

**Statement on principal adverse impacts of investment decisions on sustainability factors**

According to Annex 1, supplementing Regulation (EU) 2019/2088

Financial market participant: Diana Capital SGEIC S.A

**Summary**

Diana Capital SGEIC S.A 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 Diana Capital.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2022.

Diana Capital considers the principal material or potentially material adverse impacts of the fund's investments on sustainability factors. During the Due Diligence phase, the principal negative externalities generated by the investment will be qualitatively assessed. Once in the portfolio, they will be monitored through the annual calculation of the 16 indicators set out in the RTS of the Disclosure Regulation. Periodic monitoring should be followed by corrective actions to minimise them as far as possible. Information on the main adverse impacts on sustainability factors will be integrated in the periodic information to be received by investors and on the institution's website in the terms described in the SFDR and the RTS.

**Description of the principal adverse impacts on sustainability factors**

Indicators applicable to investments in investee companies							
Adverse sustainability indicator		Metric	Impact 2022	Impact 2021	Explanation (evolution, trends and causes)	Actions taken, and actions planned and targets set for the next reference period	
<b>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</b>							
Greenhouse gas emissions	1	GHG emissions	Scope 1 GHG emissions	1.320	Not available	Direct GHG emissions occur from sources that are owned or controlled by the investees companies.	Diana actively motivates all the companies in its investment portfolio to undertake measures aimed at minimizing scope 1 emissions.
		Scope 2 GHG emissions	197	Not available	One of our investees significantly reduces their environmental impact by emitting zero Scope 2 emissions, exclusively utilizing electricity sourced from 100% renewable	Diana actively motivates all the companies in its investment portfolio to undertake measures aimed at minimizing scope 2 emissions.	
		Scope 3 GHG emissions	Not available	Not available	Scope 3 emissions information is currently unavailable.	Diana Capital will work its portfolio companies to report scope 3 GHG emissions.	
		Total GHG emissions	1.517	Not available	The carbon footprint calculation currently includes scope 1 and 2 emissions only.	Diana Capital will promote that all portfolio companies measure their carbon footprint and implement reduction plans. Among the recommended measures are the substitution of fossil energy sources with renewable energy sources and the implementation of energy efficiency plans.	
	2	Carbon footprint	Carbon footprint	24	Not available	The carbon footprint calculation currently includes scope 1 and 2 emissions only, as scope 3 emissions information is currently unavailable.	Diana Capital is making efforts to ensure that all companies calculate their emissions as part of their commitment to driving future measures.
	3	GHG intensity of investee companies	GHG intensity of investee companies	17	Not available	The calculation of GHG intensity includes scope 1 and 2 emissions, as scope 3 emissions data is currently unavailable.	Diana Capital will work on improving the emissions intensity ratio of its companies, focusing on long-term emissions reduction.
Biodiversity	4	Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0%	Not available	None of the investee companies operates in the fossil fuel sector.	None of the investee companies operates in the fossil fuel sector.
	5	Share of nonrenewable 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	33%	Not available	No portfolio company produces energy.	Diana Capital actively promote the adoption of renewable energy sources within investee companies.
	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	0,205	Not available	Diana Capital actively encourages its investees to prioritize energy efficiency measures.	Diana Capital will continue to take measures to reduce energy consumption intensity.
Water	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	0%	Not available	Diana's companies have reported that they have no adverse impact on biodiversity-sensitive areas. Additionally, multiple investees have taken proactive measures to safeguard and conserve biodiversity.	Diana Capital acknowledges the importance of preserving biodiversity and remains committed to undertaking future initiatives in this regard.
	8	Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0,01	Not available	Among the three investees, only one is found to discharge pollutants included in the law into water.	Diana Capital will promote measures to reduce emissions to water.
Waste	9	Hazardous waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0,8	Not available	Tonnes of hazardous waste generated by investee companies.	Diana Capital is committed to reducing the generation of hazardous waste.

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS							
Social and employee matters	10	<i>Violations of UN Global Compact principles and Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises</i>	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	Not available	None of the investee companies has been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises.	Diana Capital will encourage investee companies to become signatories of international organizations in order to publicly demonstrate commitment to international standards and corresponding obligations.
	11	<i>Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises</i>	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	0%	Not available	The consideration and measurement processes and compliance mechanisms to monitor compliance with UN Global Compact principles and guidelines for Multinational enterprises in investee companies have commenced.	The aim is to ensure ongoing adherence to the code of conduct and to continuously strengthen the culture of ethical behavior within the organizations, following the principles of international entities at all times.
	12	<i>Unadjusted gender pay gap</i>	Average unadjusted gender pay gap of investee companies	14%	Not available	First measurement of average unadjusted gender pay gap of investee companies.	Diana Capital will continue to actively promote equal pay to reduce the gender pay gap.
	13	<i>Board gender diversity</i>	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	22%	Not available	Companies are making progress in terms of diversity in governance bodies.	Diana Capital will continue to actively promote gender diversity on the board.
	14	<i>Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)</i>	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	Not available	None of the investee companies is involved in the manufacture or selling of controversial weapons.	Diana Capital will continue to comply with its responsible investment policy which excludes the financing of the manufacturing and trade of all types of weapons and ammunition activities.
Other indicators for principal adverse impacts on sustainability factor							
Greenhouse gas emissions	Table II 4	<i>Investments in companies without carbon emission reduction initiatives</i>	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	0%	Not available	Diana Capital and its companies prioritize emission reduction strategies and is making progress in aligning with the Paris Agreement.	Diana Capital will promote that all portfolio companies measure their carbon footprint and implement reduction plans. Among the recommended measures are the substitution of fossil energy sources with renewable energy sources and the implementation of energy efficiency plans.
Anti-corruption and anti-bribery	Table III 15	<i>Lack of anti-corruption and anti-bribery policies</i>	Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption	0%	Not available	Consideration and measurement of the anti-corruption and anti-bribery policies implemented.	Diana Capital will continue to implement measures to ensure that investee companies adopt anti-corruption and anti-bribery policies.

**Description of policies to identify and prioritise principal adverse impacts on sustainability factors**

Diana Capital acts as a responsible investor by integrating sustainability risks and analyzing the principal adverse impacts on sustainability factors at each stage of the investment process. Diana Capital takes into account the principal adverse impacts (PIAs) on the sustainability factors of its investment decisions within the meaning of article 4.1 of the Regulation. These are identified during the due diligence phase and are actively managed throughout the investment period by defining and implementing actions that contribute to their reduction. Their evolution is measured through the annual calculation of 16 indicators set out in the Technical Development (RTS) of the Disclosure Regulation. A questionnaire containing specific ESG indicators is used to evaluate, measure, and monitor the improvement of ESG performance in the investees. These indicators are measured at least annually to track the evolution of their ESG performance, the information to calculate the indicators is obtained directly from the investee companies.

**Engagement policies**

Diana Capital maintains a continuous and constructive dialogue with its investees through regular board and management meetings. These engagements serve as platforms for proposing and implementing improvements based on the monitoring of principal adverse impacts. Diana Capital places particular emphasis on the following key areas:

Firstly, the company prioritizes its investees' contribution to the process of decarbonizing the economy. By actively encouraging all investees to assess their carbon footprint and develop reduction plans, Diana Capital drives sustainable practices. Action Plans recommended by the company entail transitioning from fossil-based energy sources to renewable alternatives and adopting energy efficiency measures. These initiatives align with the broader goal of combatting climate change.

Secondly, Diana Capital diligently monitors the employment performance of each investee, underscoring its commitment to job creation. Through annual reporting, the Management Company assesses indicators such as turnover rates and conducts satisfaction surveys. This comprehensive monitoring ensures a comprehensive understanding of the investees' employment landscape, facilitating targeted interventions and improvements.

Lastly, Diana Capital champions equality, diversity, and inclusion across its investees. As an active member of each investee's Board of Directors, the Management Company promotes the implementation of policies that foster a culture of equality, diversity, and inclusion. By closely monitoring metrics such as youth employment, socially excluded groups, and individuals with diverse abilities, Diana Capital ensures progress and accountability in these areas.

Through its multi-faceted approach, Diana Capital works in partnership with its investees to drive positive change, decarbonize the economy, foster job creation, and promote equality, diversity, and inclusion.

**References to international standards**

Diana Capital and all its companies adhere to codes of responsible business conduct and comply with internationally recognized standards and norms for due diligence and disclosure. These include the principles of the UN Global Compact, the OECD Guidelines for Multinational Companies, and the UNPRI Principles for Responsible Investment. Diana Capital carries out its activities and manages its portfolio companies in accordance with the principles recognized in major international agreements. Mainly those signed within the framework of the United Nations, the International Labor Organization, or the OECD, which guide their actions in respect to the environment, human rights, and legality.

When investing and managing its investees, Diana Capital pays special attention to the contribution of the investment to the process of decarbonisation of the economy, the promotion of equality, diversity and inclusion in the employment policies of the investees and, strengthening mechanisms to ensure good corporate governance and control. In this sense, Diana Capital can align his investment with the Paris Agreement's objectives like climate change mitigation. Diana Capital believes that active management of environmental, social and governance factors, such as those mentioned above, contribute to the value creation process of investees, help to better manage risks and generate a positive contribution to the Sustainable Development Goals. Through the implementation of these performance improvements in the portfolio companies, we aim to make a significant contribution to the Sustainable Development Goals, with a particular focus on: SDG 5: Gender Equality, SDG 8: Decent Work and Economic Growth, SDG 9: Industry, innovation and infrastructure, SDG 10: Reduced inequalities, SDG 13: Climate Action and SDG 16: Peace, Justice, and Strong Institutions.

**Historical comparison**

This is the inaugural year of reporting Principal Adverse Impacts (PAIs) for the year 2022.

**Footnotes**

There are no companies that derive revenues from the exploration, extraction and distribution of hard coal and lignite, liquid fossil fuels or gaseous fossil fuels.  
Board gender diversity for each company has been calculated as: Number of female board members / Total number of board members.