ACTIVE | NICHE FUNDS

# Principal Adverse Impact statement

July 2025

# 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.

## Table of Contents

# 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.
- Since May 2025, compliance with the exclusion criteria of the EU Paris-aligned benchmark (Article 12(1)(a) to (g) of CDR (EU) 2020/1818)

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 based on data acquired from investee companies as well as from third-party providers 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 **31.12.2024**.

# PAI Disclosures for Active Solar 31.12.2024

| Adverse sustainability indicator | | Metric | Impact 2022 | Impact 2023 | Impact 2024 |
|---|---|---|---|---|---|
| CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS | | | | | |
| Greenhouse gas emissions | 1. GHG emissions | Scope 1 GHG emissions <br> - In tons CO2e | 15'409 | 7'108 | 7'223 |
| | | Scope 2 GHG emissions <br> - In tons CO2e | 38'209 | 26'446 | 12'465 |
| | | From 1 January 2023, Scope 3 GHG emissions - In tons CO2e | 143'096 | 80'304 | 35'087 |
| | | Total GHG emissions - In tons CO2e | 222'720 | 141'672 | 66'228 |
| | 2. Carbon footprint | Carbon footprint – In tons CO2e/ EUR M invested | 1'024 | 773 | 735 |
| | 3. GHG intensity of investee companies | GHG intensity of investee companies – in tons CO2e / EUR M revenue | 1'641 | 1'326 | 1'435 |
| | 4. Exposure to companies active in the fossil fuel sector | Share of investments in companies active in the fossil fuel sector – in % | 0 % | 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 – in % | 44.0% | 41.1% | 46.5% |
| | 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 – in GWh / EUR M revenue | Total: 0.821 Sector C: 0.793 Sector D: 0.010 | Total: 0.719 Sector C: 0.707 Sector D: 0.011 | Total: 1.130 Sector C: 1.112 Sector D: 0.018 |
| 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 % | 0% |

| Water | 8. Emissions to water | Tons of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average – in tons/ EUR M invested | 0.031 | 0.017 | 0.013 |
|---|---|---|---|---|---|
| Waste | 9. Hazardous waste ratio | Tons of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average – in tons/ EUR M invested | 1.220 | 0.634 | 0.439 |
| 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 % | 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 % | 0% |
| | 12. Unadjusted gender pay gap | Average unadjusted gender pay gap of investee companies | 14.2 % | 14.0 % | 11.9% |
| | 13. Board gender diversity | Average ratio of female to male board members in investee companies | 27.1% | 29.6% | 27.7% |

| 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 % | 0% |
|---|---|---|---|---|

Source: Clarity AI – extracted on 30.07.25 based on current data available for the three portfolios (31/12/22, 31/12/23, and 31/12/24)

# PAI Disclosures for Active Recycling 31.12.2024

| Adverse sustainability indicator | | Metric | Impact 2022 | Impact 2023 | Impact 2024 |
|---|---|---|---|---|---|
| **CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS** | | | | | |
| Greenhouse gas emissions | **1. GHG emissions** | Scope 1 GHG emissions In tons CO2e | 5'091 | 4'663 | 4'594 |
| | | Scope 2 GHG emissions In tons CO2e | 1'516 | 1'477 | 1'353 |
| | | From 1 January 2023, Scope 3 GHG emissions - In tons CO2e | 15'944 | 14'973 | 11'784 |
| | | Total GHG emissions - In tons CO2e | 22'470 | 21'040 | 17'714 |
| | **2. Carbon footprint** | Carbon footprint – In tons CO2e/ EUR M invested | 822 | 791 | 716 |
| | **3. GHG intensity of investee companies** | GHG intensity of investee companies – in tons CO2e / EUR M revenue | 987 | 964 | 996 |
| | **4. Exposure to companies active in the fossil fuel sector** | Share of investments in companies active in the fossil fuel sector – in % | 4.6%* | 4.9%* | 3.3%* |
| | **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 | Consumption 77.9% Production 2.9% | Consumption 79.6% Production 3.1% | Consumption 79.3% Production 2.0% |

| | | | | | |
|---|---|---|---|---|---|
| | | compared to renewable energy sources, expressed as a percentage – in % | | | |
| | **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 – in GWh / EUR M revenue | Total: 0.744 Sector A: 0.150 Sector B: 0.163 Sector C: 0.077 Sector D: 0.127 Sector E: 0.224 Sector G: 0.003 | Total: 0.703 Sector A: 0.150 Sector B: 0.142 Sector C: 0.010 Sector D: 0.135 Sector E: 0.262 Sector G: 0.004 | Total: 0.987 Sector A: 0.179 Sector B: 0.178 Sector C: 0.420 Sector D: 0.087 Sector E: 0.421 Sector G: 0.003 |
| **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 | 3.44% | 3.62 % | 4.458% |
| **Water** | **8. Emissions to water** | Tons of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average – in tons/ EUR M invested | 0.00 | 0.00 | 0.00 |
| **Waste** | **9. Hazardous waste ratio** | Tons of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average – in tons/ EUR M invested | 1200 | 1287 | 773 |
| **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** | Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for | 0 % | 0% | 0% |

| | | | | | |
|---|---|---|---|---|---|
| | and Development (OECD) Guidelines for Multinational Enterprises | Multinational Enterprises | | | |
| | **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 % | 0% |
| | **12. Unadjusted gender pay gap** | Average unadjusted gender pay gap of investee companies | 13.06 % | 9.88 % | 9.30% |
| | **13. Board gender diversity** | Average ratio of female to male board members in investee companies | 31.79 % | 32.24 % | 33.04% |
| | **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 % | 0% |

Source: Clarity AI – extracted on 30.07.25 based on current data available for the three portfolios (31/12/22, 31/12/23, and 31/12/24)

*The PAI regulatory calculation on exposure to companies in the fossil fuel sector includes both direct and indirect involvement. The actual exposure shown above, however, is derived solely from indirect involvement, with no exposure resulting from direct involvement.*

# 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.<br>• Data derived from internal process.<br>• 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. |
| 4 | ESMA Guidelines on funds' names using ESG or sustainability-related terms | Compliance with the exclusion criteria of the EU Paris-aligned benchmark (Article 12(1)(a) to (g) of CDR (EU) 2020/1818) | In addition, since May 2025, the PAI indicators 4, 10 and 14 are considered by means of exclusions from the investment universe. It is to be noted that the PAI regulatory calculation on exposure to companies in the fossil fuel sector (PAI indicator #4) includes both direct and indirect involvement. The exclusion criteria are triggered by exposure resulting from direct involvement only. |

(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.

In addition, since May 2025, in the context of the EU Paris-aligned Benchmark exclusion criteria (Article 12(1)(a) to (g) of CDR (EU) 2020/1818) the PAI indicators 4, 10 and 14 are considered by means of

exclusions from the investment universe. It is to be noted that the PAI regulatory calculation on exposure to companies in the fossil fuel sector (PAI indicator #4) includes both direct and indirect involvement. The exclusion criteria are triggered by exposure resulting from direct involvement only.

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.