



Mikro Kapital Management S.A.

1. SUMMARY

Mikro Kapital is honored to publish the Principal Adverse Sustainability Impact Statement, which aims to provide information about our approach to the principal adverse sustainability impacts identified by the Sustainable Finance Disclosure Regulation (SFDR). The Statement applies to Mikro Kapital Management S.A, SPVs, and Portfolio Companies, which include the following entities: Money Kapital Leasing LLC (Russia), JSC MFC Money Kapital (Russia), Mikro Leasing LLC (Uzbekistan), Mikro Kapital IFN JSC (Romania), Mikro Kapital S.P.A. (Italy), Mikro Kapital Armenia UCO CJSC (Armenia), Mikro Leasing FLLC (Belarus), Mikro Kapital Company LLC (Moldova), Microcredit Company Baylik Finance LLC (Kyrgyzstan), CJSC MDO IMON International (Tajikistan), Delimobil Holding S.A. (Luxembourg), D-Mobility Czech Republic s.r.o. (Czech Republic), D-Mobility Kazakhstan (Kazakhstan).

This principal adverse impacts statement covers the reference period from 1 January to 31 December 2021.

2. DEFINITIONS

Mikro Kapital	Mikro Kapital Management S.A., a public company limited by shares under the Luxembourg law, with a registered address at 10, Rue C.M. Spoo, L-2546, Luxembourg, Grand Duchy of Luxembourg, and registered in the Luxembourg Trade and Companies Register under number B227640
SPV	Special Purpose Vehicle, an entity created to fulfil narrow, specific, or temporary objectives. Mikro Kapital's two SPVs are MIKRO FUND and ALTERNATIVE, each an unregulated securitization fund without legal personality established in the Grand Duchy of Luxembourg for an unlimited duration in accordance with the Luxembourg law of 22 March 2004 on securitization, as amended from time to time, and constituting of a fiduciary estate in accordance with the Luxembourg law of 27 July 2003 on trusts and fiduciary contracts, managed by Mikro Kapital
Portfolio Companies	Companies that are invested by the SPVs
Target Companies	Companies that Mikro Kapital considers investing into

3. DESCRIPTION OF PRINCIPAL ADVERSE SUSTAINABILITY IMPACTS

Adopting SFDR on a voluntary basis, Mikro Kapital considers fourteen applicable mandatory indicators on greenhouse gas emissions, biodiversity, water, waste, and social matters. Moreover, Mikro Kapital defines two additional indicators related to environment and social and employee matters, on which reporting and integration is encouraged. For information regarding the "Indicators for Principal Adverse Impact" please refer to the Section 7. Appendix.

4. DESCRIPTION OF POLICIES TO IDENTIFY AND PRIORITISE PASI (Principal Adverse Sustainability Impacts)

Mikro Kapital has a well-established sustainability governance model that enables company to oversee, implement, and manage sustainability matters. For the detailed information about Mikro Kapital's ESG management structure and framework regarding impact management in alignment with the nine principles of Operating Principles for Impact Management (OPIM) please refer to the Responsible Investment Policy approved by the Mikro Kapital's Management Board on 21 December 2021.

The Sustainability Risk Policy specifies how Mikro Kapital integrates sustainability risk management in its investment decision making processes. For the detailed information regarding Mikro Kapital's approach to management of material ESG risks please refer to the Sustainability Risk Policy approved by the Mikro Kapital's Management Board on 21 December 2021.

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This document provides disclosure requirements according to Article 4 of Regulation (EU) 2019/2088.

Mikro Kapital understands the value of engaging with various groups of stakeholders and strives to incorporate stakeholder feedback into the decision-making to reduce risks and build a more sustainable business by considering diverse viewpoints and expectations. The Engagement Policy represents a broad commitment to consistent and effective engagement. Please refer to section 4 for more information about our engagement approach.

Additional indicators related to principal adverse impacts on sustainability factors were defined by Mikro Kapital in line with its focus to create a positive social impact while avoiding negative impact for all the stakeholders.

Mikro Kapital identifies and assesses principal adverse sustainability impacts for each Portfolio Company on a regular basis using the information on severity and probability of these adverse impacts that are assessed using Portfolio Companies' expert judgement critically reviewed and approved by Mikro Kapital. The data for principal adverse impacts identification and assessment comes directly from Portfolio Companies and relevant public sources. The margin of error associated within the described approach cannot be provided for the reference period. For the detailed information on Mikro Kapital's approach to principal adverse impacts identification and assessment please refer to the Sustainability Risk Policy.

5. ENGAGEMENT POLICIES

Mikro Kapital actively engages with target companies and Portfolio Companies to promote the implementation of better practices related to environmental, client and social issues. This engagement is done through technical assistance, trainings, active bilateral or multilateral discussions, proposals for improving ESG practices, adoption of relevant tools and systems, and on-site visits to monitor and mitigate potential ESG issues and sustainability risks and encourage them meeting Mikro Kapital's minimum requirements as well as monitoring and define some impositions (if needed) to ensure the implementation of the [Sustainability Risk Policy](#) and [Responsible Investment Policy](#) in place. For more information related to Mikro Kapital's Engagement Policies, please refer to our Engagement Policy.

6. REFERENCES TO INTERNATIONAL STANDARDS

Mikro Kapital is a signatory of the OPIM. As a signatory, Mikro Kapital has made a commitment to its nine principles. Additionally, Mikro Kapital adheres to the following responsible business conduct codes, internationally recognized standards, and recommendations of business associations and organisations:

- United Nations Global Compact ("UNGC") principles
- United Nations Universal Declaration of Human Rights
- International Labor Organization's ("ILO") labor standards
- United Nations Principles for Responsible Investment ("UN PRI")
- Global Impact Investing Network ("GIIN")
- IRIS+ by the Global Impact Investing Network
- Global Reporting Initiative ("GRI") Standards
- Sustainability Accounting Standards Board ("SASB")
- EBRD Environmental and Social Policy and Performance Requirements
- IFC Performance Standards SMART Campaign Client Protection Principles
- European Bank for Reconstruction and Development ("EBRD")
- European Investment Fund ("EIF")
- Microfinance Enhancement Facility ("MEF")
- Association of the Luxembourg Fund Industry ("ALFI")
- Association of European Businesses ("AEB")
- Ente Nazionale per il Microcredito
- European Microfinance Network
- Luxembourg Finance Labelling Agency ("LuxFLAG")

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- Swiss Sustainable Finance (“SSF”)
- Impact Management Project (“IMP”)

7. APPENDIX

INDICATORS FOR PRINCIPAL ADVERSE IMPACT						
Adverse sustainability impact	Metric	Units	Impact 2022		Explanation	Actions taken
			Value	Coverage		
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions						
1. GHG emissions	Scope 1 GHG emissions	Tonnes	128,8 thousand	92%	These metrics consider all the Portfolio Companies included in the non-financial reporting but IMON International due to data collection specifics.	
	Scope 2 GHG emissions	Tonnes	541	92%		
	Scope 3 GHG emissions	Tonnes	-	-		
	Total GHG emissions	Tonnes	129,3 thousand	92%		
2. Carbon footprint	Carbon footprint	Tonnes / M €	173	92%	GHG emissions were calculated using Mikro Kapital’s effective shareholding stake at the MIKRO FUND level in % as of 31 December 2022.	
3. GHG intensity of investee companies	GHG intensity of investee companies	Tonnes / M €	95.3	92%		
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	%	0%	100%		
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	%	100%	100%		
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	GWh / M €	0.004	100%		
Biodiversity						
7. Activities negatively	Share of investments in investee	%	0%	100%		

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affecting biodiversity-sensitive areas	companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas					
Water						
8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	M tonnes / M €	0%	83%	This metric considers all the Portfolio Companies but IMON International and Money Kapital.	
Waste						
9. Hazardous waste ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average	M tonnes / M €	0	75%	This metric considers all the Portfolio Companies but Delimobil Holding, Anytime Kazakhstan and Anytime Czech Republik.	
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%	100%		
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	%	0%	100%		

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12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	%	11%	100%		
13. Board gender diversity	Average ratio of female to male board members in investee companies	%	115%	100%	The information is disclosed based on the composition of the Management Boards of Portfolio 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	%	0%	100%		

ADDITIONAL CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

Adverse sustainability impact	Metric	Units	Impact 2021		Explanation	Actions taken
			Value	Coverage		
Energy Performance						
15. Breakdown of energy consumption by type of non-renewable sources of energy	Share of energy from non-renewable sources used by investee companies broken down by each non-renewable energy source	%	Gasoline - 98% Diesel - 1% Compressed Natural Gas - 1%	100%		

ADDITIONAL INDICATORS FOR SOCIAL AND EMPLOYEE MATTERS

Adverse sustainability impact	Metric	Impact 2021		Explanation	Actions taken
		Value	Coverage		
Social and employee matters					
16. Incidents of discrimination	Number of incidents of discrimination reported in investee companies expressed as a weighted average	0	100%		

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	Number of incidents of discrimination leading to sanctions in investee companies expressed as a weighted average	0	100%		
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