

Statement on principal adverse impacts of investment decisions on sustainability factors

Armada Credit Partners Oy

Summary [*Summary referred to in RTS Article 5 provided in the languages referred to in paragraph 1 thereof*]

Armada Credit Partners Oy (Business ID 2306633-6) (hereinafter « Armada ») 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 (“PAI”) of Armada.

This statement on principal adverse impacts on sustainability factors covers the reference period from *1 January 2023 onwards*. Armada will publish a PAI statement with the relevant metrics and impacts for the time period of 01.01.2023 – 31.12.2023 latest in June 2024.

At Armada, PAI are taken into account in accordance with Armada’s Principles on Sustainability Risks and Adverse Impacts on Sustainability Factors which Armada implemented in July 2022 and revised on 21 October 2022. These Principles apply to all investment decisions made after that date and describe Armada’s due diligence process as regards PAI. Relevant policies regarding PAI considerations also include Armada’s Responsible Investment Policy implemented in August 2018 and revised on 21 October 2022 and Armada’s Climate Policy implemented on 25 August 2022. Armada’s Responsible Investment Policy describes Armada’s exclusion list and Armada’s approach to ESG integration and portfolio company engagement. Armada’s Climate Policy outlines Armada’s climate ambition and aim to reduce climate related adverse impacts.

Armada has currently the following funds IV, V and VI of which funds IV and V are classified as Article 6 funds.¹ Armada’s fund IV does not make new platform investments anymore. Armada’s Article 6 funds have not taken PAI into account as the funds were closed prior to the Sustainable Finance Disclosure Regulation 2019/2088 (“SFDR”) came to force and also before Armada’s policies regarding PAI consideration were implemented. Armada’s funds that have been established after the implementation of the Principles on Sustainability Risks and Adverse Impacts consider PAIs on fund level. At the present, Armada has one fund at a marketing stage, VI, that is classified as Article 8 fund and will consider PAI.

Armada considers the PAIs described in the following table. Armada’s approach to identifying and prioritizing PAI as well as Armada’s engagement policies, reference to international standards and the availability of the historical comparison is addressed at the end of the table.

¹ According to the Sustainable Finance Disclosure Regulation (2019/2088), Article 6 funds shall only take into account sustainability risks but do not have sustainability ambitions. Article 8 Funds promote environmental or social characters while taking into account good corporate governance practices of the investee companies. More on SFDR <<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019R2088&from=EN>>

Description of the principal adverse impacts on sustainability factors					
Indicators applicable to investments in investee companies					
Adverse sustainability indicator	Metric	Impact [year n]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS					
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	N/A	N/A	Armada has developed a Climate Policy which has been approved by the board of directors on 25 August 2022. According to this policy, Armada aims for carbon neutrality by 2035 both in its own operations as well as in its investment portfolio. Armada is currently in the process of evaluating possible methods and a more detailed approach to achieve such carbon neutrality targets. Armada has also amended its Responsible Investment Policy in order to exclude investments in companies operating in the fossil fuel-based energy production and related activities and companies of which majority of the business is based on activities that are highly CO ² emitting. In addition, Armada's newest fund (Fund VI) is committed to promoting climate change considerations. In order to achieve its promoted characteristics, Armada is committed to utilizing pricing incentives for the investee companies to achieve a better individually negotiated level on one or more promoted ESG topics.
		Scope 2 GHG emissions	N/A	N/A	
		Scope 3 GHG emissions	N/A	N/A	
		Total GHG emissions	N/A	N/A	
	2. Carbon footprint	Carbon footprint	N/A	N/A	
	3. GHG intensity of investee companies	GHG intensity of investee companies	N/A	N/A	
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	N/A	N/A		
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	N/A	N/A		
	6. Energy	Energy consumption in GWh per million EUR of revenue of	N/A	N/A	

	consumption intensity per high impact climate sector	investee companies, per high impact climate sector				Armada focuses on gathering and monitoring the data regarding greenhouse gas emissions related indicators in order to identify the proper measures to reduce and avoid them.
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	N/A	N/A		<p>To Armada's knowledge, Armada is not involved with any companies operating in biodiversity-sensitive areas.</p> <p>Armada continues to monitor the data to identify the possible investee companies negatively affecting biodiversity-sensitive areas and analyse the reasons for such activity. If such companies are identified, a plan to reduce the negative impacts will be drafted.</p>
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	N/A	N/A		At the present, the impacts to water are insignificant. Armada monitors the data available in order to identify the possible measures to reduce or avoid the emissions to water.
Waste	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				<p>Armada does not invest in areas that generate hazardous and/or radioactive waste excluding some possible paint and solvent residues related to certain investee companies and potential medical waste related to investee companies that provide medical equipment.</p> <p>Armada monitors the data available in order to identify the possible measures to reduce or avoid hazardous and radioactive waste.</p>

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	N/A	N/A		<p>In accordance with Armada's Responsible Investment Policy, Armada excludes companies in violation of the UN Global Compact in the initial screening stage of the investment decision making.</p> <p>Armada's investee companies are small and medium size companies, and therefore, their procedures to manage processes related to the UN GC and the OECD GME are proportionate to their size.</p>
	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	N/A	N/A		
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	N/A	N/A		At the present, Armada continues to monitor the data related to unadjusted gender pay gap to identify and analyse the possible reasons behind such a pay gap.
	13. Board gender diversity	Average ratio of female to male board members in	N/A	N/A		Gender diversity is selected as a topic to promote in Armada's latest fund, Fund VI.

		investee companies, expressed as a percentage of all board members				<p>Armada is committed to utilizing pricing incentives for the investee companies to achieve a better individually negotiated level on one or more promoted ESG topics including gender balance.</p> <p>Armada aims the gender balance to be at least 25 % / 75% when taking into account the entire portfolio.</p> <p>Armada is committed to monitoring the data available in order to decide on further measures to advance gender equality.</p>
	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	N/A	N/A		<p>In accordance with Armada's Responsible Investment Policy, Armada excludes investments in companies that are involved in the manufacture or selling of controversial weapons.</p> <p>Armada rejects companies that are involved in the manufacture or selling of controversial weapons in the initial screening stage of the investment decision making.</p>
Additional climate and other environment-related indicators						
Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact [year n]	Impact [year n]	Explanation	Actions taken, and actions planned and targets set for the next reference period
Emissions	4. Investments in companies without carbon emission	Share of investments in investee companies without carbon emission reduction	N/A	N/A		Armada has developed a Climate Policy which has been approved by the board of directors on 25 August 2022. According to this policy, Armada aims for carbon

	reduction initiatives	initiatives aimed at aligning with the Paris Agreement				<p>neutrality by 2035 both in its own operations as well as in its investment portfolio. Armada is currently in the process of evaluating possible methods and a more detailed approach to achieve such carbon neutrality targets.</p> <p>Armada has also amended its Responsible Investment Policy in order to exclude investments in companies operating in the fossil fuel-based energy production and related activities and companies of which majority of the business is based on activities that are highly CO² emitting.</p> <p>In addition, Armada's newest fund (Fund VI) is committed to promoting climate change considerations. In order to achieve its promoted characteristics, Armada is committed to utilizing pricing incentives for the investee companies to achieve a better individually negotiated level on one or more promoted ESG topics.</p>
Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters						
Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact [year n]	Impact [year n]	Explanation	Actions taken, and actions planned and targets set for the next reference period
Social and employee matters	4. 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,	N/A	N/A		Armada is in the process of reviewing its due diligence processes to address the lack of supplier code of conduct already at the initial screening stage.

		child labour and forced labour)				<p>Armada is also committed to reject investment proposals in companies that act against international norms and are involved e.g. in child labour.</p> <p>Armada is committed to monitoring the data available in order to decide on further measures to address the lack of supply code of conduct.</p>
Human rights	14. Number of identified cases of severe human rights issues and incidents	Number of cases of severe human rights issues and incidents connected to investee companies on a weighted average basis	N/A	N/A		<p>In accordance with Armada's Responsible Investment Policy, Armada excludes companies in violation of the UN Global Compact in the initial screening stage of the investment decision making.</p> <p>Armada's investee companies are small and medium size companies, and therefore, their procedures to manage processes related to the UN GC and the OECD GME are proportionate to their size, unless Armada's due diligence procedures or other risk assessments have shown the need for a more robust process.</p> <p>Armada is committed to monitoring the data available in order to decide on further measures to reject investment proposals in companies involved in human rights issues and incidents.</p>
	Lack of a human rights policy	Share of investments in entities without a human rights policy.	N/A	N/A		<p>Armada is in the process of reviewing its due diligence processes to address the lack of supplier code of conduct already at the initial screening stage.</p>

						<p>Armada is also committed to reject investment proposals in companies that act against international norms, and are involved e.g. in child labour.</p> <p>The existence of potential investee companies human rights policy is covered in Armada's ESG DD tool.</p>
Anti-corruption and anti-bribery	Lack of anti-corruption and anti-bribery policies	Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption.	N/A	N/A		<p>The existence of potential investee companies anti-corruption and anti-bribery policies is covered in Armada's ESG DD tool.</p> <p>Armada is committed to monitoring the data available in order to decide on further measures to address the lack of policies on anti-corruption and anti-bribery.</p>

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

[Information referred to in Article 7]

At Armada, the board of directors has the overall responsibility on responsible investment and the policies regarding PAI. Regarding PAI, Armada's board of directors has approved the Principles on Sustainability Risks and Principal Adverse Impacts on July 2022 and revised on 21 October 2022. The policy will be reviewed yearly and amended as appropriate. At the operational level, Armada's ESG committee, comprising of representatives from the investment, risk management and finance side of the company, further integrates ESG into different functions. Each member of the investment team is responsible for overseeing the implementation of the Sustainability Risk and Principal Adverse Impact policy in their daily work.

Armada takes PAI indicators into account in its investment decisions in its initial screening and due diligence procedure by identifying and analysing the availability of PAI data and its content in order to identify the most material negative impacts to manage, taking into account fund's promoted E & S characteristics. Armada will reject investment proposals which are determined to have unacceptable adverse impacts. To identify, prioritize and assess PAIs Armada utilizes data from company specific due diligence reports and from dedicated service providers related to adverse sustainability impacts in different industries and operations. Additionally, Armada monitors technological development to reduce principal adverse impacts. Armada evaluates

publicly reported information and information received in connection with meetings with the investee companies and other stakeholders. Armada also subscribes to the net impact and PAI indicators data provided by an external service provider.

Armada recognizes that all information required to identify and prioritize PAIs may not yet be available in the market as Armada invests in small and medium size companies that are under the thresholds to report sustainability data. Armada has conducted initial data analysis on available PAI information and is committed to improving its data sources and methodologies when these become available in the market.

PAI are also addressed in Armadas Responsible Investment Policy approved by the board on 21 October 2022, and Climate Policy approved by the board on 25 August 2022. Responsible Investment Policy defines Armada's exclusion criteria according to which investments that have unacceptable adverse impacts are excluded.

In Armada's Climate Policy, Armada acknowledges the gravity of climate change and aims for carbon neutrality by 2035 both in its own operations as well as in its investment portfolio (investment environment allowing). Armada is committed to excluding investments in fossil fuel producers and in high CO₂-emitting industries as described in Armada's Responsible Investment Policy.

Armada is committed to measuring and assessing the climate related PAI indicators with the help of a third-party data provider. Going further, Armada will decide on further measures to support achieving the Climate Policy goal.

Armada has selected the additional environmental indicators based on indicator's materiality to Armada's own climate targets. Climate change is one of the gravest challenges companies are facing in the future and Armada sees that evaluating if target companies have a Paris Agreement 2015 aligned strategy is of importance in order to assess the GHG reduction possibilities of potential target companies. Having a Paris Agreement 2015 aligned strategy is also one of the regulatory demands rising from the Corporate Sustainability Reporting Directive ("CSRD") that might become relevant for target Companies. In addition, Armada has selected the additional social indicators based on relevance to Armada's investee companies taking into account Armada's commitments to obey international norms, good corporate governance and certain minimum indicators of their investment's companies' value chain. Armada is committed to evaluate the relevance of the additional indicators in connection with the review of its Principles on Sustainability Risks Principal Adverse Impacts and after receiving data from the portfolio companies.

Engagement policies

[Information referred to in Article 8]

Armada's investment strategy does not involve investing in companies that are listed on the regulated market. Armada operates in the private debt market and is often also a minority shareholder in its investee companies and therefore it does not have a policy regarding voting practices in general meetings.

Armada's engagement policies are focused on pricing incentives schemes and open dialogue with the investee companies. Armada's engagement with the investee companies is further described in the Responsible Investment Policy and Principles on Sustainability Risks and Principal Adverse Impacts.

Armada engages with investee companies, together with the main owners, to actively identify, manage and mitigate principal adverse impacts such as environmental and social impacts. When Armada has the ability to influence the management of the investee company through board operations, open discussions on principal adverse impacts are held. Therefore, Armada seeks through an open dialogue with the financial sponsor, where applicable, and the management of the investee company, as appropriate, to influence investee company behaviour and situations where material principal adverse impacts in the operations of the target company have been identified. Armada believes that active dialogue with investee companies and their owners will have a wider impact on developing matters into a positive direction. However, certain situations, where the investment would have unacceptable adverse impacts on sustainability factors, Armada may seek refinancing of its loans in the investee company. Such instances are decided on a case-by-case basis.

Armada utilizes case-by-case basis pricing incentives schemes that encourage the investee companies to reduce or avoid their adverse impacts. These incentives are used to promote the characteristics the Armada Fund VI has chosen to promote.

Armada will review the Principles on Sustainability Risks and Principal Adverse Impacts yearly or more often if required and decide on further measures if the principal adverse impacts have not reduced in the course of more than one reporting period.

References to international standards

[Information referred to in Article 9]

Armada's Responsible Investment Policy sets out the minimum standards that are defined by environmental, and social principles fundamental for good corporate governance. Armada's way of considering adverse impacts as well as the Responsible Investment Policy are based on international conventions and best practice guidelines, including the UN Principles for Responsible Investment (PRI).

In Armada's Responsible Investment Policy, Armada is committed to excluding all illegal economic activity (i.e. any production, trade or other activity, which is illegal under the laws or regulation applicable to the Fund or the relevant company or entity, including without limitation, human cloning for reproduction purposes) and companies that do not fit its investment standards including e.g. violations of international norms (UN Global Compact). Armada monitors if its investee companies violate the UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises and whether or not the investee companies have processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises. Should violations occur, Armada proceeds in

accordance with the measures described in the engagement policies section to see through an open dialogue with the financial sponsor, where applicable, and the management of the investee company, as appropriate, to influence investee company behaviour.

In Armada's Climate Policy, Armada is committed to achieving carbon neutrality by 2035. Armada also monitors if the investee companies have a Paris climate agreement aligned strategy or initiatives, and in case they are not in place, Armada may use additional incentives to encourage investee companies to adopt such measures.

At the current, Armada does not utilize climate scenarios but will reconsider its position in the future. Armada's ESG committee is responsible for implementing the actions and targets defined in the Armada's Climate Policy.

Historical comparison

Armada will publish a PAI statement with the relevant metrics for the period of 01 January 2023 – 31 December 2023 latest in June 2024. The earliest historical comparison will be provided in June 2025.