



**STATEMENT ON PRINCIPAL ADVERSE IMPACTS OF INVESTMENT DECISIONS ON
SUSTAINABILITY FACTORS**

Approved by the Board of Directors on August 3rd, 2023

Financial market participant:

KYIP Capital SGR S.p.A.

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Summary:

KYIP Capital SGR S.p.A. considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated principal adverse impacts on sustainability factors statement of KYIP Capital SGR S.p.A..

This statement on principal adverse impacts on sustainability factors covers the reference period from 1st January 2022 to 31st December 2022.

As part of KYIP Capital SGR S.p.A. (hereinafter also “KYIP” or “the Company”) commitment in favor of responsible investing, the Company intends to consider and mitigating robustly and consistently the Principal Adverse Impacts (PAI) generated by its portfolio companies on the sustainability factors. To this end, KYIP periodically measures, monitors and discloses ESG KPIs across the 14 mandatory PAI, one voluntary environment-related indicator and one social indicator as per Sustainable Finance Disclosure Regulation (SFDR) requirements based on their materiality for the investee company’s operations, geographic locations and size, as defined by the *Final Report on supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards (RTS)*.

KYIP addresses the investee companies’ PAI combining various ESG investment strategies ranging from pre-investment exclusions to periodic engagement activities with the portfolio. In this context KYIP aims to implement the following actions:

- Exclusion of companies operating in sectors deemed controversial or not aligned with KYIP’ responsible investment approach as indicated in its exclusion list available in KYIP’s Responsible Investment Policy;
- Integration of ESG considerations across pre-investment and ownership phases of the investment lifecycle. To this aim, the Company performs ESG due diligence assessment during pre-investment and implements ESG engagement activities during post-investment holding period.

Description of principal adverse impacts of investments decision on sustainability factors:

Indicators applicable to investments in investee companies

Adverse sustainability indicator	Metric	Impact (year 2022)	Explanation	Actions taken, actions planned and targets set for the next reference period
Climate and other environment-related indicators				
Greenhouse gas emissions	1. GHG emission	Scope 1 GHG emissions	40,7 tCO ₂ e	Scope 1 emissions are mainly produced <i>As part of its ESG Action Plan, Datlas is committed to reduce its overall carbon</i>

				<p>through the use of natural gas for offices' heating system for both Datlas and K-Now. Data on Scope 1 emissions for K-Now are available for 2 schools out of 7.</p>	<p><i>footprint; in 2023, Datlas is working on the installation of an heating system for monitoring the temperature, in order to keep under control its Scope 1 Emissions. KYIP will work on improving the quality of data received by portfolio companies, by engaging with them through dedicated learning sessions on carbon accounting methodology. Moreover, KYIP is actively working with K-Now to define an ESG Action Plan for each school in its perimeter.</i></p>
		Scope 2 GHG emissions	86,5 tCO ₂ e	<p>Scope 2 emissions are related to district heating and electricity from non-renewable sources.</p>	<p><i>As part of its ESG Action Plan, Datlas is committed to reduce its overall carbon footprint; in 2023 Datlas is installing photovoltaic panels to reduce its consumption of non-renewable electricity. Moreover, KYIP is actively working with K-Now to define an ESG Action Plan for each school in its perimeter</i></p>
		Scope 3 GHG emissions	681,8 tCO ₂ e	<p>Data available only for K-Now</p>	<p><i>As an example of KYIP's active engagement with</i></p>

				<p>and concerning only a limited part of total Scope 3 Emission Sources. Regarding Datlas, the Company is structuring the methodology to calculate its Scope 3 Emissions</p>	<p><i>portfolio companies, and its support in the definition, implementation and performance of an ESG Action Plan, Datlas conducted a Mobility survey in Milan's office to identify actions to reduce its Scope 3 GHG emissions. Following its results, Datlas identified several measures for 2022 to promote car use reduction when driving to and from work, including:</i></p> <p><i>Promotion of smart-working and carpool by identifying people living close to each other.</i></p> <p><i>Organization of a working group with companies operating around Datlas' Milan office to share best practices and innovative solutions to improve sustainable mobility.</i></p> <p><i>In addition, Datla's effort in reducing Scope 3 emissions also considers ESG performance of its suppliers. Datlas DOME application ecosystem is based on Amazon Web Services (AWS), which</i></p>
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					<p><i>was selected as a supplier due to its commitment of reducing environmental impacts, setting targets such as supply 100% of green energy to power its data centers by 2025 and provide customers with a Carbon Footprint Tool.</i></p> <p><i>In 2023 Datlas has updated its Smart Working Policy, which allows company employees to work from home, reducing overall emissions from business travel.</i></p> <p><i>Regarding its supply chain, Datlas has planned for the 2023 the implementation of a qualification process, which will allow the Company to better monitor its value chain emissions.</i></p>
		Total GHG emissions	809,1 tCO ₂ e	Overall performance is mainly impacted by the adding of scope 3 emissions for K-Now within the calculation	<p><i>KYIP will work on improving the quality of data received by portfolio companies, by engaging with them through dedicated learning sessions on carbon accounting methodology.</i></p> <p><i>Moreover, KYIP is actively working with K-</i></p>

					<i>Now to define an ESG Action Plan for each school in its perimeter</i>
	2. Carbon footprint	Carbon footprint	24,6 t CO ₂ e/M€	Overall performance is mainly impacted by the adding of scope 3 emissions for K-Now within the calculation	
	3. GHG intensity of investee companies	GHG intensity of investee companies	56,6 t CO ₂ e/M€	Overall performance is mainly impacted by the adding of scope 3 emissions for K-Now within the calculation	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0%	<i>Investments carried out by KYIP CAPITAL do not involve companies operating in the fossil fuel sector.</i>	<i>In order to improve ESG performance and minimize impacts on the environment, KYIP's pre-investment strategy rules out making investments or minimize its exposure by applying stringent requirements to companies dedicated to oil and gas exploration, extraction and mining or power generation from fossil fuels.</i>
	5. Share of non-renewable energy	Share of non-renewable energy consumption and	83,43%	-	<i>Datlas is implementing actions aimed at</i>

	<p>consumption and production</p>	<p>non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage</p>			<p><i>increasing the use of renewable energy (i.e. installation of photovoltaic panels and electrification of the Company's fleet). KYIP will work on improving the quality of data received by portfolio companies, by engaging with them through dedicated learning sessions on ESG accounting methodology.</i></p>
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	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%	<i>KYIP CAPITAL's portfolio operations do not classify as a high-impact climate sector.</i>	<i>KYIP's adherence to environmental protection contains the acknowledgement of the Paris Agreement and commit to evaluate in detail the climate change issues in our investment activities, considering, where possible, the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD). Following that type of action, no investment has been made in any high impact climate sector. Datlas is not within high impact climate sector, as it is IT.</i>
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	0%	<i>Datlas and K-Now have not any impact or repercussion on biodiversity because they are not located in any protected areas</i>	

				<i>and its activities do not represent any danger to biodiversity</i>	
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0	<i>Datlas' and K-Now's activities do not generate any emission to water.</i>	<i>Datlas supports Why Not non-profit organization which course of action, among others, is to intervene directly where it serves the implementation of water supply projects.</i>
Waste	9. Hazardous waste ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average	0	<i>According to the information provided by Companies, no hazardous waste is produced and consequently disposed of by Datlas and K-Now.</i>	<i>KYIP will engage with portfolio companies to verify their actual production of hazardous waste. Given their type of business, we expect a very low share of hazardous waste on the total waste produced</i>
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 Organization 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	0%	<i>Since 2021, KYIP CAPITAL has become a participant of the UN Global Compact and strives to implement the Ten Principles in the areas of rights, labor, environment</i>	<i>As KYIP is a participant of the UN Global Compact, they aim to ensure fair labor and working conditions, create a harmonious working environment, safeguard the Health and Safety of all employees, respect the protection of human rights, support</i>

				<p><i>and anticorruption within its investments.</i></p>	<p><i>elimination of all forms of forced and compulsory labor, just as stated in the ESG policy.</i></p> <p><i>Datlas is also having activities that address UNGC 10 principles, such as:</i></p> <p><i>Principle 6: Presence of Code of Ethics promoting equal</i></p>
	<p>11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises</p>	<p>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</p>	<p>0%</p>	<p><i>As part of its compliance policy and pre-investment decisions, KYIP CAPITAL avoids investing in companies that do not respect the UNGC principles. Policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of</i></p>	<p><i>KYIP CAPITAL engages with portfolio companies to satisfy the requirements of the UNGC principles. Datlas' status on UNGC principles' compliance is partially covered as they have a Code of Ethics but no specific reference to human rights; and absence of specific commitments to the elimination of forced and compulsory labor and abolition of child labor in HR policy. Yet, Datlas does not have any significant fines and non-monetary sanctions or any relevant complaint from stakeholders regarding environmental performance linked to Principle 7, Datlas is</i></p>

				<p><i>the UNGC principles or OECD Guidelines for Multinational Enterprises could include whistleblowing channels available to internal and external stakeholders.</i></p>	<p><i>planning to achieve ISO 14001 certification. So, it is actively working towards the compliance of the principles.</i></p>
	<p>12. Unadjusted gender pay gap</p>	<p>Average unadjusted gender pay gap of investee companies</p>	<p>35,8%</p>	<p><i>KYIP CAPITAL aims to tackling possible discrimination in earnings between men across its portfolio companies through engagement activities. KYIP CAPITAL is committed to help improve Datlas' 2020 unadjusted gender pay gap data for Italian sites is 27%, higher than the average for Italian Information and</i></p>	<p><i>KYIP CAPITAL aims to ensure fair labor and working conditions by considering meritocracy, openness, fairness and transparency. In relation to equal opportunities, KYIP CAPITAL will support elimination of discrimination by recognizing, valuing and respecting its people for their skills, experience and potential regardless of gender, sexual, orientation, age, race, color, ethnic origin, religion or disability. Moreover, Datlas recognizes the gender pay gap situation and is committed to review and assess it by</i></p>

				<p><i>Communication (i.e.14,8%). For the Romanian sites there is a 1% of unadjusted gender pay gap, below the average in the Romanian Information and Communication sector that is 21,2%.</i></p>	<p><i>implementing a remuneration committee and salary review process. To raise general awareness on the topic and to create a new common culture, Datlas has planned the introduction of a Diversity and Inclusion Policy. In addition to that, KYIP is actively working with K-Now to define an ESG Action Plan for each school in its perimeter</i></p>
	13. Board gender diversity	Average ratio of female to male board members in investee companies	39,9%		<p><i>KYIP will work on maintaining a high performance on this indicator.</i></p>
	14. Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	<p><i>As per KYIP CAPITAL's exclusion list, the company does not invest in activities related with controversial weapons.</i></p>	<p><i>KYIP CAPITAL's Responsible Investment Policy has formal guidelines to exclude investments in the armament sector. This sector includes the production of weapons and directly related ancillary equipment used by combat and defense forces (including conventional, chemical, bacteriological, and nuclear weapons).</i></p>

					<i>Datlas does not invest in any type of activity regarding this sector.</i>
Water, waste and material emissions	Non-recycled waste ratio	Tonnes of non-recycled waste generated by investee companies per million EUR invested, expressed as a weighted average	0,0007 tonnes per million EUR invested	Data available only for Datlas. The low value of the indicator is related to the high recyclability of non-hazardous waste, which represents the only type of waste generated, according to the information received	<i>KYIP will continue its effort in assuring that the 100% of waste produced is correctly recycled/reused. KYIP will engage with K-Now to collect waste information, to improve data quality on this indicator, and to set reduction targets.</i>
Social and employee matters	Lack of grievance/complaints handling mechanism related to employee matters	Share of investments in investee companies without any grievance/complaints handling mechanism related to employee matters	31%	<i>Datlas has in place a whistleblowing channel, where confidentiality is guaranteed as an external professional is in charge of monitoring and receiving potential claims. K-Now has not such system in place yet.</i>	<i>KYIP is collaborating with K-Now for the implementation of a whistleblowing mechanism within the end of 2023, as required by the Whistleblowing Directive.</i>
Description of policies to identify and prioritize principal adverse impacts on sustainability factors:					

As per Responsible Investment Policy and Environmental, Social and Governance policy approved on February 27th, 2023, KYIP is supported by ESG consultants in the identification and prioritization of Principal Adverse Impacts through proprietary methodologies that assess portfolio company’s ESG materiality in accordance with company’s operations, geographic locations and size. As a result of the materiality analysis, we decided to opt for the additional indicator on the non-recycled waste ratio, allowing stakeholders to monitor our commitment towards the overall reduction of waste, by increasing re-use and recycling, and encourage circular economy principles. With regards to the additional social indicator, KYIP decided to disclose its share of investments in investee companies without any grievance/complaints handling mechanism related to employee matters, to monitor whether our investments have a whistleblowing mechanism in place/planned to be implemented and, if not, assist them in the implementation, in accordance with EU Whistleblowing directive 2019/1937. During the ownership phase, KYIP collects data regarding portfolio companies’ performance on sustainability indicators, among which all necessary information to calculate KYIP performance on PAI Indicators. Based on the results of the data collection, KYIP engages with its investments to define priorities and remedial action, in order to minimize adverse impacts. The investment team is responsible, with the support of the Head of Sustainability, for compliance with the Responsible Investment Policy.

Data sources used in the calculation of the Principal Adverse Sustainability Impact indicators come from KYIP engagement activities with ESG representatives at investee companies’ level that provide data to KYIP in accordance with the agreed data collection methodologies with respect to granularity level and data gathering’s frequency.

Engagement policies

KYIP periodically engages with investee companies to implement suggested ESG initiatives linked with ESG risks and opportunities identified during pre-investment phase, with the final aim of enhancing ESG performances of the PCs. Post-investment, each portfolio company is required to identify an ESG representative with whom KYIP ’s Sustainability Officer collaborates on an ongoing basis. Starting with an on-boarding process, the portfolio company will be introduced to the recommended KYIP ’s sustainability approach, suggested actions, and timings. KYIP works closely together with the portfolio company from this point onwards, both on a formal basis (including quarterly calls and support to specific ESG projects) and more informally (for example providing ad hoc support with reporting or setting ESG objectives and targets). If an investee is not compliant with our Responsible Investment policy, thus risking to generate adverse sustainability impacts, the investment team together with the legal and the head of ESG will determine the appropriate course of action.

References to international standards

KYIP being a signatory of the United Nations Principles for Responsible Investments (UN PRI), is fully committed to applying the six Principles for Responsible Investment (www.unpri.org) across its operations.

KYIP as a signatory of the UN Global Compact (www.unglobalcompact.org) implements the Ten Principles in the areas of human rights, labor, environment, and anti-corruption through all its business activities.

As a company and as a team, KYIP acknowledges the Paris Agreement objectives. As such the Company pledges to contribute to its goals by evaluating in detail the climate change issues in its investment activities, keeping in mind and evaluating where possible also the TCFD (Task Force on Climate-related Financial Disclosures) recommendations.

Additionally, KYIP in its effort to mitigate the adverse impacts on sustainability matters of its investments takes into account the following tools and international standards:

- Global Slavery Index
- IUTC global index
- Child Labour and Forced Labour List
- EPI index
- Corruption perception index
- SASB materiality matrix
- S&P sector sheets
- CDC sector sheets
- German Climate Risk index by German Watch

Historical comparison

Data are available only for 2022 so no trend comparisons can be performed. Starting from next year, KYIP expects to be able to disclose two years trends and provide historical comparison of its portfolio performance with respect to PAIs.