SFDR Art. 4 | March 2025

Principal Adverse Impact Statement

Reference period: 1 January – 31 December 2024

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1. Summary

2Xideas AG (LEI 254900LXUJS4PKBGVC48) considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of all active and passive equity holdings, both funds and managed accounts, of the above-mentioned entity and its subsidiaries.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2024.

By integrating sustainability into its business strategy, 2Xideas has committed itself to the systematic and comprehensive consideration of climate and sustainability aspects in its business activities. Consequently, 2Xideas has incorporated the systematic consideration of Principal Adverse Impacts (PAIs), as defined in the SFDR, into its investment processes.

TABLE 1: SUMMARY OF PRINCIPAL ADVERSE INDICATORS CONSIDERED BY 2XIDEAS

Theme	PAI indicator	Mandatory/ Optional	Table	Number
Climate and other environment-related indicators	Greenhouse Gas Emissions	M	2	1
	Carbon footprint	M	2	2
	GHG intensity of investee companies	M	2	3
	Investments in companies without carbon emission reduction initiatives	O	2	4
	Exposure to companies active in the fossil fuel sector	M	2	5
	Share of non-renewable energy consumption and production	M	2	6
	Energy consumption intensity per high-impact climate sector	M	2	7
	Activities negatively affecting biodiversity-sensitive areas	M	2	8
	Emissions to water	M	2	9
	Hazardous waste and radioactive waste ratio	M	2	10
Social and employee, respect for human rights, anti-corruption and anti-bribery matters	Violations of UN Global Compact principles and Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	M	3	11
	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	M	3	12
	Unadjusted gender pay gap	M	3	13
	Board gender diversity	M	3	14
	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	M	3	15
	Lack of supplier code of conduct	O	3	16

2. Description of principal adverse impacts on sustainability factors

The mandatory indicators defined by the SFDR are set out in Table 2 and 3 below. These indicators must be considered to ensure that adverse impacts on key sustainability factors are incorporated. For each of these indicators, we have included information to describe the actions that we have taken and actions that we plan to take. We also describe targets we set to avoid or reduce the principal adverse impacts identified. Information on the impact of our funds' and mandates' investments are first published herewith and will be published on an annual basis going forward.

This information covers the period of 1 January until 31 December 2024. Information on impact compared to the previous year is conducted this year for the second time.

Other indicators for principal adverse impacts on sustainability factors

In addition to the set of mandatory indicators above, we consider two additional indicators subject to data availability and quality.

We consider an indicator relating to companies without carbon emission reduction initiatives. We monitor the share of investments in investee companies in carbon emission reduction initiatives aimed at aligning with the Paris Agreement, using a metric provided by MSCI ESG Research, namely the Implied Temperature Rise (ITR). ITR is a forward-looking metric defined by MSCI ESG Research LLC,[1] expressed in degrees Celsius (°C), designed to show the temperature alignment of a company with global temperature goals such as the 2015 Paris Agreement. This indicator is part of the set of additional indicators that relate to climate and the environment, as defined in the SFDR (Table 2, indicator 4).

We also consider an indicator that relates to the lack of supplier code of conduct in investee companies. We monitor the share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labor, and forced labor), using a metric provided by MSCI ESG Research. This indicator is part of the set of additional indicators that relate to social and employee, respect for human rights, anti-corruption, and anti-bribery matters, as defined in the SFDR (Table 3, indicator 16).

We do not use other indicators to identify and assess additional principal adverse impacts on sustainability factors than the 14 mandatory indicators that are set out in Table 2 and 3 above, and the additional indicators that we have opted to consider as per the above.

1 https://www.msci.com/our-solutions/climate-investing/implied-temperature-rise

TABLE 2: CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS – GREENHOUSE GAS EMISSIONS

Adverse sustainability indicator	Metric	Coverage	Impact 2024[2]	Impact (year n-1)	Explanation	Actions taken, actions planned, and targets set for the next reference period
1. GHG emissions	Scope 1 GHG emissions	98.7%	2,915	2,582 tons CO_2	The individual and total GHG emissions, which represent the emissions associated with the market value of the portfolio, have increased slightly.	**General Approach** We are a signatory to the Principles for Responsible Investment and the Net Zero Asset Managers Initiative. We are committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5°C. **Engagement** 2Xideas identifies high emitters among our investee companies and engages with them. We encourage them to communicate transparently on climate-related exposures, set targets, and report accordingly, preferably along standard reporting frameworks such as CDP and TCFD. We place particular emphasis on transparent Scope 1-2-3 CO_2 emissions reporting and motivate companies to develop a reduction strategy with SBTi. Regarding PAI 6, share of non-renewable energy consumption and production, we also engage with companies with the aim of having them commit to increase their share of renewable energy consumption and production. Our experience indicates that most companies are still at the very beginning of transitioning their procurement of Scope 1 & 2 energy to be from fully renewable energy sources. Nevertheless, we are observing heightened awareness among companies and growing efforts around reducing Scope 1 & 2 emissions. **Values-based Exclusions** 2Xideas Exclusion policy covers the exclusion of activities with highly negative climate impacts such as thermal coal, unconventional oil and gas, and oil sands. For the revenue thresholds of conventional oil and gas companies, please refer to our Sustainability Policy on our website: https://www.2xideas.com/en/sustainability/policies
	Scope 2 GHG emissions	98.7%	2,321	2,563 tons CO_2		
	Scope 3 GHG emissions	98.7%	87,931	110,559 tons CO_2		
	Total GHG emissions	98.7%	93,167	114,493 tons CO_2		
2. Carbon footprint	Carbon footprint, calculated from the aggregated Scope 1, 2, and 3 GHG emissions of a company relative to its enterprise value	98.7%	97	94 tons CO_2 per EUR 1mn EVIC	The carbon footprint has stayed almost the same.	
3. GHG intensity of investee companies	GHG intensity of investee companies calculated from the aggregated Scope 1, 2, and 3 GHG emissions of a company relative to its sales or revenues	98.7%	386	376 tons CO_2 per EUR 1mn sales	The GHG intensity has stayed almost the same, the incrase is less than 5%.	
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	98.7%	34.2%	27.0%	The share of investee companies without carbon emission reduction initiatives has improved due to the fact that many companies across our universe are becoming more dedicated in setting science-based targets with organizations like the SBTi.	
5. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	98.7%	0.0%	0.0%	Unchanged.	
6. 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	54.9%	67%	74%	The share of non-renewable energy consumption and production has decreased slightly as more companies move to renewable energy consumption.	
7. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per EUR 1mn of revenue of investee companies, per high-impact climate sector	A: 74.1% B: 74.1% C: 74.1% D: 74.1% E: 74.1% F: 74.1% G: 74.1% H: 74.1% L: 74.1%	A: N/A B: N/A C: 0.1 D: N/A E: 0.5 F: N/A G: 1.1 H: 0.06 L: N/A	NACE Code (GHW per EUR 1mn sales) A: 0.0 B: 0.0 C: 0.26 D: 0.0 E: 0.0 F: 0.0 G: 0.04 H: 0.03 L: 0.0	The outlined change in impact in the NACE codes is primarily due to a certain shifts in portfolio holding exposure, for example a decrease in exposure of sectors such as agriculture, forestry and fishing etc.	

2 Impact (2024): This information covers the period of 1 January until 31 December. The impact is calculated and illustrated as the weighted average by AuM of impacts on 31 March, 30 June, 30 September, and 29 December of each reference period.

TABLE 2: CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS – BIODIVERSITY, WATER, AND WASTE

Adverse sustainability indicator	Metric	Coverage	Impact 2024	Impact (year n-1)	Explanation	Actions taken, actions planned, and targets set for the next reference period
8. 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	98.7%	5.9%	0.0%	A slight increase in share of investments in investee companies with sites/operations located near to biodiversity sensitive areas due to a change in methodology from the data provider.	**General Approach** We are committed to taking potential negative effects on biodiversity into consideration in our investment decisions. We invest mostly in companies with sites and locations that are not located near biodiversity-sensitive areas. **Engagement** We continuously aim to monitor biodiversity-related impacts arising due to our investments, through the analytical capabilities provided by our data provider. If certain aspects require further clarification, we seek to obtain such insights directly through engaging with the respective companies. If a related development is severe, it could potentially lead to a divestment decision. **Norms-based Exclusions** 2Xideas Exclusion policy covers the exclusion of companies with negative impacts on the environment that fail at least one of the Guiding Principles as defined in UN Global Compact Compliance (Principle 7-8-9). For more information, please refer to our Sustainability Policy on our website: https://www.2xideas.com/en/sustainability/policies
9. Emissions to water	Tons of emissions to water generated by investee companies per EUR 1mn invested, expressed as a weighted average	0.00%	N/A	0.1 tons per EUR 1mn EVIC	Minimal change.	
10. Hazardous waste and radioactive waste ratio	Tons of hazardous waste and radioactive waste generated by investee companies per EUR 1mn invested, expressed as a weighted average	20.1%	0.09	0.19 tons per EUR 1mn EVIC	The hazardous waste and radioactive waste ratio has slightly improved due to companies in our universe becoming more aware of their emissions profile, including hazardous and radioactive waste.	**General Approach** We are committed to taking potential negative effects on water sources into consideration in our investment decisions. We generally avoid investing in companies that are exposed to potential release of pollutants into water sources. **Engagement** We monitor impacts on emissions to water of our investment decisions by using data provided by our data provider, and if need be, qualitatively by our fundamental research analysts. Should potential controversies arise, we engage with the related company. Companies may be subject to further analysis and potential actions such as divestment. **Norms-based Exclusions** 2Xideas Exclusion policy covers the exclusion of companies with negative impacts on the environment that fail at least one of the Guiding Principles as defined in UN Global Compact Compliance (Principle 7-8-9). For more information, please refer to our Sustainability Policy on our website: https://www.2xideas.com/en/sustainability/policies

TABLE 3: INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION, AND ANTI-BRIBERY MATTERS – SOCIAL AND EMPLOYEE MATTERS

Adverse sustainability indicator	Metric	Coverage	Impact 2024	Impact (year n-1)	Explanation	Actions taken, actions planned, and targets set for the next reference period
11. Violations of UN Global Compact principles and Organization 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	98.7%	0.0%	0.0%	Unchanged.	**General Approach** We adhere to the United Nations (UN) and International Labor Organization (ILO) Global Norms. Our aim is that investee companies comply with these norms. We don’t invest in companies with severe con troversies. **Engagement** We monitor companies’ controversies and we engage with the related company if any controversy arises. Companies may be subject to further analysis and potential actions such as divestment. **Norms-based Exclusions** 2Xideas identifies companies that do not conform with United Nations (UN) and International Labor Organization (ILO) Global Norms, and are therefore not eligible for investment. This refers to systematic violations of the guiding principles as defined in the following four Global Norms: • UN Global Compact Compliance • UN Human Rights Compliance • ILO Labor Compliance Broad • ILO Labor Compliance Core. For more information, please refer to https://www.2xideas.com/en/sustainability/policies
12. Lack of proesses 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	98.7%	0.0%	80.0%	The variance from last year is due to improved data availability and more transparent company disclosures.	**General Approach** We adhere to the United Nations (UN) and International Labor Organization (ILO) Global Norms. Our aim is that investee companies comply with these norms. Our commitment to these principles means 2Xideas will expect companies to formally commit to respect human rights and have human rights due diligence processes in place. **Engagement** We monitor companies’ controversies and we engage with the related company if any controversy arises. Companies may be subject to further analysis and potential actions such as divestment. **Norms-based Exclusions** 2Xideas identifies companies that do not conform with United Nations (UN) and International Labor Organization (ILO) Global Norms, and are therefore not eligible for investment. This refers to systematic violations of the guiding principles as defined in the following four Global Norms: • UN Global Compact Compliance • UN Human Rights Compliance • ILO Labor Compliance Broad • ILO Labor Compliance Core. For more information, please refer to our Sustainability Policy on our website: https://www.2xideas.com/en/sustainability/policies

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Adverse sustainability indicator	Metric	Coverage	Impact 2024	Impact (year n-1)	Explanation	Actions taken, actions planned, and targets set for the next reference period
13. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	14.71%	5.8%	13.2%	We believe that the unadjusted gender pay gap has improved due to companies in our universe becoming more aware of pay discrepancies between genders. Furthermore, many of our companies are reliant on highly skilled workforce where a gender pay gap is less common compared to industries with a high amount of low pay jobs.	**General Approach** At 2Xideas, we support engagement programs on diversity and inclusion that incorporate elements such as gender pay gap reduction. We monitor and consider the average unadjusted gender pay gap of investee companies. We note that data availability and quality regarding unadjusted gender pay gap is still low. **Engagement** Although gender pay gap disclosures are only mandatory in a few jurisdictions worldwide, we encourage investee companies to report and to improve disclosures pertaining to gender pay gap.
14. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	98.7%	36.5%	35.0%	The board gender diversity ratio has slightly improved due to a higher overall share of females on the board of our investee companies.	**General Approach** At 2Xideas, we support engagement programs on diversity and inclusion at all company levels (administrative, executive, supervisory and entry-level employees). By actively encouraging and supporting females, companies can tap into a wider range of perspectives, experiences, and skills. This fosters a more comprehensive decision-making process, reducing the risk of groupthink and promoting creativity. **Engagement** We observe that females are often underrepresented in decision-making processes. We encourage investee companies to implement supporting policies that build the basis for more females to reach C-level and Board positions. Ideally, we would like to see a minimum of 25–30% ratio of female to male board members in our investee companies with a clear tendency to increase over time to at least 40%.
15. 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	98.7%	0.0%	0.0%	Unchanged.	**Norms-based & Values-based Exclusions** 2Xideas excludes companies that have any ties with the following two industries as part of the 2Xideas Norms-based Exclusions: • Any ties with Nuclear Weapons • Any ties with Controversial Weapons Moreover, as part of the 2Xideas Values-based Exclusions, we limit, by means of setting maximum revenue thresholds, the inclusion of companies that are involved in specific business areas that have a high potential for negative social and/or environmental impact such as: • Civilian firearms • Conventional weapons For more information, please refer to our Sustainability Policy on our website: https://www.2xideas.com/en/sustainability/policies

TABLE 3: INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION, AND ANTI-BRIBERY MATTERS – SOCIAL AND EMPLOYEE MATTERS

Adverse sustainability indicator	Metric	Coverage	Impact 2024	Impact (year n-1)	Explanation	Actions taken, actions planned, and targets set for the next reference period
16. Lack of supplier code of conduct	Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labor, and forced labor)	98.7%	50.9%	55.4%	The lack of supplier code of conduct has improved very slightly due to companies in our universe becoming more aware of supply chain policies and the formulation of laws across jurisdictions.	**General Approach** We generally invest in companies with small workforces of highly skilled employees, where investee companies have low reliance on large-scale and resource-intensive suppliers, and therefore exclude potential supply-chain controversies. However, when our investee companies need supply chains to sustain their activities, we encourage them to monitor and report impacts on ESG concerns, and this along the whole supply chain. **Engagement** We monitor companies' controversies and we engage with the related company if any controversy arises. Companies may be subject to further analysis and potential actions such as divestment. We also encourage investee companies to develop and disclose a supplier code of conduct to avoid unsafe working conditions, precarious work, child labor, and forced labor.

3. Description of policies to identify and prioritize principal adverse impacts on sustainability factors

3.1 Methodology to identify and prioritize principal adverse impact

At 2Xideas, we consider principle adverse impacts of investment decisions on sustainability factors for direct investments. The consideration of PAIs for indirect investments depends on the quality of implementation of the investment provider.

By integrating sustainability into its business strategy, 2Xideas has committed to the systematic and comprehensive consideration of climate and sustainability aspects in its business activities. Consequently, 2Xideas has incorporated the systematic consideration of Principal Adverse Impacts (PAIs), as defined in the SFDR, into its investment processes. 2Xideas considers PAIs in three different stages of its investment process: universe exclusions, company-specific thresholds, and portfolio construction.

More information about the integration of PAIs in 2Xideas' investment process can be found in the SFDR Article 4 statement on our website:
https://www.2xideas.com/en/sustainability/policies/

3.2 Governance

The Sustainability Committee provides the structure and guidance for the implementation of the corporate sustainability strategy, its integration into the research process, and the adherence to regulatory requirements at product level. The Sustainability Committee is responsible for ensuring that all employees at 2Xideas are continuously informed and where applicable adequately trained to implement the sustainability strategy at all levels. Furthermore, the Sustainability Committee acts as knowledge hub within 2Xideas and as the decision-maker on active ownership for the funds' and mandates' holdings.

The Sustainability Committee consists of five members, of which one rotates annually among research analysts. This ensures that awareness and engagement for all sustainability aspects of our business are created throughout the analyst team.

The Sustainability Committee meets on a quarterly basis for strategic developments and implementations.

3.3 Data Sources

2Xideas uses MSCI ESG Research LLC as the data provider for the quantitative sustainability analysis. As certain sustainability indicators are missing for the companies that are eligible for investment, 2Xideas estimates the missing values where feasible.

4. Historical comparison

Overall, the historical comparisons show that our portfolio exposures on principal adverse impacts across our assets under management stay relatively similar year on year, except for indicators where a strong improvement is seen. There is no indicator with a strong negative development.

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