers implementation steps to reach a **>7.5% reduction in carbon intensity per annum**.

Investment period: During the first 100 days of the holding period, Argos requests portfolio companies to

- Perform a GHG footprint assessment and benchmark annually.
- Conduct an annual EcoVadis assessment, a sustainability management system assessment tool, to evaluate the maturity of the portfolio company's sustainability management system and identify areas to act on in priority to improve them.
- For Climate Action Fund: Translate the decarbonisation roadmap into a detailed plan with operational initiatives and Review regularly the plan when needed

Exit: When the value creation related to the applied ESG approach becomes material, an external advisor may prepare a vendor ESG Due-diligence report. The goal of such a report is: Show the evolution of ESG KPIs, Demonstrate the impact of the ESG action plan on the evolution of the set KPIs and Identify how the implementation of the **ESG action plan has created value**.

Engagement policies

Argos Wityu is committed to fostering close collaboration on ESG topics with portfolio companies throughout the entire investment cycle, from acquisition to exit. We firmly believe that continuous dialogue and engagement are integral to a successful ESG integration process.

To facilitate this close collaboration, we engage in continuous dialogues by scheduling regular meetings, setting up individual workshops, organising ESG Clubs, and more. Given the varying maturity level of ESG and sustainability integration across our portfolio, we create hands-on and company specific engagement strategies for each portfolio companies.

All portfolio companies are required to:

- conduct an annual EcoVadis re-assessment;
- to report annually on a predefined set of ESG KPIs;
- to conduct an annual CyberVadis re-assessment;
- to actively support DEI initiatives aimed at increasing the representation of women on their board;
- to develop a sustainability strategy that outlines clear goals and targets for the coming years;
- publish their first sustainability report in 2025.

More information is available in the annual ESG report and shareholder policy on Argos Wityu website.



Reference to International Standards

Argos Wityu has adopted several codes and international standards to reinforce its ESG commitment:



Argos Wityu has built its Net-Zero emissions targets and had them approved as Science-Based Targets aligned with the Paris Agreement in 2022. These targets include the sharp reduction of our own internal emissions (scopes 1 and 2), a voluntary target to cut our own scope 3 emissions (notably travel and equipment purchases), and a target to have our portfolio companies to adopt their own Net-Zero targets



Argos Wityu is a signatory of the PRI (Principles for Responsible Investment), proving that we are fully committed to making ESG a part of its core mission



Argos Wityu is a signatory of the UN Global Compact. Through this, we are committed to make a statement about our values, publishing our report in a public database, and the initiative provides Argos with the necessary insights on a wide range of topics which are linked to the Sustainable Development Goals (SDGs), making the goals more concrete for the private sector



As an iCI signatory, Argos Wityu is committed to reducing the greenhouse gas emissions of the companies we invest in. We commit to actively participating in that platform and sharing insights from the Argos Climate Action fund



Argos Wityu follows the Task Force on Climate-Related Financial Disclosures (TCFD) guidelines in our climate policies and commit to further integrating these guidelines in our ESG and climate strategy



Reference documents

- Responsible Investment policy
- Climate Policy
- Article 29 Report 2023 (Loi Energie et Climat)
- ESG Report 2023
- Engagement and voting rights policy

All the documents are available on Argos Wityu website: [Home | Argos Wityu](#)

