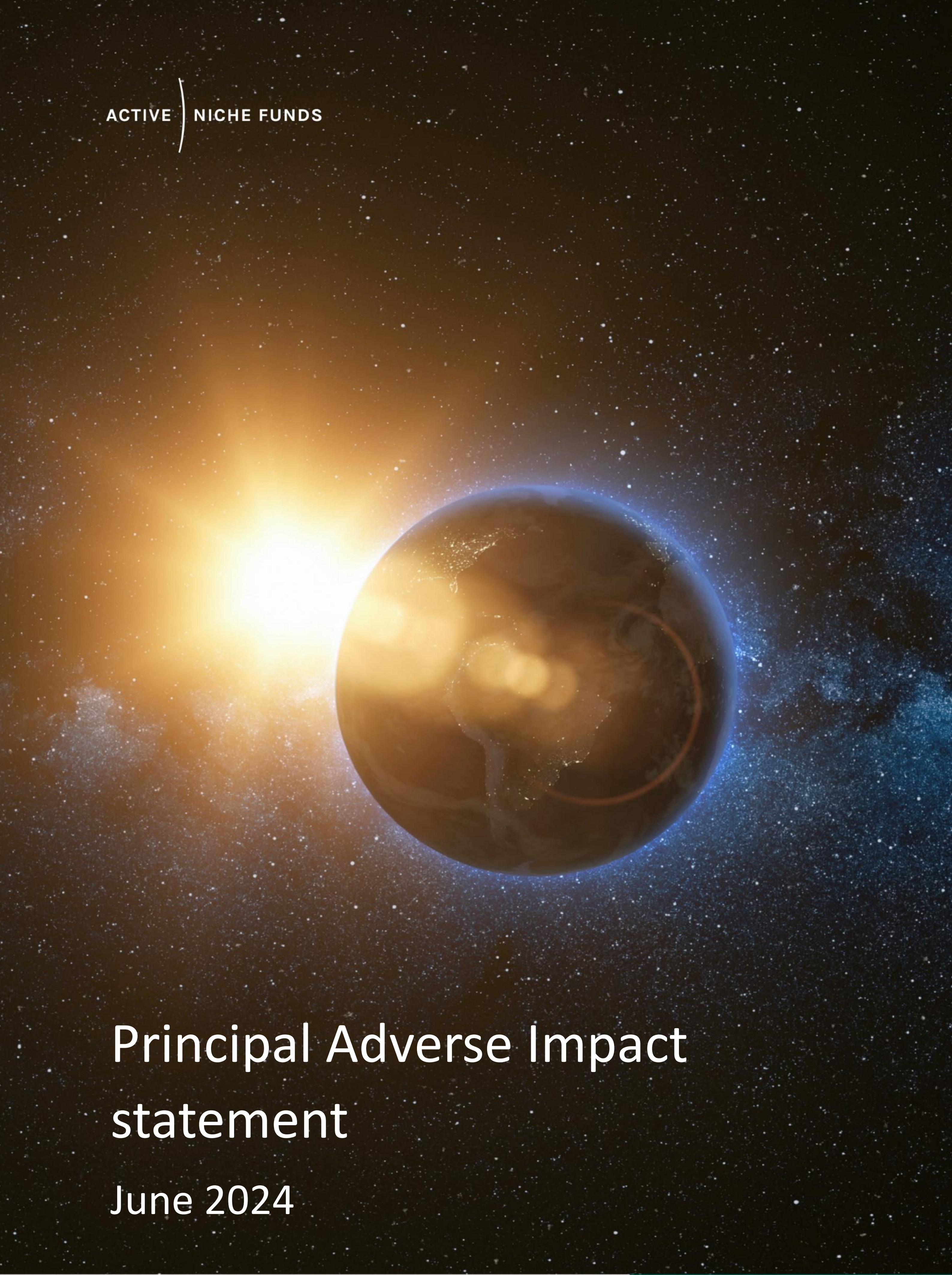
ACTIVE NICHE FUNDS



Principal Adverse Impact statement

June 2024

Principal Adverse Impact (PAI)

PAI overview

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

The SFDR regulation seeks to increase transparency around sustainable financial products, paired with the creation of a common set of standardized reporting disclosures. The long-term goal, however, is targeted at encouraging market participants to improve their ESG performance, ultimately increasing investments towards sustainability-related products and services.

The Principal Adverse Impacts (PAIs) of investment decisions on sustainability factors evaluate the effects of business on sustainability factors, including environmental, social and employee concerns, respect for human rights, anti-corruption, and anti-bribery matters.

The PAI indicators measure the negative impact of investment decisions on sustainability factors.

Financial market participants are required to publish an annual PAI statement on their website and describe their PAI consideration in pre-contractual information. The PAI statement as provided below follows the standardized template defined by the SFDR regulation.

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Our commitment

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

Accordingly, at Active Niche Funds SA (ANF), we have defined and fully integrated in our investment management process, a comprehensive ESG investment process based on our internal sustainability scoring model as well as the regulatory requirements from both the EU SFDR and Taxonomy regulations.

The key steps of our investment-decision making process, both pre-investment and reviewed minimum once per year, are as follows:

- Application of fundamental analysis to the target companies
- Application of exclusions per our ESG investment policy
- Performance of our sustainability risk assessment model based on 13 ESG indicators
- Do No Significant Harm (DNSH) checks on each investee companies through PAI indicators measurement and ongoing monitoring
- Screening on OECD and UN framework alignment

To ensure minimum safeguards are met and prove the DNSH criteria, we have integrated all the mandatory PAI indicators.

PAI monitoring and reporting is an ongoing commitment for ANF 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.

Our 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: 254900YE6KGKOQMU6O93) 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 31.12.2023.

PAI Disclosures for Active Solar 31.12.2023

Adverse sustainability indicator		Metric	Impact 2022	Impact 2023
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS				
Greenhouse gas emissions	**1. GHG emissions**	Scope 1 GHG emissions	7’511 tons CO2e	5’022 tons CO2e
		Scope 2 GHG emissions	15’854 tons CO2e	11’941 tons CO2e
		From 1 January 2023, Scope 3 GHG emissions	63’047 tons CO2e	38’345 tons CO2e
		Total GHG emissions	73’037 tons CO2e	49’626 tons CO2e
	2. Carbon footprint	Carbon footprint	305 tons CO2e / EUR M invested	282 tons CO2e / EUR M invested
	3. GHG intensity of investee companies	GHG intensity of investee companies	834 tons CO2e / EUR M revenue	854 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 %	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: 53.7 %	Consumption: 51 %
	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: 0.408 GWh / EUR M revenue Sector C: 0.390GWh / EUR M revenue Sector D: 0.010 GWh / EUR M revenue	Total: 0.358 GWh / EUR M revenue Sector C: 0.352 GWh / EUR M revenue Sector D: 0.012 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	0 %	0 %

		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	0.285 tons / EUR M invested	0.152 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	0.594 tons / EUR M invested	0.391 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 %	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	1.7 %	2.3 %
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	13.1 %	12.6 %
	13. Board gender diversity	Average ratio of female to male board members in investee companies	24.7 %	26.7 %
	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 %	0 %

Source: Clarity AI – extracted on 31.05.24 based on current data available for both portfolios (31/12/22 and 31/12/23)

PAI Disclosures for Active Recycling 31.12.2023

Adverse sustainability indicator		Metric	Impact 2022	Impact 2023
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS				
Greenhouse gas emissions	**1. GHG emissions**	Scope 1 GHG emissions	5’389 tons CO2e	4’866 tons CO2e
		Scope 2 GHG emissions	2’010 tons CO2e	2’011 tons CO2e
		From 1 January 2023, Scope 3 GHG emissions	22’734 tons CO2e	21’558 tons CO2e
		Total GHG emissions	29’922 tons CO2e	28’169 tons CO2e
	2. Carbon footprint	Carbon footprint	994 tons CO2e / EUR M invested	959 tons CO2e / EUR M invested
	3. GHG intensity of investee companies	GHG intensity of investee companies	1'017 tons CO2e / EUR M revenue	1’011 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	4.5%	4.9%
	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: 81.0 %	Consumption: 82.4 %
	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: 0.770 GWh / EUR M revenue Sector B: 0.143 GWh / EUR M revenue Sector C: 0.115 GWh / EUR M revenue Sector D: 0.127 GWh / EUR M revenue	Total: 0.767 GWh / EUR M revenue Sector B: 0.128 GWh / EUR M revenue Sector C: 0.060 GWh / EUR M revenue Sector D: 0.135 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 %	0 %
Water	**8. Emissions to water**	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.0002 tons / EUR M invested	0.0002 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	162.49 tons / EUR M invested	168.72 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 %	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 %	0 %
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	14.4 %	12.9 %
	13. Board gender diversity	Average ratio of female to male board members in investee companies	32.3 %	33.1 %
	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 %

Source: Clarity AI – extracted on 31.05.24 based on current data available for both portfolios (31/12/22 and 31/12/23)

Data sources & processing

(a) The data sources used to attain the sustainable investment objective of the financial product:
The Portfolio Manager uses a blend of internal and external data as the inputs to its proprietary ESG scoring model and the measurement of taxonomy alignment as follows:

#	Metrics	Definitions	Data sources
1	13 sustainability indicators	6 Environmental indicators, 3 Social indicators and 4 Governance indicators which form part of the fully integrated proprietary ESG scoring model applied to each target company.	• Target companies are listed companies only. Data sourced from their published sustainability reports, ESG reports, CSR reports and Audit financial reports. • Data derived from internal process. • Clarity AI, a sustainability technology platform with extensive data coverage.
2	Taxonomy economic activities	Measurement for each company of the revenue generated from the relevant activities.	Bloomberg in conjunction with data derived from internal processes based on the audited financial statements of the companies
3	DNSH and compliance with minimum safeguards	Measurement of PAI's and verification against good governance practices	Screening of negative news and controversies, as well as PAI data through Clarity AI, a sustainability technology platform with extensive data coverage.

(b) The measures taken to ensure data quality:

Due diligence in accordance to the data sourced is performed on each data provider, whether target companies providing their own ESG reports or a selected external provider such as Clarity AI.

The vast majority of the data is sourced from publicly available reports, published by audited listed companies. Furthermore, we corroborate on a continuous basis our internal assessment against data from external providers.

(c) How data are processed:
We store all data collected on our internal servers, with access configured according to the teams' requirements and responsibilities.

(d) The proportion of data that is estimated:
Our ESG scores and taxonomy alignment are calculated on reported data only and any lack of data affects the score accordingly. We may need to rely on estimated data for PAI's calculation such as total GHG emissions scope 1, 2 and 3, carbon footprint, etc. subject to data reported or not by target companies. In that case, the estimated data is provided by our external provider Clarity AI and is derived from their assumptions models such as proxies based on sector averages.

Limitations to methodologies and data

(a) To measure the attainment of the sustainable investment objective, we 1) produce our ESG internal scores and 2) measure taxonomy alignment based on revenue generated by relevant economic activities. The measurement is based mostly on reported data. In case of unavailable data, it will affect the overall output as follows:

- 1) For the ESG score:

  Unavailable data will affect individual sustainable indicator per company in scope.

  For instance, if no data is available for the water usage indicator of company X, it will trigger a score of -0.5 for that indicator for the company in scope. This low score will affect the overall aggregated ESG score of the company accordingly.
- 2) For the taxonomy alignment: unavailable data on the revenue % of a relevant activity triggers a status of “potentially aligned” which is not included in the taxonomy aligned percentage at portfolio level.

(b) The limitations caused by unavailable data is reflected and mitigated by the fact that it does then lower the ESG score and percentage of revenue considered as taxonomy aligned.

Due diligence

Due diligence is carried out as part of our in-house fundamental analysis of each target company of the portfolios. 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.