

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

**capiton AG**

**1 January to 31 December 2023**



## **Summary**

capiton AG 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 capiton AG. This statement is provided under the Sustainable Finance Disclosure Regulation (SFDR) – Regulation (EU) 2019/2088, which defines financial market participants (FMPs) and in-scope financial products.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2023.

## **Description of the principal adverse impacts on sustainability factors**

The PAI indicators (principal adverse impacts on sustainability factors) are collected for all portfolio companies of the funds managed by capiton AG from acquisition to sale

The data used to compute the PAI indicators are collected directly from the portfolio companies annually on a best effort basis. capiton AG has not supplemented the reported data or otherwise directly made use of estimates for the purposes of this statement. capiton AG is evaluating the data sourcing process to improve data coverage and data quality for the next reference period.

At this point in time, data availability and data quality for principle adverse impact on sustainability factors of the investee companies are still evolving. Also because this is the first reference period of the PAI statement, capiton AG considers the data to be not yet sufficient for deriving well-founded strategies regarding actions to be taken. Therefore, for its current quantitative reporting, capiton AG will disclose and monitor its principal adverse impacts of its investment decisions on sustainability factors without deriving any planned actions or applying thresholds for the following reference period to avoid or reduce the principal adverse impacts.

For the current reference period, capiton AG includes information on the coverage, which is represented as a percentage share of the investments in investee companies for which adverse impact data was available as of 31 December 2023. Coverage data helps to understand the limited data availability.



INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES

Adverse sustainability indicator	Metric	Impact Y2023	Impact Y2022	Explanation	Actions taken, actions planned and targets set for the next reference period	
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
<b>Greenhouse gas emissions</b>	1. GHG emissions	Scope 1 GHG emissions (tonnes of CO2e)	10,582		95.8% coverage	In the reference period, GHG metrics have been collected with the aim of monitoring specific indicators and our commitment towards implementing sustainable practices within the portfolio. From 2024, capiton AG wants to reach a higher coverage ratio and would like the investee companies to set initiatives to reduce or offset their carbon emissions
		Scope 2 GHG emissions (tonnes of CO2e)	9,400		95.8% coverage	
		Scope 3 GHG emissions (tonnes of CO2e)	325,146		80.7% coverage. Reliability of scope 3 data is currently limited.	
		Total GHG emissions (tonnes of CO2e)	345,128		80.7% coverage. Reliability of included scope 3 data is currently limited.	
	2. Carbon footprint	Carbon footprint (tonnes of CO2e /EUR million)	297.2		95.8% coverage. Reliability of included scope 3	

					data is currently limited.	
	3. GHG intensity of investee companies	GHG intensity of investee companies (tonnes of CO2e / EUR million revenues)	136.6		95.8% coverage. Reliability of included scope 3 data is currently limited.	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector (per cent)	0.0%		99.6% coverage	No actions taken or planned
	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 (per cent)	50.6%		99.6% coverage	Ongoing review and improvement of data quality and coverage ratio
	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	0.05		75.8% coverage	Ongoing review and improvement of data quality and coverage ratio
<b>Biodiversity</b>	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 (per cent)	0.0%		99.6% coverage	No actions taken or planned
<b>Water</b>	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	1.910		95.8% coverage	Ongoing review and improvement of data quality and coverage ratio
<b>Waste</b>	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies	0.300		97.0% coverage	Ongoing review and improvement of data quality and coverage ratio

		per million EUR invested, expressed as a weighted average				
Adverse sustainability indicator		Metric	Impact Y2023	Impact Y2022	Explanation	Actions taken, actions planned and targets set for the next reference period
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
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 (per cent)	0.0%		99.6% coverage	Ongoing review
	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 (per cent)	39.2%		99.6% coverage	Ongoing review
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies (per cent)	17%		95.8% coverage	Ongoing review and improvement of data quality and coverage ratio
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members (per cent)	5.2%		99.6% coverage	Ongoing review

	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 (per cent)	0.0%		99.6% coverage	capiton AG applies exclusionary rules to ensure that funds managed will not invest in investee companies primarily engaged in weapon-related activities
Adverse sustainability indicator		Metric	Impact Y2023	Impact Y2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
Other indicators for principal adverse impacts on sustainability factors						
Emissions	15. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reductions initiatives aimed at aligning with the Paris agreement	11.6%		99.6% coverage	Ongoing review and improvement of data quality and coverage ratio
Social and employee matters	16. Lack of a supplier code of conduct	Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour)	30.8%		99.6% coverage	Ongoing review and improvement of data quality and coverage ratio

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

capiton AG's sustainability strategy is constantly being further developed. The Responsible Investment Policy (RIP) is annually reviewed and amended as appropriate. The current version of the RIP was adopted by capiton AG's management board on 19 December 2023.

The PAI data collected from the investee companies follows a review process serving as a limited internal control mechanism. Where PAI data deemed insufficient in terms of availability and quality, capiton AG will seek to improve the sufficiency of PAI data.

capiton AG continues to evaluate the consideration of principal adverse impacts within its investment framework. It anticipates its internal processes to evolve over time, in line with market and regulatory developments.

#### **Engagement policies**

Sustainability-related engagement is an integral aspect of capiton AG. However, capiton AG as a financial market participant for financial products within the scope of the Disclosure Regulation does not currently engage directly with investee companies. capiton AG endeavours to assume the role of an active investor via the advisory boards of the portfolio companies and thus influence their business activities or risks in line with capiton's sustainability strategy.

#### **References to international standards**

capiton AG is embedding sustainability into its policies and as an integral part into its investment process. Our policy for sustainability and our investment philosophy are closely intertwined. By pursuing this investment approach capiton will be enabled to maximise its contribution to the goals of the United Nations Principles for Responsible Investment (UNPRI).

capiton has been a signatory to UNPRI since 2019. We consider the principal adverse impact (PAI) indicators as defined by the Sustainable Finance Disclosure Regulation. Moreover, we strive to take into account the United Nations (UN) Sustainability Development Goals and therefore encourage and support our investee companies in establishing management and reporting capacities as stipulated within these frameworks.

These criteria are taken into account as part of the investment process and influence investment decisions. A regular review process ensures that the relevant conditions continue to be taken into account for each investment over time.

capiton AG is convinced that future-oriented climate scenarios will become more important in the future. Currently, however, capiton AG does not explicitly consider climate scenarios in its investment process.

#### **Historical comparison**

The historical comparison will be published for the first time in April 2025, starting with the report for the calendar year 2024.