

DevCo

Principal Adverse Impacts Statement

DevCo Partners Oy

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1. Introduction

DevCo considers the principal adverse impacts (“PAI”) of its investment decisions on sustainability factors in accordance with SFDR article 4(1)(a) and its regulatory technical standards. Principal adverse impacts on sustainability factors are considered starting from 1 January 2023, and the first report in accordance with the regulatory technical standards Annex I will be provided by 30 June 2024. DevCo’s approach to principal adverse impacts is described in more detail in DevCo’s responsible investment policy.

Principal adverse impacts are defined as those impacts of investment decisions and advice that result in negative effects on sustainability factors. Sustainability factors are environmental, social and employee matters, respect for human rights, and anti-corruption and anti-bribery matters.

DevCo invests solely in investee companies and, therefore, it considers the 14 mandatory indicators¹ applicable to investments in investee companies and two additional indicators, of which one is environmental and one is social. Additional company-specific indicators might be selected based on the materiality assessment, considering, for example, the probability of occurrence and severity. The indicators that DevCo will monitor and report are the following:

Adverse sustainability indicator	Metrics	
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS		
Greenhouse gas emissions	GHG emissions	Scope 1 GHG emissions
		Scope 2 GHG emissions
		Scope 3 GHG emissions
		Total GHG emissions
	Carbon footprint	Carbon footprint
	GHG intensity of investee companies	GHG intensity of investee companies
	Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector
	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
	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
Biodiversity	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
Water	Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average
Waste	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

¹ Set forth in the regulatory technical standards Annex I

Adverse sustainability indicator	Metrics	
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS		
Social and employee matters	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
	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/complaint-handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises
	Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies
	Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members
	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
ADDITIONAL CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS		
Emissions	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
ADDITIONAL INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS		
Social and employee matters	Rate of accidents	Rate of accidents in investee companies expressed as a weighted average

2. Policies to identify and prioritize principal adverse sustainability impacts and indicators

Initial screening based on the DevCo exclusion criteria and the alignment of the company’s industry with a sustainable future is always carried out prior to proceeding to due diligence. DevCo identifies and prioritises the principal adverse impacts during the due diligence phase by collecting data on principal adverse sustainability indicators (listed above) and evaluating them as a part of its standard sustainability due diligence.

As a primary alternative, performance on principal adverse impacts (and other sustainability factors) is evaluated based on the actual data collected from the potential investee company. If actual data is not available, third-party data providers can also be utilized. If third-party estimations are used, the data is processed and validated by DevCo together with the potential investee company to the extent possible. Publicly available information and DevCo’s own analysis are also utilised. Where relevant, DevCo will appoint a third-party adviser to assist with sustainability due diligence and to review the data provided by the company.

As a result, possible principal adverse sustainability impacts are identified. This analysis supports DevCo in considering the industry-specific materiality of sustainability factors for possible investee companies. Principal adverse impacts are considered in investment decision-making by the DevCo Investment Committee and throughout DevCo's investment period.

3. Engagement policies

DevCo is a hands-on development partner for its companies, which is also reflected in its engagement activities regarding principal adverse impacts. DevCo is always part of the board of directors of its companies and provides operational resources, if needed. As a major shareholder, DevCo influences the composition of the board. The dedicated deal team operating model enables DevCo to support and monitor closely the sustainability development of its companies.

In addition, DevCo challenges its companies to improve upon the identified principal adverse impacts and set concrete targets for avoiding or decreasing the impacts. Performance is evaluated in an annual sustainability performance review. The review includes, among other things, a comprehensive sustainability data report provided by the companies, including principal adverse impacts.

4. References to international standards

DevCo is a signatory to the United Nations Principles for Responsible Investment and is therefore committed to its six principles. Furthermore, DevCo works together with its companies to ensure they comply with the UN Global Compact principles and OECD Guidelines for Multinational Enterprises.

DevCo aims to align its operations and encourages its companies to align their operations with the Paris Agreement, and to follow the Science Based Targets initiative's sectoral guidance.

This document is reviewed by the DevCo Partners Board of Directors annually (at a minimum) and updated as required should there be any updates on DevCo's responsible investment policy.

More information related to DevCo's implementation of the Sustainable Finance Disclosure Regulation and DevCo's approach to sustainability and responsible investment can be found on DevCo's website.