

# Statement on principal adverse impacts of investment decisions on sustainability factors

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**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 2025.

Armada considers PAIs by monitoring and measuring PAIs as well as taking actions in relation thereto depending on the strategy of individual Funds and Armada’s Responsible Investment Policy, Principles on Sustainability Risks and Principal Adverse Impacts and Climate Policy. The consideration is subject to data availability and quality, which Armada continuously aims to improve. 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.

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.

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Indicators applicable to investments in investee companies

Adverse sustainability indicator	Metric	Impact year 2025	Impact year 2024	Impact year 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period	
<b>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</b>							
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	480	2,952	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. Armada reviewed the Climate Policy during impact year 2025 on 6 June. According to the policy, Armada aims for carbon neutrality by 2035 in its own operations. In 2026, Armada will review <b>and update</b> its climate targets and climate transition plan as regards on obtaining the targets. Armada is also applying 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. As regards Armada's investment portfolio, Armada's newest fund (Fund VI) is committed to promoting climate change considerations and has aligned its GHG reduction pathway with Finland's carbon neutrality target by 2035. 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 2025. 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.
		Scope 2 GHG emissions	673	638	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.	
		Scope 3 GHG emissions	6,839	5,125	9,995		
		Total GHG emissions	7,992	8,715	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 for 2025 was 87% of the total current value of all applicable investments. In 2025, Armada has also updated its calculations for 2024 to record emissions reported by the portfolio companies instead of using estimates.	
						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	36	46	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 87% of the total current value of all applicable investments.		

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Greenhouse gas emissions	3. GHG intensity of investee companies	GHG intensity of investee companies	54	71	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 87% of the total current value of all applicable investments.</p>	<p>Armada refers to the previous page on the descriptions regarding PAIs 1-2.</p>
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0%	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 has Responsible Investment Policy outlines the exclusion on investments in</p> <ul style="list-style-type: none"> <li>a) fossil fuel-based energy production and related activities</li> <li>b) Companies of which majority of the business is based on activities that are highly CO2 emitting.</li> </ul> <p>During the reporting period, Armada has reviewed the Responsible Investment policy on 6 June 2025. During the review, no changes were made in connection to the exclusions.</p>

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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	59%	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>During the reporting period, Armada has reviewed the Responsible Investment policy on 6 June 2025. During the review, no changes were made in connection to the exclusions.</p> <p>Armada has included a GHG reduction goals related to its Fund VI investments and utilizes pricing incentives for the investee companies to achieve a better individually negotiated level of GHG emissions. The emission reductions may be achieved by for example utilizing renewable energy. However, Armada does not separately require its portfolio companies to use renewable energy as a GHG reduction measure nor has a target relating to that.</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	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>The share of third-party data for the selected indicator was 100% of the total current value of all applicable investments.</p>	<p>Armada has Responsible Investment Policy which outlines the exclusion on investments in</p> <p>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.</p> <p>During the reporting period, Armada has reviewed the Responsible Investment policy on 6 June 2025. During the review, no changes were made in connection to the exclusions. As the share of activities is minor, no further other actions or targets were planned on the topic.</p>

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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%	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>
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	0.00	<p>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&amp;A on 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>To Armada's knowledge, Armada is not involved with any companies that would have significant emissions to water. Armada monitors the data available in order to identify the possible measures to reduce or avoid the emissions to water.</p>

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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	0.00	0.05	0.10	<p>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&amp;A on 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 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>
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## INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Category	Indicator	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	0%	0%	Description	Additional Information
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%	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 81% 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	76%	95%	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 81% 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>

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

	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	15%	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 based on estimates provided by the third-party data provider.
Social and employee matters	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	27%	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 28% of the total current value of all applicable investments.</p>	<p>For 2025 reporting, Armada focused on collecting accurate data on the portfolio companies and reduced the share of estimates used from 95 % to only 28 %. Armada is monitoring the data in order to decide on further measures to advance gender equality.</p> <p>Gender diversity has been selected as a topic to promote in Armada's latest fund, Fund VI. Armada aims the gender balance to be at least 25 % / 75% when considering the Fund VI. Armada's Fund VI is committed to utilizing pricing incentives for the investee companies to achieve a better gender balance.</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%	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>

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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 2025	Impact year 2024	Impact year 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period
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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	56%	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 100% of the total current value of all applicable investments. The data coverage for this indicator was 97% of the total current value of all applicable investments.</p>	<p>Armada has developed a Climate Policy which has been approved by the board of directors on 25 August 2022. Armada reviewed the Climate Policy during impact year 2025 on 6 June. According to the policy, Armada aims for carbon neutrality by 2035 in its own operations. In 2026, Armada will review its climate targets and climate transition plan as regards on obtaining the targets. Armada is also applying 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>As regards Armada's investment portfolio, Armada's newest fund (Fund VI) is committed to promoting climate change considerations and has aligned its GHG reduction pathway with Finland's carbon neutrality target by 2035. 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 2025. 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.</p>
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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 2025	Impact year 2024	Impact year 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period
<b>Indicators applicable to investments in investee companies</b>							
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)	57%	42%	53%	<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 100% of the total current value of all applicable investments. The data coverage for this indicator was 97% of the total current value of all applicable investments.</p>	<p>Armada has included the lack of supplier code of conduct in its due diligence tool it uses when evaluating new investments.</p> <p>In 2026, Armada will investigate its possibilities to gather more specific data on supplier code of conduct in order to decide on further measures to address the lack of supply code of conduct.</p>
Human Rights	17. Lack of human rights policy	Share of investments in entities without a human rights policy	52%	62%	65%	<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 100% of the total current value of all applicable investments. The data coverage for this indicator was 97% of the total current value of all applicable investments.</p>	<p>Armada has included the lack of human rights policy in its due diligence tool it uses when evaluating new investments.</p> <p>In 2026, Armada will investigate its possibilities to gather more specific data on human rights policy in order to decide on further measures to address the lack of supply code of conduct.</p>

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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	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 100% of the total current value of all applicable investments. The data coverage for this indicator was 97% 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.	30%	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 100% of the total current value of all applicable investments. The data coverage for this indicator was 97% 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> <p>Sustainability risks and principal adverse impacts, such as corruption risks, are reviewed and discussed as part of investment due diligence analysis, regularly in the investment team, investment committee and ESG committee meetings.</p>

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## 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.

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## 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 PSRPAI 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.

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## 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 has aligned its latest Fund's emission reduction target with Finland's carbon neutrality goal by 2035, which is more ambitious target than the goals under Paris Agreement. In 2026, Armada will review its climate targets and climate transition plan as regards on obtaining the targets.

Armada uses following indicators to consider the PAI on sustainability factors on climate related sustainability factors: 1-3: Greenhouse gas emissions and 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 uses 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). 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.

### 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

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## **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.

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## **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 2025. Therefore, a historical comparison of the 2023 and 2024 periods reported in the Table above. Armada's approach to the assessment of PAI indicators disclosed in this entity level statement has not substantially changed between the reporting periods.

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