



# Statement on principal adverse impacts of investment decisions on sustainability factors





## Introduction

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 PAIs in its investment process.

With this statement, Argos Wityu is reporting at funds level, by taking into consideration data from 17 Portfolio Companies out of 21. Argos Wityu’s ESG team has collected this data from investee companies through a dedicated questionnaire. The statement on PAIs has been drafted in line with Article 4 of SFDR and covers the reference period from 1 January to 31 December 2022.

# Indicators applicable to investments in investee companies (Table 1)

## Climate and other environment-related indicators (part 1)

	Metric	Impact year 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period	
Greenhouse gas emission	1. GHG emissions	Scope 1 GHG emissions	145378t	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	In the impact year 2022, 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. From 2023, Argos Wityu wants to have 100% of the 21 portfolio Companies assessing their carbon footprint (currently, 88% does it concretely), and we would like them to proactively set initiatives to offset their carbon emissions
		Scope 2 GHG emissions	45015t		
		Scope 3 GHG emissions	750801t		
	2. Carbon footprint	Carbon footprint	941770t		
	3. GHG intensity of investee companies	GHG intensity of investee companies	0.420746934 (tCO <sub>2</sub> eq/revenue in M€)		
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector (in %)	0%		
	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 %)	61%		
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	0.109 (GWh/Meur)			

# Indicators applicable to investments in investee companies (Table 1)

## Climate and other environment-related indicators (part 2)

Adverse sustainability indicator		Metric	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 %)	13%	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	Argos Wityu is developing methods to better assess the materiality of biodiversity for our Portfolio Companies, and the impact of our Portfolio on biodiversity. Based on such methods, in the next reference years, Argos will set quantified targets to cope with biodiversity loss. Argos Wityu is studying the possibility to implement a framework to assess and manage activities impacting biodiversity across all investments
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	N/A	Data not available for impact year 2022	Argos Wityu seeks to improve the data quality and completion rates of this indicator for next reference year
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	395t	Companies within our Portfolio have to report on their hazardous waste and radioactive waste ration annually.	Argos Wityu started to collect this data from the year 2022. The data will be analysed to study possible actions to reduce this adverse indicator in the following impact 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)

Adverse sustainability indicator	Metric	Impact year 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period	
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%	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. During the impact year 2023; several ESG initiatives will be organised to raise awareness in portfolio companies. For more information, on the ESG initiatives realised by Argos Wityu, please see section 2B of the Report
	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 %)	76%		
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	16%	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	From 2022, Argos Wityu started monitoring the unadjusted gender pay gap within its Portfolio Companies in addition to other diversity and inclusion KPIs. From the impact year 2023, Argos Wityu would like to formulate more targets at fund level also regarding gender representation and equality through the external platform EcoVadis

# 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)

Adverse sustainability indicator	Metric	Impact year 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period	
Social and employee matters	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	18%	Argos Wityu monitors annually this adverse impact indicator. Board is defined as the administrative, management or supervisory body of a company.	In line with Argos Wityu's ESG internal strategy, the firm strongly encourages its Portfolio Companies to improve gender representation at Board level. Data is collected and monitored annually. From the impact year 2023, Argos Wityu would like to formulate more targets at fund level also regarding gender representation and equality through the external platform EcoVadis
	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%	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"> <li>- Production or trade in any product or activity deemed illegal under applicable local and national laws or regulations;</li> <li>- Businesses for which the main source of income and/or main activity is derived from:               <ul style="list-style-type: none"> <li>- Manufacturing or dealing with arms;</li> <li>- Manufacture of tobacco products;</li> <li>- Human cloning;</li> <li>- Gambling;</li> <li>- Pornography;</li> <li>- Coal burning or extraction.</li> </ul> </li> </ul> <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 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
<p>15. Investments in companies without carbon emission reduction initiatives</p>	<p>Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement (in %)</p>	<p>94%</p>	<p>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>	<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. In December 2022, Argos Wityu has 1 Company that has SBTs validated, 4 are in the process of waiting for the validation and the other Portfolio Companies will follow in the coming years.</p> <p>To reach the reduction target, investments both in financial and human resources need to be made. It is of the utmost importance to engage with portfolio companies to create awareness, understand the hotspots within the company, define action plans, and track progress</p>

Emissions

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

Adverse sustainability indicator	Metric	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 %)	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

