

Statement on principal adverse impacts of investment decisions on sustainability factors

IIP Denmark P/S

2024

Financial market participant: IIP Denmark P/S

Summary

IIP Denmark (IIP) considers principal adverse impacts (PAIs) of investment decisions on sustainability factors at entity level, in accordance with Article 4 of the Sustainable Finance Disclosure Regulation (SFDR). This statement constitutes IIP's first consolidated annual disclosure of PAIs across IIP's portfolio and covers the reference period 1 January – 31 December 2024.

As a private equity fund-of-funds manager, IIP primarily invests through commitments to private equity funds and selected co-investments alongside fund managers. We recognise that investment decisions may contribute to adverse impacts on environmental, social, and governance (ESG) matters and are committed to identifying, assessing, and, where possible, mitigating such impacts throughout the investment lifecycle.

This statement covers all funds managed by IIP. The integration of PAI considerations is anchored in IIP's *ESG Investment Policy* and in IIP's *Policy on the Integration of Sustainability Risks*, which are reviewed and approved by the Board of Directors on an annual basis. The most recent versions of the policies are available [here](#).

As data availability and quality remain significant challenges in the private equity sector, the information disclosed below is subject to uncertainty and is published to the best of our current ability. This is an evolving area, and we expect continued fluctuations in reported data until methodologies and practices across the industry mature. IIP is highly dependent on data reported by our GPs, and despite proactive efforts to collect data, gaps remain. For the reporting year 2024, we reached out to 87 GPs and received data from 54% of them. Improving data coverage and consistency will remain a key priority going forward.

In line with SFDR requirements, IIP discloses on all mandatory indicators from Table 1 of Annex I. In addition, we report on four voluntary indicators, including two from Table 2 and two from Table 3, as prescribed by the regulatory framework.

IIP will continue to follow regulatory and industry developments, improve internal data handling and reporting practices, and engage actively with GPs to strengthen ESG performance and transparency across our portfolio.

Description of the principal adverse impacts on sustainability factors					
Indicators applicable to investments in investee companies					
Adverse sustainability indicator		Metric	Impact 2024	Explanation	Actions taken, and actions planned and targets set for the next reference period
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS					
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	108,908 tCO ₂ e	Data coverage for these indicators are limited (especially the Scope 3 GHG emissions indicator) and likely subject to some uncertainty regarding data quality. This also impacts the reliability of the Total GHG emissions indicator. Fluctuations in reported data are to be expected until data availability and methodological consistency in this area mature.	IIP will continue to improve data collection processes in order to address issues related to data coverage and data quality.
		Scope 2 GHG emissions	37,306 tCO ₂ e		
		Scope 3 GHG emissions	119,558 tCO ₂ e		
		Total GHG emissions	265,803 tCO ₂ e		
	2. Carbon footprint	Carbon footprint	N/A	IIP has not been able to deliver on this indicator	IIP is working on providing data for this

				due to limitations in data processing, which currently prevent consistent and reliable disclosure.	indicator and will update this statement as soon as the information is available.
	3. GHG intensity of investee companies	GHG intensity of investee companies	N/A	IIP has not been able to deliver on this indicator due to limitations in data processing, which currently prevent consistent and reliable disclosure.	IIP is working on providing data for this indicator and will update this statement as soon as the information is available.
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0.3%	IIP is restricted from investing in companies engaged in coal or oil sands extraction, as well as in companies deriving more than 20% of their revenue from coal-based energy production.	As of 2024, all funds managed by IIP have been classified as Article 6 funds under the SFDR. In 2025, IIP will launch its first Article 8 fund. This fund—along with all future Article 8 funds—will also be restricted from investing in companies involved in the extraction of oil and gas.
	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	22.1%	Data coverage for this indicator was particularly limited.	IIP will continue to improve data collection processes in order to address issues related to

		energy sources compared to renewable energy sources, expressed as a percentage of total energy sources			data coverage and data quality.
	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	N/A	IIP has not been able to deliver on this indicator due to limitations in data processing, which currently prevent consistent and reliable disclosure.	IIP is working on providing data for this indicator and will update this statement as soon as the information is available.
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	0.0%	According to the data submissions received from GPs, none of the portfolio companies are reported to have activities that negatively affect biodiversity-sensitive areas. However, IIP considers this to be unlikely and may be due to limitations in data coverage and quality.	IIP will continue to improve data collection processes in order to address issues related to data coverage and data quality.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	N/A	IIP has not been able to deliver on this indicator due to limitations in data processing, which currently prevent	IIP is working on providing data for this indicator and will update this statement as soon as the information is available.

				consistent and reliable disclosure.	
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	N/A	IIP has not been able to deliver on this indicator due to limitations in data processing, which currently prevent consistent and reliable disclosure.	IIP is working on providing data for this indicator and will update this statement as soon as the information is available.
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND 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	0.0%	According to the data submissions that IIP received from GPs, none of the portfolio companies have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises. However, IIP considers this to be unlikely and may reflect differing interpretations of what constitutes a violation.	IIP will continue to improve data collection processes in order to address issues related to data coverage and data quality.

	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	34.8%	<p>This indicator requires companies to practice risk-based due diligence in order to identify, assess, mitigate, and monitor risks of impacts on sustainability factors.</p> <p>Given the average size of the portfolio companies, IIP considers it unlikely that as few as 34,8% lack policies, processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises.</p>	IIP will continue to improve data collection processes in order to address issues related to data coverage and data quality.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	19.1%	Data coverage for these indicators was particularly limited.	IIP will continue to improve data collection processes in order to address issues related to data coverage and data quality.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	11.7%	This indicator reflects relatively low board diversity, which may be attributable to the nature	IIP will continue to improve data collection processes in order to address issues related to

				of the portfolio companies, many of which are small to mid-market or venture-stage businesses. The governance setup in these companies tends to be less mature, which can result in limited board diversity.	data coverage and data quality.
	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	0.0%	IIP is restricted from investing in companies engaged in The manufacture or distribution of controversial weapons as well as suppliers of components, services, or development specially designed for the final product.	IIP will continue to improve data collection processes in order to increase data coverage on this indicator.
Indicators applicable to investments in sovereigns and supranationals					
Adverse sustainability indicator	Metric	Impact 2024	Explanation	Actions taken, and actions planned and targets set for the next reference period	

Environmental	15. GHG intensity	GHG intensity of investee countries	N/A	IIP holds no investments in sovereigns and supranationals	N/A
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	N/A	IIP holds no investments in sovereigns and supranationals	N/A
Indicators applicable to investments in real estate assets					
Adverse sustainability indicator		Metric	Impact 2024	Explanation	Actions taken, and actions planned and targets set for the next reference period
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	N/A	IIP holds no direct investments in real estate assets	N/A
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	N/A	IIP holds no direct investments in real estate assets.	N/A

Additional climate and other environment-related indicators

Indicators applicable to investments in investee companies

Adverse sustainability indicator		Metric	Impact 2024	Explanation	Actions taken, and actions planned and targets set for the next reference period
Emissions	4. 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	17.8%	Data coverage for this indicator was particularly limited.	IIP will continue to improve data collection processes in order to address issues related to data coverage and data quality.
Water, waste and material emissions	14. Natural species and protected areas	1. Share of investments in investee companies whose operations affect threatened species	0.0%	Data coverage for these indicators was particularly limited.	IIP will continue to improve data collection processes in order to address issues related to data coverage and data quality.
		2. Share of investments in investee companies without a biodiversity protection policy covering operational sites owned, leased, managed in, or adjacent to, a protected area or an area of high biodiversity value outside protected areas	86.8%	IIP considers it unlikely that none of the portfolio companies engage in operations affecting threatened species. This assessment is supported by the high percentage of companies lacking a biodiversity protection policy, which would likely enable them to	

				identify and manage such risks.	
Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters					
Indicators applicable to investments in investee companies					
Adverse sustainability indicator		Metric	Impact 2024	Explanation	Actions taken, and actions planned and targets set for the next reference period
Social and employee matters	1. Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy	25.0%	Data coverage for this indicator was particularly limited.	IIP will continue to improve data collection processes in order to address issues related to data coverage and data quality.
Human Rights	9. Lack of a human rights policy	Share of investments in entities without a human rights policy	49.3%	Data coverage for this indicator was particularly limited.	IIP will continue to improve data collection processes in order to address issues related to data coverage and data quality.

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

IIP Denmark seeks to identify and consider principal adverse impacts (PAIs) of its investment decisions on sustainability factors as part of its broader commitment to responsible investment. Our approach is tailored to our role as a fund-of-funds investor, primarily investing in private equity funds and select co-investments alongside General Partners (GPs).

Because portfolio companies in private equity funds are typically not known at the time of commitment, our analysis focuses on the fund manager (GP), the strategy of the fund, policies, processes, on-house ESG resources, and the GP's historical investment decisions and practices.

Potential PAIs are considered throughout the investment process—from pre-investment due diligence to monitoring, and engagement. During the pre-investment due diligence phase, we assess whether a potential investment aligns with IIP's exclusion list and whether there are any red flags, such as past exposure to sectors or practices associated with significant adverse impacts (e.g. fossil fuel extraction, controversial weapons, or aggressive tax structures). While we recognise that GPs vary in maturity, we place importance on their willingness and ability to improve ESG practices over time.

Following investment, we monitor ESG practices at the GP level and maintain a dialogue to stay informed about ESG incidents and developments. GPs are expected to notify IIP of any material ESG breaches related to underlying portfolio companies. Where concerns arise, we engage to understand how these are being addressed. If we are not satisfied with the response, we may take further steps, including exclusion from future commitments or, as a last resort, divestment.

In the case of co-investments, where IIP invests directly into a company alongside a GP, we assess company-level risks and potential adverse impacts using a similar ESG lens, adapted to the specific investment context.

IIP prioritises principal adverse impacts based on the nature of the potential harm, the likelihood and severity of the impact, the sectors and regions involved, and our own ability to influence outcomes through our role as an investor. We recognise that ESG data coverage remains a challenge in private markets and are committed to continuously improving our internal processes and expectations in order to strengthen the identification and consideration of adverse impacts over time.

Engagement policies

IIP Denmark's approach to active ownership is described in our *Policy on the Integration of Sustainability Risks*. As a private equity fund-of-funds investor, IIP engages actively with its fund managers (General Partners or GPs) to improve ESG outcomes and address adverse sustainability impacts of portfolio companies.

Active ownership in the private equity context primarily involves engagement with GPs in the pre-investment due diligence fase, LPA and sideletter negotiations on ESG-related clauses, ongoing monitoring of ESG progress, ESG-data collection, and incident response. IIP's ESG approach is designed to maintain continuous oversight of ESG practices at the GP level and enables timely engagement when concerns or potential adverse impacts arise.

References to international standards

IIP's ESG approach is guided by internationally recognised standards, including:

- The OECD Guidelines for Multinational Enterprises on Responsible Business Conduct
- The UN Guiding Principles on Business and Human Rights
- The Paris Agreement on Climate Change
- The UN Global Compact Principles
- The Principles for Responsible Investment (PRI)
- The International Labour Organization (ILO) Conventions

These standards shape our expectations for GPs and portfolio companies, particularly regarding environmental management, labour rights, business ethics, and human rights. They also underpin our exclusion criteria and inform how we assess alignment between sustainability risks and potential adverse impacts.

Historical comparison

This is IIP Denmark's first statement on principal adverse impacts under Article 4 of the SFDR. As such, no historical comparison is available for this initial disclosure.

The reference period for this report is **1 January 2024 to 31 December 2024**.

IIP is committed to improving the completeness and quality of reported indicators over time as ESG data availability in the private equity market matures.