

Principal adverse sustainability impacts statement

'Consideration of sustainability adverse impacts' (Article 4(2) SFDR)

Introduction

Castik Capital ("We" or "Castik") considers principal adverse sustainability impacts of its investment decisions on sustainability factors. Principal Adverse Impacts (PAIs) are impacts of investment decisions that result in negative effects on sustainability factors. Sustainability factors mean environmental, social and labour rights, anti-bribery and anti-corruption.

We consider PAIs at entity level by measuring and monitoring the aggregated PAIs on sustainability factors of our funds' investments. For our funds, this consideration is performed through:

- A Due Diligence policy allowing to identify and prioritize adverse impacts on sustainability factors of our investments
- A negative screening excluding companies in breach with social and ethical factors from our investment universe,
- Engagement with portfolio companies and the engagement by our portfolio companies to follow the UN Global Compact Principles,
- Use of our voting rights to encourage portfolio companies to improve their ESG performance.

Description of policies to identify and prioritize PAIs and indicators

To consider the principal adverse impacts of investment decisions on sustainability factors, we have implemented an ESG and sustainability risk policy which takes into account PAIs, as follows:

Due diligence

Before an investment decision is made, we perform an ESG due diligence that enable us to identify and prioritize PAIs and indicators. In the due diligence process, we use the SASB framework to identify and prioritize the PAI indicators that are relevant to the contemplated investee companies. Specifically, the SASB Materiality Finder allow to identify for a sector out of 26 relevant business issues, the one that are most likely to impact enterprise value of company in that sector. The due diligence will also include an analysis of key sustainability risks and opportunities along the value chain of the contemplated investee company and a maturity assessment of the company. This due diligence methodology allows us to identify the main material adverse impacts on sustainability factors and to select the relevant PAI indicators to monitor.

Monitoring of PAIs and indicators

We use the key indicators of the Sustainable Finance Disclosure Regulation to monitor and prioritize the principal adverse sustainability impacts of our investment decisions as follows:

- Greenhouse gas emissions (6 indicators)
- Biodiversity (1 indicator)
- Water (2 indicators)
- Waste (1 indicator)
- Social and employee matters (5 indicators)

In addition to those 14 core indicators, we report one or more additional climate and other environment-related indicators and one or more indicator for social and employee matters, respect for human rights, anti-corruption and anti-bribery matter.

Description of the principal adverse sustainability impacts and of any actions in relation thereto taken or, where relevant, planned

At Castik, we define the objectives to achieve regarding sustainability factors with our portfolio companies. When these objectives are not met, we discuss with our portfolio companies to mitigate the adverse impacts, and will exclude those companies from our investment universe may these objectives be considered as not achievable.

We have identified the following principal adverse impacts: human rights, labour rights, environment, anti-bribery and anti-corruption.

Engagement policies

Our engagement policy defines the general principles for how shareholder engagement is integrated in Castik's investment strategies and describes how we monitor investee companies in respect to matters such as business strategy, financial and non-financial performance and risk, capital structure, and social, environmental impact and corporate governance. It outlines the different engagement activities we carry out on behalf of our shareholders when we decide to invest.

We engage with our investee companies when concerns are raised and use our voting rights as shareholders to encourage them to improve their ESG performance, to be aware of and to manage material governance risks affecting their businesses. We set-up KPIs and targets to achieve and, encourage them in complying with International Standards.

Adherence to responsible business conduct codes and internationally recognised standards for due diligence and reporting.

Castik became a signatory to the Principles for Responsible Investments (the "PRI") in 2014 (<https://www.unpri.org/>). Castik believes that superior returns and sustainable investing are not mutually exclusive. Sustainable investing is a way to increase efficiency, improve transparency, and lower costs, thereby creating value. As a reflexion of our willingness to actively engage with our portfolio companies to reduce their greenhouse gas emissions, contributing to an overall improvement in sustainability performance, Castik joined, in 2022, the Initiative Climate International (iCI) supporting the goals of the Paris Agreement limiting global warming to 1.5 degrees Celsius or below.

Remuneration policy

Our remuneration policy is consistent with the integration of sustainability risks, as per Article 5 of the SFDR. According to Article 2(22) of SFDR, a sustainability risk means "an environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of the investment". The remuneration policy is directly governed and adopted by Castik's Board of Managers to ensure that sustainability risks are correctly integrated.

Castik pays its staff a combination of fixed remuneration (salary and benefits) and variable remuneration (including bonus). Variable remuneration for relevant staff takes into account compliance with all of the company's policies and procedures as well as with the company's internal risk management framework and risk limits, including those relating to the integration of Sustainability Risks. In this regard, Castik remuneration policies do not encourage risk-taking which is inconsistent with its internal risk limits or with the risk profile of the funds that Castik manages, including regarding Sustainability Risks stemming in particular from climate-related events or from the society's response to climate change.