

Principal Adverse Impact statement

June 2023

Principal Adverse Impact (PAI)

PAI overview

Sustainable Finance Disclosure Regulation (SFDR) was introduced in 2021.

The SFDR defines sustainability factors as environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

Principal adverse impact (PAI) is generally understood to mean the negative impact caused by an investment decision or investment advice on the aforementioned factors. The SFDR includes a set of specific indicators that can be used to measure an issuer’s or investee company’s negative impact on sustainability factors. Financial market participants are required to use these indicators to identify and report on the principal adverse impact of their financial products.

The ultimate objective of PAI is to better regulate sustainable investing through greater transparency and reporting of negative impacts on sustainability objectives resulting from financing and advisory decisions.

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Our commitment

Our thematic funds, Active Solar and Active Recycling (the Funds) are Article 9 funds according to SFDR.

To achieve this status, in addition to the sustainable objectives of the Funds, we, Active Niche Funds as portfolio manager of the Funds, have implemented certain safeguards to ensure that our investments meet a minimum ESG standard and we use specific processes to identify and mitigate/manage principal adverse impact where possible.

When applicable, our ESG safeguards include application of exclusion lists, norm-based screening, and integrating consideration of PAI in our investment-decision making process, both pre-investment and reviewed minimum once per year. By applying general screening criteria, we aim to limit investing into companies with negative impact on sustainability factors. Identification of high negative impact on environmental and social factors results in further analysis and review and may be a driver leading to no allocation to the portfolio or to divestment.

On a fund level, Active Niche Funds (ANF) makes use of a wide range of processes to identify principal adverse impact:

- Identification and mitigation of principal adverse impact through the application of an exclusion policy.
- Application of norm-based screening filters to identify if companies in the investment universe are allegedly involved in breaches of international law and norms on environmental protection, human rights, labour standards and anti-corruption.
- Implementation of a PAI monitoring system to identify and measure the impact of our investment decisions, subject to data availability, across all the mandatory principal adverse impact indicators and some additional ones, as relevant.

The PAI monitoring system is mainly based on data acquired from investee companies and is supplemented from select third-party providers, such as Bloomberg and Clarity AI. By ranking the performance of companies across each indicator, we aim to identify each company's negative impact on climate and social issues as defined by the PAI metrics, both intrinsically and compared to peers.

Statement scope summary

Active Niche Funds SA (LEI: 254900YE6KGKQMU6O93) considers principal adverse impacts of its investment decisions on sustainability factors as part of its investment due diligence process and procedures. For sustainable investments, this means ensuring that the investments do no significant harm to any environmental or social objective.

The present statement is the statement on principal adverse impacts on sustainability factors of our two thematic Article 9 funds, Active Solar and Active Recycling, using a portfolio snapshot on 31.12.2022.

PAI Disclosures for Active Solar 31.12.2022

Adverse sustainability indicator	Metric	Impact 2022	Impact 2023	
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS				
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	2'761 tons CO2e	
		Scope 2 GHG emissions	6'924 tons CO2e	
		From 1 January 2023, Scope 3 GHG emissions	32'383 tons CO2e	
		Total GHG emissions	44'158 tons CO2e	
	2. Carbon footprint	Carbon footprint	217 tons CO2e / EUR M invested	
	3. GHG intensity of investee companies	GHG intensity of investee companies	948 tons CO2e / EUR M revenue	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0 %	
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	Consumption: 65.8 %		
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	Total: 0.309 GWh / EUR M revenue Sector C: 0.410 GWh / EUR M revenue Sector D: 0.049 GWh / EUR M revenue		
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 %	

Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.406 tons / EUR M invested	
Waste	9. Hazardous waste ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average	0.471 tons / EUR M invested	
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	10.6 %	
	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	5.5 %	
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	28.5 %	
	13. Board gender diversity	Average ratio of female to male board members in investee companies	22.2 %	
	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 %	

PAI Disclosures for Active Recycling 31.12.2022

Adverse sustainability indicator	Metric	Impact 2022	Impact 2023	
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS				
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	6'679 tons CO2e	
		Scope 2 GHG emissions	2'339 tons CO2e	
		From 1 January 2023, Scope 3 GHG emissions	13'129 tons CO2e	
		Total GHG emissions	111'874 tons CO2e	
	2. Carbon footprint	Carbon footprint	3'782 tons CO2e / EUR M invested	
	3. GHG intensity of investee companies	GHG intensity of investee companies	2'218 tons CO2e / EUR M revenue	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	2.0%	
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	Consumption: 86.2 %		
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	Total: 0.823 GWh / EUR M revenue Sector B: 0.536 GWh / EUR M revenue Sector C: 0.912 GWh / EUR M revenue Sector D: 4.134 GWh / EUR M revenue		

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 %	
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.0003 tons / EUR M invested	
Waste	9. Hazardous waste ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average	16.946 tons / EUR M invested	
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 %	
	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 %	
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	5.5 %	
	13. Board gender diversity	Average ratio of female to male board members in investee companies	29.7 %	
	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 %	

Data sources & processing

The Portfolio Manager mainly relies on the data provided by the companies. Most relevant data are released within the following types of reporting: Sustainability report, Environmental Social and Governance (ESG) report, Corporate Social Responsibility (CSR) report and Annual Financial report. Other sources of data are the certifications or labelling that some companies might have as well as Clarity AI, a reputable provider of third-party data, which sources its data directly from company filings and other data service providers.

Limitations to methodologies and data

Accuracy of data is dependent on third-party providers such as the underlying companies. The coverage of data sources can be less than 100% due to incomplete or inconsistent data and gaps in the coverage of these third-party providers.

Due diligence

Due diligence is carried out on in-house analysis and data providers. The sustainable investment objectives and risks are considered as part of the investment selection process.

Monitoring of sustainable investment objective

As thematic Article 9 funds, we are committed to enabling substantial impact on our environmental objectives relating to climate change mitigation for Active Solar, and the transition to a circular economy and pollution prevention control for Active Recycling.

As per our ESG policy we also exclude companies that do not meet our ESG criteria.

Monitoring is made through the detailed analysis of the relevant sustainability indicators (as per detailed in our [SFDR website disclosure](#)) and their evolution over time. The analysis and rating of the sustainability indicators is updated at least once a year.