

Statement on Principal Adverse Impacts in the investment decision-making process (as per SFDR Article 4)

January 2023

a. Summary

This section summarizes, as required under SFDR Article 4, how the PAIs of investment decisions are considered throughout Symbiotics Asset Management investment process. More information and definitions can be found on the Website dedicated page.

This statement refers to the year-end December 2022 and shall be updated annually.

b. Description of PAI

The PAI indicators as referred in Annex I of the RTS shall be provided, for the first year of reporting by end of June 2023 for the year 2022.

c. Description of processes to identify and prioritize PAI

SYAM takes into consideration Principal Adverse Impacts ("PAI") on Sustainability Factors all along the investment value chain, as required under SFDR Article 4.

Notably, most of the key topics underlying the PAI indicators defined in the RTS, are part of the ESG assessment undertaken during the initial due diligence and monitoring of the Target Investees. During the due diligence, the ESG assessment considers, when possible, the exposure of Target Investees to the fossil fuel sector, high impact climate sector, sectors likely to generate emissions to water, hazardous waste, and activities likely to affect biodiversity sensitive areas. The ESG assessment also considers the human resources practices of the Target Investees including gender considerations. Other adverse impacts, depending on the specificity of the Target Investees' activities are assessed, such as the lack of grievance/complaints handling mechanisms related to employee matters. This ESG assessment is meant to provide guidance to SYAM regarding the impact of its investment decisions on Sustainability Factors, and those potential principal adverse impacts are quantified and weighted through it. It is done based on the level of exposure of the investment to the risk of doing harm to any of the Sustainability Factors depending on factors such as its business activity or the industries it finances, among others.

For Private Debt instruments, specific data points are collected on a yearly basis through the Deal Originators directly from Investees, when possible, to ensure that the Company is able to provide the mandatory PAI indicators of the RTS, as well as a selection from additional ones. The objective of SYAM is to be able to draw an analysis based on the impact of end-borrowers, using a look-through approach when SYAM investment are directed towards financial institutions, as it remains the more meaningful way to estimate the PAI of SYAM's investments on Sustainability Factors.

On listed debts, SYAM relies on data providers who collect the information from the Investees or calculate some indicators using proxies.

Recognizing that some of the required PAI indicators are especially difficult to collect from non-EU Investees, SYAM may use proxy calculations. This is done notably for certain indicators as GHG emissions. SYAM coordinates with peers to align approaches in terms of data collection and calculation. The goal is to maximize the chances that Investees will be able to provide relevant and comparable data.

d. Description of actions and engagement policies to address PAI

To enable the investment to maximize its positive impact or to minimize its risks of causing significant harm to the Sustainability Factors, in some contexts and if possible, SYAM may require Investees to set up improvement practices through Environmental or Social Action Plans (ESAPs). These may be completed with Technical Assistance facilities to help the Investee on such implementation.

In these cases, periodic monitoring to assess the progress of the ESAP is done on a regular basis, and if the Investee fails to comply with it even after remediation measures are proposed, no new investment would be considered.

e. International standards

SYAM sets a number of minimum safeguards regarding the compliance of its investments to some international standards. The methodology used by SYAM partly relies on the International Finance Corporation Performance Standards, which are based on other international standards such as the United Nations (UN) Guiding Principles on Business and Human Rights, International Bill of Human Rights, International Labour Organization Standards, and Equator Principles.

SYAM also takes into account the OECD Guidelines for Multinational Enterprise for investments into Multinational companies and more specifically its Key considerations for banks implementing the OECD Guidelines for Multinational Enterprises. Although these standards are not always appropriate considering that most of SYAM's investments flow to small to mid-size enterprises, all transversal standards such as human rights, employment, environment, corruption and bribery, consumer interests, competition and taxation, are considered and adapted to the Investee.

For social stakes that are more specific to financial intermediation, SYAM refers to the [Cerise Alinus Social Performance Management](#) tool, addressing notably client protection.