IPF Partners

STATEMENT ON THE PRINCIPAL ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS

This statement has been prepared in accordance with Article 4 of Regulation (EU) 2019/2088 ("SFDR"). According to this, financial market participants shall publish and maintain on their websites a statement on due diligence policies with respect to the Principal Adverse Impacts (“PAI”).
This statement includes information about:

1- IPF´s policy on the identification and prioritisation of PAI and their indicators,
2- a description of the PAI and of any actions taken in relation thereto,
3- IPF engagement policies, and
4- reference to IPF´s adherence to internationally recognised standards for due diligence.

IPF Management measures, monitors and mitigates PAI indicators for each of its Portfolio Companies as per SFDR Art. 9.
Portfolio Companies’ activities may generate negative impacts on sustainability factors. Therefore, IPF Management identifies for each contemplated investment how the company’s activities may generate negative impacts and how to measure and mitigate them.

IPF Management's approach to considering PAI may also evolve over time based on regulatory changes as well as industry best practices.

Description of the main negative impacts on sustainability factors

IPF Management has identified the PAIs linked to Social and Employee Matters as being the most relevant for its Portfolio Companies.
Climate and Other Environment-Related Indicators are less relevant for the majority of Portfolio Companies, as they have essentially office activities. IPF will focus on Climate and Other Environment-Related Indicators only when companies manufacture products or have a production activity that may have significant negative impacts on gas emissions, biodiversity, water or waste.

IPF Management considers the following 14 PAI indicators:

Adverse sustainability indicator		Metric
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS		
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions
		Scope 2 GHG emissions
		From 1 January 2023, Scope 3 GHG emissions
		Total GHG emissions
	2. Carbon footprint	Carbon footprint
	3. GHG intensity of investee companies	GHG intensity of investee companies
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector
	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
	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 Biodiversity
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 Water
Water	8. Water consumption	Tons of water consumed by investee companies per million EUR invested (expressed as a weighted average)
Waste	9. Hazardous waste ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average
SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTIONAND 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
	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
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies (in %)
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members
	14. Exposure to controversial weapons	Share of investments in investee companies involved in the manufacture or selling of controversial weapons

Description of policies aimed at identifying and prioritising the main negative impacts on Sustainability

As part of its approach on sustainable investments, IPF Management identifies, measures and mitigates PAI indicators.

The Risk Management function is responsible for integrating PAI monitoring into its activities, including tracking changes in PAI indicators over time.

The Compliance function is responsible for monitoring the development of relevant publications concerning the implementation of the SFDR regulations.

The IPF Portfolio Management Committee (the "Committee") ensures that the sustainability risks and PAI are taken into account during the investment process and reflected in the risk management framework. The Committee is responsible for integrating the rules related to the PAI and set some thresholds , if necessary, for its investment process and portfolio management.

Identification, prioritisation, measurement, monitoring and mitigation of PAI indicators

The Committee identifies the most significant PAI indicators based on the Funds' investment strategy and product sector exposures.
The list of PAI indicators that the Committee takes into account is reviewed at least once a year and updated accordingly to reflect any change in the sustainability priority.
In addition, the Committee identifies PAI indicators for all of its investment portfolios taking into account their probability of occurrence, their irremediability and their seriousness.
The Committee measures, monitors and mitigates the PAI indicators for each Portfolio Company through exclusions and pre-investment due diligence.
The following mitigation strategies have been implemented:

- **Exclusion of companies exposed to controversial and/or illicit sectors and which do not respect the UNGC principles**

		Reference to PAI
Legal exclusion	Exclusion of companies exposed to controversial and/or illicit sectors and which do not respect the UNGC principles	PAI 14
Normative exclusion	Exclusions based on non-compliance with UNGC principles	PAI 10 and 11
Others exclusions	Exclusions based on participation in unlawful methods or not clearly defined sustainability	PAI 7, 8, 9 and 14

- **Portfolio alignment: ensuring that the contemplated companies have good ESG practices**

		Reference to PAI
Due Diligence prior to the negotiation	ESG risk management assessment of the contemplated company and the level of good ESG practices	PAI 14
Normative exclusion	Exclusions based on non-compliance with UNGC principles	PAI 10 and 11
Others exclusions	Exclusions based on participation in unlawful methods or not clearly defined sustainability	PAI 12 and 13

Limits related to the evaluation or consideration methods

The ESG assessment may be exposed to the risk of availability of the data collected.
Some Portfolio Companies do not measure climate and other environment-related indicators, as their activities (mainly office activity) have no significant impact on these indicators.
As long as IPF does not consider that the climate and other environment-related indicators are significant on the contemplated company, it will not refrain from investing in this company.

Sources of Data

IPF collects data directly from contemplated companies through a structured questionnaire (the "ESG Questionnaire") as part of the investment due diligence process. Such ESG Questionnaire is updated at least once per year by each of the Portfolio Companies.
If data is not available during the investment due diligence process, PAI will be estimated on the basis of the latest data communicated by the contemplated company.

Engagement policies

Engagement is an integral part of IPF's approach. It has integrated the following principles in this regard:

Principle 1: IPF monitors the Portfolio Companies' strategy, financial and non-financial performance and risk, capital structure, Environmental, Social and Governance (ESG) matters, board composition, among other things. IPF strives to influence as much as possible Portfolio Companies and to promote a better corporate governance structure, risk management, performance or disclosure standards with respect to the range of these Portfolio Companies ESG related matters .

Principle 2: Governance and environmental impact - It is expected that Portfolio Companies consider to include relevant governance and environmental risk factors (when applicable) in their long-term strategic business planning, as these can have a significant effect on the value of a company's assets over time, and its ability to generate long term impact. The Portfolio Companies' responsibility with respect to addressing ESG aspects is fundamental to them achieving sustainable and responsible practices.

Principle 3: Corporate governance is about the division of roles and responsibilities between the shareholders, the board of directors and the executive management of companies. . IPF shall act in the best interest of the Funds' Investors, mitigating any risks of conflict of interest. IPF shall ensure to always:

- have a key role in promoting IPF Funds´ progress towards better results;
- generate the best possible return in the Funds considering their investment policies and identified risks;
- prevent or manage any conflicts of interest arising from the exercise of voting rights;
- recommend equal voting rights for all shares.

Principle 4: Dialogue with Portfolio Companies. A fundamental aspect of IPF corporate governance is to entertain a constant dialogue with itsPortfolio Companies. This is done on a multitude of levels, including regular interactions with the Portfolio Companies and ad hoc discussions on ESG related aspects.

References to international standards

This statement is based on the following internationally recognized standards of due diligence and reporting:

Principles for Responsible Investment (PRI): The Principles for Responsible Investment is an initiative of investors in partnership with the United Nations initiative, the United Nations Environment Program, and the United Nations Global Compact. They aim to contribute to a more sustainable global financial system. Their ten principles are voluntary and non-binding.

The United Nations Global Compact (UNGC): The United Nations Global Compact is the world's largest initiative in matters of corporate responsibility. The vision of the United Nations Global Compact is of a global economy inclusive and sustainable, based on ten universal principles relating to human rights, labor standards, the environment and the fight against corruption.
The principles are designed to guide businesses to implement actions that advance societal goals and align their strategies and operations with the implementation of the Sustainable Development Goals (SDGs).

The SDGs are a collection of objectives adopted by the United Nations as part of its 2030 Agenda for Sustainable Development which aims to provide “a shared blueprint for peace and prosperity for people and the planet”. In 2015, all 193 UN Member States agreed to work towards 17 goals and 169 targets to combat poverty, climate change, disease and inequality, and achieve a better and more sustainable future for all. Millions of businesses also now align their strategies and operations with the SDGs, which serve as a globally agreed framework for understanding ESG impact.