



Principal Adverse Sustainability Impact Statement

Approved by the Board of Directors on June 6th, 2022

Contents

Description of Principal Adverse Sustainability Impacts.....	2
Actions to address Principal Adverse Sustainability Impacts	5
Reference to International Standards	7

Description of Principal Adverse Sustainability Impacts

Kyip Capital (hereinafter also "KYIP" or "the Company") understands the role and responsibility of the financial sector in mitigating sustainability risks and related impacts caused by investment decisions.

As per *Sustainable Finance Disclosure Regulation*¹ (SFDR), the concept of Principal Adverse Sustainability Impacts ("PASI") is defined as follows:

"Negative, material or likely to be material effects on sustainability factors that are caused, compounded by or directly linked to investment decisions and advice performed by the legal entity."

As part of Kyip Capital' commitment to favor responsible investing, the Company intends to mitigate robustly and consistently the Principal Adverse Sustainability Impacts generated by the portfolio companies held into Kyip's products.

The Company, as a financial market participant and per Article 4 of the SFDR, currently considers the following PASI KPIs to measure and mitigate investee companies' negative contribution to sustainability factors as set out in the *Final Report on supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards (RTS)*²:

Mandatory Principal Adverse Sustainability Impact KPIs	
ESG topic	PASI KPIs
Greenhouse Gas Emissions	1. GHG emissions
	2. Carbon Footprint
	3. GHG Intensity of Investee Companies
	4. Exposure to companies active in the fossil fuel sector
	5. Share of non-renewable energy consumption and production
	6. Energy consumption intensity per high impact climate sector
Biodiversity	7. Activities negatively affecting biodiversity sensitive areas
Water	8. Emissions to water
Waste	9. Hazardous waste ratio
Social and Employee matters	10. Violations of UN Global Compact principles and Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises

¹ Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

² Final Report on supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of 'do no significant harm', specifying the content, methodologies, and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports

11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises

12. Unadjusted gender pay gap

13. Board gender diversity

14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, and biological weapons)

The Company identifies for each investee company their specific Principal Adverse Sustainability Impacts based on their materiality in accordance with company operations, and periodically discloses the related ESG KPIs to communicate about progress to its stakeholders.

Actions to address Principal Adverse Sustainability Impacts

Kyip believes that, thanks to its investor role, it is possible to drive beneficial change by integrating sustainability into the investees' corporate strategy, supported by impactful and measurable ESG objectives and targets.

Kyip addresses the mandatory PASI indicators throughout the selection and ongoing monitoring of investee companies by systemically and structurally combining various ESG investment strategies ranging from pre-investment exclusions to periodic engagement activities with the portfolio. These strategies are laid out in Kyip's Responsible Investment and ESG policies. If an investee is not compliant with those policies, and thus, may generate an adverse sustainability impact, the investment team, together with the legal and the head of ESG, will determine the appropriate course of action.

In this context, KYIP aims to mitigate the Principal Adverse Sustainability Impacts indirectly caused by its investment decision through the following actions:

Methods to address PASI		
ESG Strategy	Explanation	Application
Exclusions	KYIP excludes from its investment activities sectors considered controversial or not aligned with its Responsible Investment Policy.	The Company does not invest in companies whose sector is excluded by its exclusion lists, such as armament (PASI 14) or oil and gas exploration, extraction, mining, or power generation from fossil fuels (PASI 4) and in companies unaligned with UN Global Compact (PASI 10-11)
ESG integration and engagement	KYIP systematically integrates ESG considerations across all stages of the investment lifecycle, from pre-investment activities through the post-investment holding period and exit. The Company seeks continuous dialogue with its investee companies through engagement actions to ensure	As part of its ESG Policy, KYIP is committed to measuring and minimizing greenhouse emissions (PASI 1-3), promoting the use of renewable energy (PASI 5-6), and encouraging circular economy principles (PASI 8-9). KYIP aims to ensure fair labor and working conditions and to support the elimination of discrimination in respect of employment and occupation. To this end, the Company carries out engagement

<p>their sustainable development and create value over time</p>	<p>actions with investee companies on promoting equal opportunities and diversity (PAI 13) and supports the calculation of gender indicators such as the salary gap (PAI 12).</p>
---	---

As of today, KYIP is adapting its methodology for supervising and monitoring the performance of its investees in relation to the prioritization of the main adverse incidents and the related data gathering process. Similarly, KYIP will work on identifying possible deviations in the sustainable performance of its investees and will establish potential specific mitigation measures to be adopted in each case to improve its ESG performance.

Other than mandatory ESG KPIs linked with PASI, KYIP will monitor and disclose against at least one voluntary environmental and social indicators defined by the RTS, as per SFDR requirements. Additionally, KYIP will monitor other ESG KPIs that are considered material with respect to the investee company sector, geographic location and size.

KYIP will yearly disclose its portfolio companies' ESG performance against PASI at entity level, as per SFDR level 2 requirements.

Reference 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 to 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