



Statement on principal adverse impacts
on sustainability factors



Summary

Sustainable Finance Disclosure Regulation (SFDR) requires financial market participants to make a ‘*comply or explain*’ decision on whether they consider principal adverse impacts (“PAIs”) of investment decisions on sustainability factors.

PAIs have been defined by the EU as “*negative effects, material or likely to be material on sustainability factors that are caused, aggravated by or directly linked to investment decisions and advice performed by the legal entity*”. PAIs are the negative consequences of investment decisions on the Environment, Social or Governance factors. There are 16 mandatory indicators in total: 14 are applicable to corporate assets and 2 are optional indicators. These indicators focus on environmental issues (impact on biodiversity, carbon footprint, exposure to fossil fuel sectors, etc.) and social issues (unadjusted gender pay gap, lack of anti-corruption procedures, etc.).

Argos considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Argos. This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2025 to 31 December 2025.

Argos ESG team has collected this data from investee companies through a dedicated questionnaire. With this statement, Argos is reporting at funds level, by taking into consideration data from 25 Portfolio Companies*.

For more information on Argos ESG engagements, please see Argos’s sustainability website section.

*Disclaimer on PAI KPIs:

The Principal Adverse Impact (PAI) indicators presented in this report are based on the best available data at the time of publication. In 2025, Argos introduced a new ESG data collection and reporting tool. As a result, 2024 figures have been recalculated to enable comparability.

Data collection methods, methodologies, and underlying assumptions continue to evolve as the Fund strengthens its ESG processes and works with portfolio companies to improve the quality and coverage of reporting.

Indicators applicable to investments in investee companies (Table 1)

Climate and other environment-related indicators* (part 1)

Adverse sustainability indicator		Metric	Impact year 2025	Impact year 2024	Explanation	Actions taken, and actions planned and targets set for the next reference period
Greenhouse gas emission	1. GHG emissions	Weighted Scope 1 GHG emissions	47,357.68 tCO ₂ e	48,403.60 tCO ₂ e	<p>The evolution of emissions between 2024 and 2025 is partially explained by changes in the portfolio perimeter. Specifically, two companies were added to the portfolio in 2025, contributing to an increase in total reported emissions, while one company included in the 2024 perimeter is no longer reporting emissions in 2025, resulting in a partial offset.</p> <p>In addition, a change in the relative weighting of one portfolio company has reduced its contribution to the fund-level calculation.</p> <p>It should also be noted that part of the observed increase in reported emissions is attributable to improvements in data collection processes and overall data quality, as portfolio companies continue to enhance their monitoring and reporting capabilities.</p> <p>At the same time, companies within the Argos Climate Action fund have achieved notable reductions in emissions intensity, which has contributed positively to the overall trend at portfolio level.</p>	<p>Continued efforts will be undertaken to further enhance the quality and completeness of carbon footprint assessments across the portfolio.</p> <p>As of 2025, 100% of the 25 portfolio companies assess their carbon footprint, ensuring full coverage at portfolio level.</p> <p>In addition, an increasing number of companies are expanding the scope of their assessments to cover all relevant energy sources, with several now providing more comprehensive, group-level data. This reflects the ongoing maturation of data collection processes, including adjustments for organisational changes such as workforce growth and acquisitions.</p>
		Weighted Scope 2 GHG emissions	6,888.44 tCO ₂ e	11,920 tCO ₂ e		
		Weighted Scope 3 GHG emissions	689,576.35 tCO ₂ e	655,713.01 tCO ₂ e		
	2. Carbon footprint	Weighted total GHG emissions divided by the current value of all investments	422.73 tCO ₂ e/M€	449.02 tCO ₂ e/M€		
	3. GHG intensity of investee companies	GHG intensity of investee companies	511.83 tCO ₂ e/M€	524.96 tCO ₂ e/M€		
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector (in %)	8.20%	12.28%		
Energy	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption of investee companies from non-renewable energy sources compared to renewable energy sources (in %)	67.55%	74.87%		
		Share of non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources (in %)	0%	0%		

*The 2024 figures reflect minor updates to the data collection process, which may result in slight differences compared with previous years.

Indicators applicable to investments in investee companies (Table 1)

Climate and other environment-related indicators* (part 1)

Adverse sustainability indicator	Metric	Impact year 2025	Impact year 2024	Explanation	Actions taken, and actions planned and targets set for the next reference period
Energy 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			Improvements are observed in this indicator, reflecting the ongoing enhancement of data collection processes across portfolio companies, as well as increasing maturity in their reporting practices.	Further engage with companies on possibilities to shift to renewable energy.
	Portfolio	0.61 GWh/M€	0.66 GWh/M€		
	A - Agriculture, forestry and fishing				
	B - Mining and quarrying	0.20 GWh/M€	0.19 GWh/M€		
	C - Manufacturing	0.10 GWh/M€	0.09 GWh/M€		
	D - Electricity, gas, steam and air conditioning supply				
	E - Water supply; sewerage; waste management and remediation activities				
	F - Construction	0.20 GWh/M€	0.19 GWh/M€		
	G - Wholesale and retail trade	0.03 GWh/M€	0.03 GWh/M€		
	H - Transporting and storage	0.08 GWh/M€	0.16 GWh/M€		
	M - Real estate activities				

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Indicators applicable to investments in investee companies (Table 1)

Climate and other environment-related indicators* (part 2)

Adverse sustainability indicator		Metric	Impact year 2025	Impact year 2024	Explanation	Actions taken, and actions planned and targets set for the next reference period
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 (in %)	3.27%	9.06%	The observed decrease in the indicator is primarily driven by a reduction in the relative contribution of one portfolio company, following a decline in its investment weight within the portfolio.	Since 2024, Argos has integrated a climate and biodiversity risk assessment framework into its investment approach. This framework is now well established and is being consistently applied at portfolio company level.
	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	1.18 ton/M€	1.29 ton/M€	The observed decrease in the indicator is primarily driven by the valuations of the companies.	From 2026 onwards, Argos will implement specific measures to enhance data collection for this indicator, aiming to improve data completeness and quality across the portfolio.
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	0.25 ton/M€	0.35 ton/M€	The observed decrease in the indicator is primarily driven by a reduction in hazardous waste of two companies.	Hazardous waste is continuously monitored across the portfolio, and an overall decrease is observed at indicator level. This reduction is primarily driven by improvements in hazardous waste intensity at two portfolio companies, reflecting enhanced operational performance and/or more efficient waste management practices.

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Indicators applicable to investments in investee companies (Table 1)

Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery* (part 1)

Social and employee matters

Adverse sustainability indicator	Metric	Impact year 2025	Impact year 2024	Explanation	Actions taken, and actions planned and targets set for the next reference period
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 (in %)	7.28%	0%	One incident related to discrimination was identified within a portfolio company during the reporting period. The matter is ongoing and is being addressed in line with the company's internal procedures and remediation processes.	Argos will continue to monitor these indicators and support the portfolio companies to adhere to international standards. These efforts are undertaken through quarterly ESG club meetings, and regular one-on-one interactions between the ESG teams and the ESG ambassadors from each portfolio company.
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 (in %)	0%	0%	Grievance mechanisms are a part of a responsible business practices. Currently, these processes are being reviewed.	
12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	16.29%	9.00%	The observed change is primarily attributable to enhancements in data tracking and the collection of more granular data in 2025, reflecting improved data quality and increased reporting maturity across the portfolio.	Over the past three years, Argos has monitored key diversity KPIs, including the unadjusted gender pay gap, and encourages portfolio companies to do the same. From 2026, the focus will be on improving data quality, particularly for more complex organisations, followed by efforts to reduce the pay gap over time and strengthen gender equity across the portfolio.

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Indicators applicable to investments in investee companies (Table 1)

Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery* (part 2)

Social and employee matters

Adverse sustainability indicator	Metric	Impact year 2025	Impact year 2024	Explanation	Actions taken, and actions planned and targets set for the next reference period
13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	15.30%	14.47%	No particular changes observed.	Argos has monitored key diversity KPIs over the past three years, including gender diversity across workforce, management and board levels, and targets 30% female board representation by 2030. From 2026, the focus will be on enhancing collaboration with investment teams, supported by improved agenda-setting and board-level training, particularly for newly acquired companies.
14. 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 (in %)	0%	0%	As exposure to controversial weapons is part of Argos's exclusion policy, the share of investments in investee companies involved in the manufacture or selling of controversial weapons will always be 0%.	Argos applies exclusionary rules to ensure that funds managed will not invest in the following businesses or activities: <ul style="list-style-type: none"> - Production or trade in any product or activity deemed illegal under applicable local and national laws or regulations; - Businesses for which the main source of income and/or main activity is derived from: <ul style="list-style-type: none"> - Manufacturing or dealing with arms; - Manufacture of tobacco products; - Human cloning; - Gambling; - Pornography; - Coal burning or extraction.

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Additional climate and other environment-related indicators* (Table 2)

	Adverse sustainability indicator	Metric	Impact year 2025	Impact year 2024	Explanation	Actions taken, and actions planned and targets set for the next reference period
Emissions	15. Lack of a 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).	6.03%	11.21%	<p>This KPI is defined as the share of portfolio companies without a supplier code of conduct in place.</p> <p>Given the importance of dependencies in today's supply chains, Argos puts a high-level of importance of having in place a supplier code of conduct.</p>	Continuous engagement is in place with portfolio companies on implementing the supplier code of conduct.

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

Adverse sustainability indicator		Metric	Impact year 2025	Impact year 2024	Explanation	Actions taken, and actions planned and targets set for the next reference period
Anti-corruption and anti-bribery	16. 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 (in %)	11.08%	10.68%	<p>Argos decided to monitor this additional indicator as the existence of anti-corruption and anti-bribery policies in the investee companies is in line with the Responsible Investment policy.</p> <p>The recent acquisitions, which are yet to implement formal policies, contributed to a decline in the overall average.</p>	<p>Argos will continue to monitor this indicator closely. Efforts will be sustained in 2026, with a strong focus on embedding good governance practices across the portfolio.</p> <p>The next step will be to integrate anti-corruption criteria into supplier assessments and/or supplier codes of conduct for material suppliers.</p>

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

Argos's Responsible Investment policy and Climate policy formalise how the principal adverse sustainability impacts are identified during the investment process. To ensure preparedness and continuous development, we are integrating ESG into the investment process of the Funds. This integration starts at the screening phase and continues to the exit phase, during which we are increasing our capabilities to capture the ESG and sustainability value creation levers, typically reflected in our vendor due diligence documentation.

The **first screening phases** focus on identifying main risks, opportunities, and material ESG challenges.

Additional steps for the **Climate Action Fund (article 9 SFDR)** : Conduct an identification of the decarbonisation potential and key levers for each industry to conduct a preliminary ACA eligibility check, thanks to an Argos proprietary tool developed with the support of partners specialised in industrial decarbonisation.

Due diligence phase: To deepen the analysis of ESG risks and opportunities, an ESG review is systematically carried out by external advisors, which provide their expertise. The review is focused on material topics defined by the advisors, which will identify and assess ESG risks which are significant for the organisation and how these issues may affect the business.

Additional steps for the **Climate Action Fund:** Conduct a detailed assessment of decarbonisation levers implementation steps to reach a **>7.5% reduction in carbon intensity per annum**.

Investment period: During the first 100 days of the holding period, Argos requests portfolio companies to

- Perform a GHG footprint assessment and benchmark annually.
- Conduct an annual EcoVadis assessment, a sustainability management system assessment tool, to evaluate the maturity of the portfolio company's sustainability management system and identify areas to act on in priority to improve them.
- For Climate Action Fund: Translate the decarbonisation roadmap into a detailed plan with operational initiatives and Review regularly the plan when needed

Exit: When the value creation related to the applied ESG approach becomes material, an external advisor may prepare a vendor ESG Due-diligence report. The goal of such a report is: Show the evolution of ESG KPIs, Demonstrate the impact of the ESG action plan on the evolution of the set KPIs and Identify how the implementation of the **ESG action plan has created value**.

Engagement policies

Argos is committed to fostering close collaboration on ESG topics with portfolio companies throughout the entire investment cycle, from acquisition to exit. We firmly believe that continuous dialogue and engagement are integral to a successful ESG integration process.

To facilitate this close collaboration, we engage in continuous dialogues by scheduling regular meetings, setting up individual workshops, organising ESG Clubs, and more. Given the varying maturity level of ESG and sustainability integration across our portfolio, we create hands-on and company specific engagement strategies for each portfolio companies.

All portfolio companies are required to:

- conduct an annual EcoVadis re-assessment;
- to report annually on a predefined set of Extra-Financial Value Creation KPIs;
- to conduct an annual CyberVadis re-assessment;
- to actively support DEI initiatives aimed at increasing the representation of women on their board;
- to develop a sustainability strategy that outlines clear goals and targets for the coming years;
- publish their first sustainability report in 2026.

More information is available in the annual ESG report and shareholder policy on Argos website.



Reference to International Standards

Argos has adopted several codes and international standards to reinforce its ESG commitment:



Argos has built its **Net-Zero emissions targets** and had them approved as **Science-Based Targets** aligned with the Paris Agreement in 2022. These targets include the sharp reduction of our own internal emissions (scopes 1 and 2), a voluntary target to cut our own scope 3 emissions (notably travel and equipment purchases), and a target to have our portfolio companies to adopt their own Net-Zero targets



Argos is a signatory of the **PRI (Principles for Responsible Investment)**, proving that we are fully committed to making ESG a part of its core mission



Argos is a signatory of the **UN Global Compact**. Through this, we are committed to make a statement about our values, publishing our report in a public database, and the initiative provides Argos with the necessary insights on a wide range of topics which are linked to the **Sustainable Development Goals (SDGs)**, making the goals more concrete for the private sector



As an **iCI signatory**, Argos is committed to reducing the greenhouse gas emissions of the companies we invest in. We commit to actively participating in that platform and sharing insights from the **Argos Climate Action fund**



Argos follows the **Task Force on Climate-Related Financial Disclosures (TCFD) guidelines** in our climate policies and commit to further integrating these guidelines in our ESG and climate strategy



Reference documents

- Responsible Investment policy
- Climate Policy
- Article 29 Report 2025 (Loi Energie et Climat)
- ESG Report 2025
- Engagement and voting rights policy

All the documents are available on Argos website: [Home | Argos](#)

