

Principle Adverse Sustainability Impacts Statement

(a) Summary

This disclosure is applicable to CEECAT Capital, which considers the Principal Adverse Impacts of its investment decisions on sustainability matters.

The management company is committed to:

- Ensure a better representation of women in governance bodies by implementing diversity and gender policies (recruitment, training, promotion etc.)
- Mitigate global warming by promoting initiatives to monitor and reduce greenhouse gas emissions
- Promote the involvement of portfolio companies in local communities' development (by financing charity initiatives, developing employment, recruiting local students etc.)

This document summarizes CEECAT Capital's policies with regards to the Principal Adverse Impacts of investment decisions on sustainability factors in the context of the SFDR. Principal adverse impacts (PAIs) are defined by the European Union as being "the most significant negative impacts of investment decisions on sustainability factors relating environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters".

(b) Description of principal adverse sustainability impacts

The Principle Adverse Sustainability Impacts (PAIs) are considered and assessed during the pre-investment period and the holding period (please refer to section C). The following PAIs assessed include, but are not limited to:

- GHG emissions
- Carbon footprint
- GHG intensity of investee companies
- Exposure to companies active in the fossil fuel sector
- Share of non renewable energy consumption and production
- Activities negatively affecting biodiversity-sensitive areas
- Emissions to water
- Hazardous waste ratio
- Violations of UN Global Compact principles
- Unadjusted gender pay gap
- Board gender diversity

Two additional principal adverse impacts are assessed:

- Breakdown of energy consumption by type of non-renewable sources of energy
- Lack of grievance/complaints handling mechanism related to employee matters

The monitoring of these indicators in the pre-investment and holding phase ensures that the potential most significant negative impacts of investment decisions on environmental, social, governance or supply chain matters are continuously assessed and that preventive measures can be taken when necessary.

(c) Description of policies to identify and prioritise principal adverse sustainability impacts

CEECAT Capital considers the Principal Adverse Impacts (PAIs) of investments on sustainability factors. The Principal Adverse Impacts (PAIs) are identified according to regulatory requirements.

The consideration of the Principal Adverse Impacts is integrated into the investment process to identify, measure and mitigate any negative social and environmental impacts of the investments.

During the pre-investment phase, CEECAT Capital uses a list of restriction or exclusion based on the those used European financial institutions:

- The EBRD exclusion list for a systematic exclusion of harmful sectors and activities
- The European Investment Fund guidelines on the restricted sectors that are not compatible with the ethical or social basis of the public mission of EIF

The management company completes the pre-investment ESG analysis grid and focus on PAIs (identify high risk indicators). If significant PAIs are identified in the pre-investment ESG analysis grid, CEECAT Capital carries out further ESG due diligence on the PAIs identified. CEECAT Capital provides for the possibility of not investing if the gross risk is too high and no mitigating actions are put in place

During the holding phase, the management company conducts an annual sustainability review of the portfolio companies that includes both sustainability risks and principal adverse impacts indicators. The management company calculates and publishes annually the PAI indicators in RTS periodic and annual reports.

In case material PAIs are identified for a portfolio company, CEECAT Capital constructs an action plan, which includes mitigating actions to reduce negative impacts created by the investment.

(d) Engagement policies

The management company seeks to implement long-term ESG strategies in its portfolio companies and provides all the human, financial and technical resources needed to support them in their transformation. CEECAT Capital implements the following initiatives:

- Organizing regular dialogue with the leadership teams of the portfolio companies
- Requiring high standards of corporate governance with an assessment of good governance

- Conducting an ESG due diligence measuring the performance per ESG issue and identifying required actions
- Assisting portfolio companies in identifying risks and opportunities related to sustainability issues
- Monitoring the progress of CEECAT Capital's portfolio companies and report it to investors.

(e) References to international standards

In line with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, CEECAT Capita recognizes that their investments must comply with all applicable laws and respect human rights. The management company also acknowledges the need for rights and obligations to be matched to appropriate and effective remedies when breached. In this regard, CEECAT Capital complies with national environmental and labour laws and regulations and follows the European Union law principles and standards in its regions of operations.

CEECAT Capital is a UN Principles for Responsible Investment (PRI) signatory since 2019.