

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant: Armada Credit Partners (LEI: 743700LEGS2U0MV18Y97), hereinafter referred to as “Armada”.

Summary

Armada Credit Partners-considers principal adverse impacts (“PAI”) of its investment decisions on sustainability factors in accordance with Article 4(1) of the Sustainable Finance Disclosure Regulation (EU) 2019/2088 (“SFDR”). The present statement is the consolidated statement on PAIs on sustainability factors of Armada Credit Partners.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2024.

Armada considers PAIs by monitoring and measuring PAIs as well as taking actions in relation thereto. The consideration is subject to data availability and quality, which Armada continuously aims to improve.

Armada’s approach to identifying and prioritization of PAIs, as well as Armada’s engagement policies, reference to international standards, and the availability of the historical comparison are addressed at the end of the table.

Description of the principal adverse impacts on sustainability factors

Armada considers nine (9) **mandatory** climate and other environment-related sustainability indicators and five (5) **mandatory** sustainability indicators in the field of social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

In relation to investee companies, Armada considers also one (1) **additional** climate and other environment-related sustainability indicator as set out in the Table 2 and four (4) **additional** sustainability indicators for social and employee matters, respect for human rights, anti-corruption and anti-bribery matters as set out in the Table 3.

Statement on principal adverse impacts of investment decisions on sustainability factors

Indicators applicable to investments in investee companies

Adverse sustainability indicator	Metric	Impact year 2024	Impact year 2023	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	2,961	2,697	Scope 1, Scope 2, Scope 3 and Total GHG emissions on this statement have been calculated according to the definition in the Annex I to the Commission Delegated Regulation (EU) 2022/1288 (“SFDR RTS”) and in accordance with the formula set out in the said Annex.	Armada has developed a Climate Policy which has been approved by the board of directors on 25 August 2022, latest review approved on 6 June 2025. According to this policy, Armada aims for carbon neutrality by 2035 both in its own operations as well as in its investment portfolio. Armada didn’t have yearly target set for the current reference period.
		Scope 2 GHG emissions	645	648	Scope 1, Scope 2 and Scope 3 emissions are calculated quarterly, with the annual value derived from the average of impacts on 31 March, 30 June, 30 September and 31 December of each period as required in the Article 6(3) of the SFDR RTS . Total annual GHG emissions is the sum of quarterly Scope 1, Scope 2, and Scope 3 averages.	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.
		Scope 3 GHG emissions	5,455	9,995		
		Total GHG emissions	9,061	13,340	The impact is calculated based on data received from Upright, which is a mix of estimates and primary data from investee companies that Upright collects/models.	
					The share of third-party data for the selected indicator was 98 % of the total current value of all applicable investments.	In addition, Armada’s newest fund (Fund VI) is committed to promoting climate change considerations. In order to achieve its promoted characteristics, Armada utilizes pricing incentives for the investee companies to achieve a better individually negotiated level on one or more promoted ESG topics. This was done in all new investments made in 2024. 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. Armada has encouraged and provided assistance to its portfolio companies in terms of measurement and best practices.
					The carbon footprint on this statement has been calculated according to the definition (1) in the Annex I to the SFDR RTS and in accordance with the formula (2) set out in the said Annex.	
	2. Carbon footprint	Carbon footprint	48	85	Carbon footprint is calculated quarterly, with the annual value derived from the average of impacts on 31 March, 30 June, 30 September and 31 December of each period as required in the Article 6(3) of the SFDR RTS . The selected indicator was derived from data provided by the investee companies. In cases where the data was not available, estimates from third-party data provider Upright have been utilized. The reported emissions have not been assured by a third party.	
					The share of third-party data for the selected indicator was 98% of the total current value of all applicable investments.	

Statement on principal adverse impacts of investment decisions on sustainability factors

Greenhouse gas emissions	3. GHG intensity of investee companies	GHG intensity of investee companies	75	103	<p>GHG intensity of investee companies on this statement has been calculated according to the definition (3) in Annex I to the SFDR RTS and in accordance with the formula (3) set out in the said Annex.</p> <p>GHG intensity of investee companies is calculated quarterly, with the annual value derived from the average of impacts on 31 March, 30 June, 30 September and 31 December of each period as required in the Article 6(3) of the SFDR RTS.</p> <p>The selected indicator was derived from data provided by the investee companies. In cases where the data was not available, estimates from third-party data provider Upright have been utilized. The reported emissions have not been assured by a third party.</p> <p>The share of third-party data for the selected indicator was 98% of the total current value of all applicable investments.</p>	<p>Armada's newest fund (Fund VI) is committed to promoting climate change considerations. In order to achieve its promoted characteristics, Armada utilizes pricing incentives for the investee companies to achieve a better individually negotiated level on one or more promoted ESG topics. This was done in all new investments made in 2024. 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. Armada has encouraged and provided assistance to it portfolio companies in terms of measurement and best practices.</p>
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0%	0%	<p>The share of investments in companies active in the fossil fuel sector on this statement has been calculated according to the definition (5) in Annex I to the SFDR RTS.</p> <p>The selected indicator is calculated quarterly, with the annual value derived from the average of impacts on 31 March, 30 June, 30 September and 31 December of each period as required in the Article 6(3) of the SFDR RTS.</p> <p>The selected indicator was derived from data provided by a third-party data provider Upright.</p> <p>The share of third-party data for the selected indicator was 100% of the total current value of all applicable investments.</p>	<p>Armada Responsible Investment Policy outlines the exclusion on investments in</p> <ul style="list-style-type: none"> a) fossil fuel-based energy production and related activities b) Companies of which majority of the business is based on activities that are highly CO2 emitting.

Statement on principal adverse impacts of investment decisions on sustainability factors

Greenhouse gas emissions	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	61%	62%	<p>The share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources has been calculated according to definition (6) and (7) in Annex I to the SFDR RTS, with formulas (5) and (6) set out in the SFDR RTS.</p> <p>The selected indicator was derived from data provided by a third-party data provider Upright. In cases where the data was not available, estimates by Upright have been utilized.</p> <p>The share of third-party data for the selected indicator was 100% of the total current value of all applicable investments.</p>	<p>Armada Responsible Investment Policy outlines the exclusion on investments in fossil fuel-based energy production and related activities.</p> <p>Further, Armada encourages use on renewable energy and introduction of energy efficiency improving measures, for example, through pricing incentives.</p>
	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	0.03	0.03	<p>Armada's portfolio includes one high impact sector: manufacturing.</p> <p>The energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector on the PAI statement was calculated by dividing investee companies' total energy consumption per high impact climate sector with the total revenue in millions of euros for each of the high climate impact sectors.</p> <p>The selected indicator was derived from data provided by a third-party data provider Upright. In cases where the data was not available, estimates by Upright have been utilized.</p>	<p>Armada encourages use on renewable energy and introduction of energy efficiency improving measures, for example, through pricing incentives.</p>
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%	0%	<p>The 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 on this statement has been calculated according to definitions (18) and (19) in Annex I to the SFDR RTS.</p> <p>The selected indicator was derived from data provided by a third-party data provider Upright.</p> <p>The share of third-party data for the selected indicator was 100% of the total current value of all applicable investments.</p>	<p>To Armada's knowledge, Armada is not involved with any companies operating in biodiversity - sensitive areas. 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 during the next reference period, a plan to reduce the negative impacts will be drafted on a case-by-case analysis.</p>

Statement on principal adverse impacts of investment decisions on sustainability factors

Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.00	0.00	Tonnes of emissions to water generated by investee companies per million EUR invested has been calculated according to definition (12) in the Annex I to the SFDR RTS and in accordance with the formula provided in question IV.10 of the Q&A on the SFDR RTS.	Armada monitors the data available in order to identify the possible measures to reduce or avoid the emissions to water.
					The selected indicator was derived from data provided by a third-party data provider Upright. In cases where the data was not available, estimates by Upright have been utilized.	
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	0.05	0.10		The share of third-party data for the selected indicator was 100% of the total current value of all applicable investments.
					Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested on this statement has been calculated according to definitions (14), (15) and (16) in the Annex I to the SFDR RTS and in accordance with the formula provided in question IV.10 of the Q&A on the SFDR RTS.	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.
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	0.05	0.10	The selected indicator was derived from data provided by a third-party data provider Upright. In cases where the data was not available, estimates by Upright have been utilized.	Armada monitors the data available in order to identify the possible measures to reduce or avoid hazardous and radioactive waste.
					The share of third-party data for the selected indicator was 100% of the total current value of all applicable investments.	

Statement on principal adverse impacts of investment decisions on sustainability factors

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	0%	0%	<p>The share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises on Armada's PAI statement has been calculated according to the definition (22) in Annex I to the SFDR RTS.</p> <p>The selected indicator was derived from data provided by the investee companies. In cases where the data was not available, estimates from third-party data provider Upright have been utilized.</p> <p>The share of third-party data for the selected indicator was 95% of the total current value of all applicable investments.</p>	<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>Sustainability risks and principal adverse impacts are reviewed and discussed regularly in the investment team, and investment committee and ESG committee meetings.</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	100%	95%	<p>The 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 on this statement has been calculated according to the definition (22) in Annex I to the SFDR RTS.</p> <p>The selected indicator was derived from data provided by a third-party data provider Upright.</p> <p>The share of third-party data for the selected indicator was 100% of the total current value of all applicable investments.</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> <p>Sustainability risks and principal adverse impacts are reviewed and discussed regularly in the investment team, and investment committee and ESG committee meetings.</p>

Statement on principal adverse impacts of investment decisions on sustainability factors

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Social and employee matters	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	19%	18%	<p>The average unadjusted gender pay gap of investee companies on this statement has been calculated according to the definition (23) in Annex I to the SFDR RTS by taking a weighted average of the unadjusted gender pay gaps of all applicable investee companies.</p> <p>The selected indicator was derived from data provided by a third-party data provider Upright.</p> <p>The share of third-party data for the selected indicator was 100% of the total current value of all applicable investments.</p>	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 investee companies, expressed as a percentage of all board members	30%	28%	<p>The average ratio of female to male board members in investee companies, expressed as a percentage of all board members on this statement has been calculated according to the definition (24) in the Annex I to the SFDR RTS by taking an average ratio of female to male board members in investee companies.</p> <p>The selected indicator was derived from data provided by the investee companies and by a third-party data provider Upright.</p> <p>The share of third-party data for the selected indicator was 95% of the total current value of all applicable investments.</p>	<p>Gender diversity is selected as a topic to promote in Armada's latest fund, Fund VI. Armada is committed to utilizing pricing incentives for the investee companies to achieve a better gender balance.</p> <p>Armada aims the gender balance to be at least 25 % / 75% when considering 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 (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%	0%	<p>The selected indicator was derived from data provided by a third-party data provider Upright.</p> <p>The share of third-party data for the selected indicator was 100% of the total current value of all applicable investments.</p>	<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>

Statement on principal adverse impacts of investment decisions on sustainability factors

Other indicators for principal adverse impacts on sustainability factors

Table 2						
Additional climate and other environment-related indicators						
Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact year 2024	Impact year 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period
Indicators applicable to investments in investee companies						
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Emissions	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	79%	73%	<p>The selected indicator was derived from data provided by the portfolio companies.</p> <p>The share of third-party data for the selected indicator was 0% of the total current value of all applicable investments.</p>	<p>Armada has developed a Climate Policy which has been initially approved by the board of directors on 25 August 2022, latest review approved on 6 June 2025. 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.</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 utilizes pricing incentives for the investee companies to achieve a better individually negotiated level on one or more promoted ESG topics. This was done in all new investments made in 2024. 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. Armada has encouraged and provided assistance to its portfolio companies in terms of measurement and best practices.</p>

Statement on principal adverse impacts of investment decisions on sustainability factors

Table 3
Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

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 2024	Impact year 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period
Indicators applicable to investments in investee companies						
Social and employee matters	16. Lack of supplier code of conduct	Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour)	42%	53%	The selected indicator was derived from data provided by the portfolio companies.	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.
					The share of third-party data for the selected indicator was 0% of the total current value of all applicable investments.	Armada is committed to monitoring the data available in order to decide on further measures to address the lack of supply code of conduct.
Human Rights	17. Lack of human rights policy	Share of investments in entities without a human rights policy	62%	65%	The selected indicator was derived from data provided by the portfolio companies.	Armada is in the process of reviewing its due diligence processes to address the lack of human rights policy already at the initial screening stage.
					The share of third-party data for the selected indicator was 0% of the total current value of all applicable investments.	Armada is committed to monitoring the data available in order to decide on further measures to address the lack of human rights policy.

Statement on principal adverse impacts of investment decisions on sustainability factors

Human Rights	18. 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.	0	0	<p>The selected indicator was derived from data provided by the portfolio companies.</p> <p>The share of third-party data for the selected indicator was 0% of the total current value of all applicable investments.</p>	<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>
Anti-corruption and anti-bribery	19. 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.	36%	46%	<p>The share of investments in entities without policies on anti-corruption an anti-bribery consistent with the United Nations Convention against Corruption on this statement was calculated by dividing the total current value of investments where the selected indicator is present with the total current value of all applicable investments in the investee company asset category.</p> <p>The selected indicator was derived from data provided by the portfolio companies.</p> <p>The share of third-party data for the selected indicator was 0% of the total current value of all applicable investments.</p>	<p>The ESG DD Tool, used during the ESG due diligence process before an investment decision is made by Armada, covers the existence of potential investee companies' anti-corruption and anti-bribery policies.</p>

Statement on principal adverse impacts of investment decisions on sustainability factors

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

Approval Date and governing body - Article 7(1)(a)

Armada's Principles on Sustainability Risks and Principal Adverse Impacts ("PSRPAI Policy") is reviewed, updated and approved annually. The PSRPAI Policy was approved by Armada's board of directors in July 2022, and last revision was approved on 6 June 2025.

Responsibility Allocation – (Article 7(1)(b))

The responsibility for the implementation of the PSRPAI Policy is allocated in Armada as follows: The board has the overall responsibility over sustainability risk and principal adverse impact considerations. At the operational level, the ESG committee, comprising of representatives from the defense lines further integrates ESG into different functions. Each member of the investment team is responsible for overseeing the implementation of the PSRPAI Policy in their daily work. Sustainability risks and PAIs are reviewed and discussed regularly in the investment team, and investment committee and ESG committee meetings. The decision to exempt the PSRPAI Policy must be made by two managing partners. The owner of the PSRPAI Policy is the managing director of Armada.

Methodology – (Article 7(1)(c))

Armada aims to consider and mitigate the adverse impacts of its investment operations to the environment, climate, society, employees, respect for human rights, and anti-corruption and anti-bribery (hereinafter **sustainability factors**). Therefore, Armada has incorporated sustainability into its investment operations, and the company's investment decisions take into account not only financial aspects, but also sustainability factors, as well as the related risks (hereinafter **sustainability risks**). The PSRPAI Policy defines the sustainability risks that are recognized in Armada's processes and describes the general process on how these risks are considered. Armada takes PAI indicators into account in its investment decisions in its initial screening and due diligence procedure using ESG DD tool to check potential investee companies against PAI indicators before making the investment decision and by identifying and analyzing 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.

Selecting indicators

In addition to the mandatory sustainability factors, 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 before establishing the fund, based on the planned investment strategy and 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.

Margin of Error: Explain any uncertainties in your methods (Article 7(1)(d))

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.

Data sources: (Article 7(1)(e))

Armada or third-party service provider try to receive data directly from the investee companies. In cases where the data was not available, estimates from third-party data provider, Upright, have been utilized.

Statement on principal adverse impacts of investment decisions on sustainability factors

Engagement policies

Armada primarily focuses on originating loans and, as a result, manages loan-originating alternative investment funds as defined in Article 1(1) of Directive (EU) 2024/927. Armada's investment strategy does not involve investing in companies that are listed on the regulated market. If Armada invests in investee companies through equity, Armada typically holds a minority shareholder position. As a result, Armada is not in a position to significantly influence shareholders' decisions. Considering the above, Armada has chosen not to adopt an engagement policy pursuant to Article 3g of Directive 2007/36/EC regarding voting practices in general meetings.

Armada engages with the investee companies through various methods to identify, manage and mitigate PIAs. The engagement focuses on pricing incentives schemes and open dialogue with the investee companies, which can take several forms:

- Direct dialogue with the executive management;
- Formal correspondence with the board of directors or supervisory board;
- Collaborative actions with main owners and other relevant stakeholder;
- Exercising shareholder's rights on the general assembly, if Armada has equity investments.

Armada's engagement with the investee companies is further described in the Responsible Investment Policy, PSRPIA Policy as well as the Climate Policy. Armada engages with investee companies, together with the main owners, to actively identify, manage and mitigate PAI considering the sustainability indicators stated above.

When Armada has the ability to influence the management of the investee company through board operations, open discussions on PAI are held. Therefore, Armada seeks through an open dialogue with the financial sponsor and the management of the investee company, as appropriate, to influence investee company behavior and situations on material PAIs in the operations of the target company. In case the investment would have unacceptable adverse impacts on sustainability factors, Armada may seek refinancing of its loans in the investee company on a case-by-case basis. Armada utilizes pricing incentives schemes that encourage the investee companies to reduce or avoid their adverse impacts, e.g the investee company needs to pay a higher all-in interest rate on the loan if it does not meet the individually negotiated KPI target levels.

The PSRPIA Policy does not explicitly outline how the policy will be adapted if there is no reduction on PAIs over more than one reporting period. However, Armada commits to reviewing these principles annually, or more often if required, to ensure they remain effective. This review process allows for necessary changes and the implementation of further measures if the principal adverse impacts have not reduced in the course of more than one reporting period.

Statement on principal adverse impacts of investment decisions on sustainability factors

References to international standards

UN Principles for Responsible Investment (PRI)

To measure the adherence to the principles of responsible investing promoted by PRI, Armada considers all indicators in Table 1, Table 2 and Table 3. Armada incorporates ESG issues into investment analysis and decision-making according to the process described in the Principles on Sustainability Risks and Principal Adverse Impacts Policy. Armada is committed to following the Principles for Responsible Investment (PRI).

Paris Agreement

Armada is committed to achieving carbon neutrality by 2035, and aligns its financing with the Paris Agreement goals on climate change.

Armada uses following indicators to consider the PAI on sustainability factors referred to in Article 6(1) of the Commission Delegated Regulation (EU) 2022/1288 ("SFDR RTS") , and that allow Armada to measure the alignment to the Paris Agreement:

- Table 1 PAI 1-6: Greenhouse gas emissions
- Table 2 PAI 15: Investments in companies without carbon emission reduction initiatives

Methodology and data used: Armada also monitors if the investee companies have a Paris 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. The reported figures for the PAI indicators are calculated based on data received from Upright, which is a mix of estimates and primary data from investee companies that Upright collects/models. Armada doesn't collect data directly from their investee companies (except from the companies in the Fund VI where Armada conducts also internal research).

UN Global Compact, OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights

In its newest fund, Armada promotes UN Global Compact (UN GC) principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises), as part of its social characteristics agenda.

Armada uses following indicators to consider the PAI on sustainability factors referred to in Article 6(1) of the SFDR RTS , and that allows Armada to measure the adherence to the UN Global Compact, OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights:

- Table 1 PAI 10: Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
- Table 1 PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compliance principles and OECD Guidelines for Multinational Enterprises
- Table 1 PAI 12: Unadjusted gender pay gap
- Table 1 PAI 13: Board gender diversity
- Table 3 PAI 17: Lack of human rights policy
- Table 3 PAI 18: Number of identified cases of severe human rights issues and incidents
- Table 3 PAI 19: Lack of anti-corruption and anti-bribery policies

Methodology and data used: Armada evaluates the alignment of its investments with international norms and standards primarily using third-party data providers such as Upright. The reported figures for the PAI indicators are calculated based on data received from Upright, which is a mix of estimates and primary data from investee companies that Upright collects/models. Armada doesn't collect data directly from their investee companies (except from the companies in the Fund VI).

Statement on principal adverse impacts of investment decisions on sustainability factors

International Private Equity and Venture Capital Valuation Guidelines

Reporting principles specified in the International Private Equity and Venture Capital (IPEV) Valuation Guidelines are followed by Armada. Armada funds’ assets will be valued in accordance with the IPEV guidelines (or such guidelines as may from time to time be endorsed by Invest Europe). ESG factors are included in the valuation of portfolio companies.

Methodology and data used: The methodology involves valuing investments at fair value, applying consistent valuation methods, and ensuring transparency in the valuation process.

At the current, Armada does not use forward-looking climate scenarios. Armada 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 reported the adverse impacts on sustainability factors for the first time for the period of 1 January 2023 - 31 December 2023 and this statement on PAIs on sustainability factors covers the reference period from 1 January to 31 December 2024. Therefore, a historical comparison of the 2023 and 2024 periods reported in the Table above with explanations for any differences in the “explanation” column. Armada`s approach to the assessment of PAI indicators disclosed in this entity level statement has not substantially changed between the two reporting periods.
