

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

**Financial market participant:** Norvestor Investment Management S.à.r.l.

**Legal entity identifier:** 984500E3944EB10FBEO7

## Summary

Norvestor Investment Management S.à.r.l. ('NIM') (legal entity identifier: 984500E3944EB10FBEO7) considers the principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement of principal adverse impacts on sustainability factors of NIM.

This statement will be updated annually by 30 June to cover the relevant reference periods, from 1 January to 31 December the preceding year, the first complete statement to be disclosed by 30 June 2023 and annually thereafter.

Article 4 of Regulation (EU) 2019/2088 ("**SFDR**") and articles 4-10 of Delegated Regulation (EU) 2022/1288 require NIM to disclose information about how principal adverse impacts of its investment decisions on sustainability factors are considered.

This statement describes how principal adverse impacts are considered and the consolidated impact on the fourteen mandatory sustainability indicators. Two additional voluntary indicators have been selected i) Investments in portfolio companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement, and ii) Investments in portfolio companies without policies on the protection of whistleblowers.

Principal adverse impacts on sustainability factors are identified, prioritised and assessed during the due diligence of potential portfolio companies and monitored continuously through Norvestor's continued engagement with portfolio companies. Norvestor adheres to internationally recognized responsible business conduct codes and internationally recognised standards for due diligence and reporting.

# Description of the principal adverse impacts on sustainability factors<sup>1</sup>

ESG considerations are continuously integrated into the investment decision-making process and throughout the Norvestor funds' ownership period, including concerns regarding principal adverse impact indicators. NIM gathers data and monitors performance on the fourteen mandatory principal adverse impact indicators and two additional indicators.

Adverse sustainability indicator	Metric	Impact 2022	Explanation	Actions taken, actions planned and targets set for the next reference period
<b>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS – MANDATORY INDICATORS</b>				
<b>Greenhouse gas emissions</b>	1. GHG emissions	Scope 1 GHG emissions		
		Scope 2 GHG emissions		
		Scope 3 GHG emissions		
		Total GHG emissions		
	2. Carbon footprint	Carbon footprint		
	3. GHG intensity of investee companies	GHG intensity of investee companies		
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector		
	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		

<sup>1</sup> Table to be updated by 30 June 2023.

	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			
<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			
<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			
<b>Waste</b>	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			
<b>INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS – MANDATORY INDICATORS</b>					
<b>Social and employee matters</b>	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			
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and	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			

	OECD Guidelines for Multinational Enterprises	principles or OECD Guidelines for Multinational Enterprises			
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies			
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members			
	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			
<b>ADDITIONAL CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</b>					
<b>Emissions</b>	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			
<b>ADDITIONAL INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS</b>					
<b>Social and employee matters</b>	16. Insufficient whistleblower protection	Share of investments in entities without policies on the protection of whistleblowers			

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

Policies to identify and prioritise principal adverse impacts on sustainability factors are anchored in the relevant internal policies and procedures. The overarching approach to responsible investments is set out in our Responsible Investment Policy, which describes how sustainability considerations are integrated into all stages of the investment process and through Norvestor funds' ownership period. The Responsible Investment Policy and this statement are reviewed and approved by the Board of Directors of NIM annually (please see the date of approval of this statement below).

Principal adverse impacts on sustainability factors are identified, prioritised and assessed during the due diligence of potential portfolio companies. Companies are monitored regularly through Norvestor's continued engagement with portfolio companies during annual ESG reviews. The probability of occurrence and severity of the adverse impacts are considered, including their potentially irremediable character. Further information on Norvestor's investment process is included in Norvestor's Responsible Investment Policy (available at [www.norvestor.com](http://www.norvestor.com) under "Sustainability Related Disclosures")

The following additional indicators have been selected, as referenced in the table above:

- *Share of investments in portfolio companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement*
- *Share of investments in entities without policies on the protection of whistleblowers*

The two additional indicators are selected as they are considered relevant across the entire portfolio. Carbon emission reduction initiatives aligned with the Paris Agreement are essential in mitigating the threats posed by climate change. Further, businesses cannot operate responsibly without due attention to the health and well-being of employees and the trust of customers and other stakeholders. Policies on the protection of whistleblowers are considered essential tools to ensure responsibility, transparency, and accountability.

NIM does not currently use other indicators to identify and assess additional principal adverse impacts on a sustainability factor other than as set out in the table above. However, other company-specific KPIs that are material for each portfolio company will be monitored and, if relevant, disclosed in Norvestor's annual sustainability report (available at [www.norvestor.com](http://www.norvestor.com) under "Sustainability Related Disclosures").

NIM is primarily responsible for the processes to identify and prioritise the principal adverse impacts of investment decisions. All investment team members are trained regarding principal adverse impacts on sustainability factors to integrate these considerations into the investment process.

NIM will principally obtain data on the principal adverse impact indicators directly from portfolio companies and measurements will, to some extent, be subjective and based on judgements. NIM will seek to ensure accuracy by implementing internal and external reviews where appropriate to reduce the margin of errors and increase the reliability of the indicators.

## **Engagement policies**

NIM generally invests in portfolio companies whose shares are not admitted to trading on a trading venue. NIM has not adopted engagement policies referred to in Article 3g of Directive 2007/36/EC.

Engagement with portfolio companies during the ownership of Norvestor funds is an integral part of Norvestor's commitment to responsible investment. An annual ESG review is conducted for all portfolio companies, including identifying actions to reduce or eliminate negative consequences of the company's activities, such as the principal adverse impact indicators. The responsibility for making an impact on ESG and reporting on progress entirely resides with the company.

Further information on Norvestor's engagement during NIM's ownership is set out in the Responsible Investment Policy.

## **References to international standards**

Norvestor adheres to internationally recognized responsible business conduct codes and internationally recognised standards for due diligence and reporting. Norvestor is a signatory of the United Nations Principles for Responsible Investment (UN PRI), Sustainable Ocean Principles and the Task Force on Climate-related Financial Disclosure (TCFD). Norvestor further ensures that portfolio companies adhere to and comply with the principles in the UN Global Compact, UN's Universal Declaration of Human Rights and guidelines outlined in the Organization for Economic Co-Operation and Development (OECD) for Multinational Enterprises. Norvestor measures and monitors the carbon emissions of the portfolio companies as defined by the Greenhouse Gas Protocol.

By adhering to these standards, NIM seeks to ensure that its operations and portfolio companies' operations are conducted responsibly. However, the standards adherence do not, independently of implementation in portfolio companies and measures taken thereunder, ensure that operations are aligned with the 2015 Paris Agreement.

Portfolio companies' adherence to the standards are reviewed during the annual ESG review.

Data on principal adverse impact indicators are mainly obtained directly from portfolio companies. Through the data gathering and subsequent analysis and assessment, areas of improvement on the principal adverse impact indicators are identified. The company's ESG action plan is updated if necessary to reduce such impacts in the future.

Norvestor does not currently apply forward-looking climate scenarios. This is mainly due to the lack of a framework applicable to Norvestor's portfolio.

## **Historical comparison**

NIM will update this statement annually by 30 June to reflect relevant reference periods, being 1 January to 31 December of the preceding year. NIM will include a historical comparison in the table above of the period reported on with the previous period reported on, commencing at the second time NIM reports in line with the table above. Subsequently, NIM

will include historical comparisons with every previous period reported up to the last five previous periods.

**Version history**

<b>Version</b>	<b>Scope</b>	<b>Date</b>
1	The initial publication of this disclosure	10 March 2021
2	Align disclosure with Regulation (EU) 2022/1288	29 December 2022