



**NICHE ASSET MANAGEMENT LIMITED**

# **Principal Adverse Impact Statement**

2026

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*Entity-level disclosure pursuant to Article 4 of Regulation (EU) 2019/2088 (SFDR) and Annex I of Commission Delegated Regulation (EU) 2022/1288*

## Document Control

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## 1. Background and Scope

The Sustainable Finance Disclosure Regulation (SFDR) defines sustainability factors as environmental, social and employee matters, respect for human rights, and anti-corruption and anti-bribery matters.

Principal Adverse Impacts (“PAI”) are the effects of investment decisions that result in negative outcomes for the sustainability factors described above.

This statement describes how Niche Asset Management Limited (“Niche AM”) considers the principal adverse impacts of its investment decisions on sustainability factors, pursuant to Article 4 of SFDR and Annex I of Commission Delegated Regulation (EU) 2022/1288 (the “SFDR RTS”).

This statement applies as of 31<sup>st</sup> July 2026 and is reviewed at least annually.

## 2. Description of Principal Adverse Sustainability Impacts

Most economic activities can influence sustainability indicators, both positively and adversely. These effects can be significant both prior to investment and during the holding period and require periodic reassessment. Adequate monitoring of exposure to social and environmental issues is a priority in mitigating the potential negative effects of portfolio investments. PAI indicators measure the extent to which issuers negatively impact sustainability factors.

The PAI indicators applicable to investments in corporate securities currently monitored and evaluated by Niche AM are set out below.

### Climate and other environment-related indicators

| Category                        | Adverse sustainability indicator                                | Metric                                                                                                                                                               |
|---------------------------------|-----------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Greenhouse gas emissions</b> | 1. GHG emissions                                                | Scope 1, Scope 2, Scope 3 and total GHG emissions                                                                                                                    |
|                                 | 2. Carbon footprint                                             | Carbon footprint                                                                                                                                                     |
|                                 | 3. GHG intensity of investee companies                          | GHG intensity of investee companies                                                                                                                                  |
|                                 | 4. Exposure to companies active in the fossil fuel sector       | Share of investments in companies active in the fossil fuel sector                                                                                                   |
|                                 | 5. Share of non-renewable energy consumption and production     | Share of non-renewable energy consumption and production of investee companies from non-renewable sources, compared to renewable sources, expressed as a percentage  |
|                                 | 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                                                           |
| <b>Biodiversity</b>             | 7. Activities negatively affecting biodiversity-sensitive areas | Share of investments in investee companies with sites/operations located in or near biodiversity-sensitive areas where those operations negatively affect such areas |

|              |                          |                                                                                                                        |
|--------------|--------------------------|------------------------------------------------------------------------------------------------------------------------|
| <b>Water</b> | 8. Emissions to water    | Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average |
| <b>Waste</b> | 9. Hazardous waste ratio | Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average    |

#### Social, employee, human rights, anti-corruption and anti-bribery indicators

| Category                           | Adverse sustainability indicator                                                    | Metric                                                                                                                                                                             |
|------------------------------------|-------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Social and employee matters</b> | 10. Violations of UNGC principles and OECD Guidelines for Multinational Enterprises | Share of investments in investee companies involved in violations of the UNGC principles or OECD Guidelines                                                                        |
|                                    | 11. Lack of processes and compliance mechanisms to monitor UNGC/OECD compliance     | Share of investments in investee companies without policies to monitor compliance, or without grievance/complaints mechanisms                                                      |
|                                    | 12. Unadjusted gender pay gap                                                       | Average unadjusted gender pay gap of investee companies                                                                                                                            |
|                                    | 13. Board gender diversity                                                          | Average ratio of female to male board members, expressed as a percentage of all board members                                                                                      |
|                                    | 14. Exposure to controversial weapons                                               | Share of investments in investee companies involved in the manufacture or sale of controversial weapons (anti-personnel mines, cluster munitions, chemical and biological weapons) |

#### Optional Additional Indicators

| Category                                                                                               | Adverse sustainability indicator                              | Metric                                                                       |
|--------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|------------------------------------------------------------------------------|
| <b>Climate and other environment-related indicators</b>                                                | 7. Investments in companies without water management policies | Share of investments in investee companies without water management policies |
| <b>Social and employee matters, respect for human rights, anti-corruption and anti-bribery matters</b> | 9. Lack of human rights policy                                | Share of investments in entities without a human rights policy               |

### 3. Description of Policies to Identify and Prioritise Principal Adverse Sustainability Impacts

Niche AM manages the risk connected to potential adverse sustainability impacts both pre-investment and post-investment.

### 3.1 Pre-Investment methodologies

#### Exclusion

Niche AM excludes investment in companies operating in specific sectors that present high sustainability risk and are very likely to generate adverse impacts or negatively influence a fund's sustainable development.

Pre-investment, the following PAI on sustainability factors are considered through Niche AM's exclusion policy:

- Exposure to companies active in the fossil fuel sector (indicator 4);
- Exposure to controversial weapons – anti-personnel mines, cluster munitions, chemical and biological weapons (indicator 14).

#### Do No Significant Harm (DNSH)

Once the minimum requirements to invest in a company are met, Niche AM analyses the Principal Adverse Impact factors of each investee company.

The focus of the DNSH analysis is not the level recorded for each factor, but its trend. Niche AM considers the communication and direction of Principal Adverse Impact factors to be important; the DNSH analysis is the platform on which Niche AM builds its engagement strategy with a company.

- 1) **Communication.** It is essential to encourage companies to disclose as many Principal Adverse Impact factors as possible. Niche AM recognises that small-cap companies, and companies based outside Europe, tend to lag in this respect; engagement is used to underline the importance of measuring and communicating these factors.
- 2) **Trend.** Niche AM believes that penalising sectors – other than those subject to exclusion – or particular geographies or levels of economic development, in and of themselves, is not consistent with the sustainability mission of the products. The focus is therefore on the trajectory of the investee company, i.e. the trend of its Principal Adverse Impact factors.

DNSH analysis is not a filter used to decide which companies to invest in; it is the principal instrument used to engage with a company to improve the communication and trend of its Principal Adverse Impact factors.

#### How the DNSH analysis is developed

The DNSH analysis follows four steps: (1) data collection; (2) data processing; (3) data analysis; and (4) engagement with the investee company.

- **Data collection.** Data is collected primarily through Niche AM's provider, LSEG Workspace; supplemented, where LSEG Workspace data is insufficient, by the company's own published sustainability disclosures; and, where necessary, by direct contact with the investee company. Where information relating to an indicator is not readily available, Niche AM will use reasonable efforts to assess the adverse impact, including reasonable assumptions and, where appropriate, cooperation with third-party data providers or external experts.
- **Data processing.** Collected data is normalised to adjust for corporate actions, differences in measurement methods, external events and similar factors.

- **Data analysis.** The processed data is reviewed and interpreted to add a qualitative element to the analysis.
- **Engagement.** Used to improve communication and the trend of Principal Adverse Impact factors; engagement activity and its results are documented over time.
- Pre-investment, the following PAI on sustainability factors are considered to monitor the trend of improvement:

| Principal adverse impact                                                          | Corresponding DNSH indicator                                                                                                                                                                                                                                                                                                                                                                                                                      | Niche AM's measure of the indicator's trend                                                                                                                                                                                                                                                                                                         |
|-----------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. GHG emissions<br>2. Carbon footprint<br>3. GHG intensity of investee companies | A) CO <sub>2</sub> equivalent emissions, direct (Scope 1)<br>B) CO <sub>2</sub> equivalent emissions, indirect (Scope 2)<br>C) CO <sub>2</sub> equivalent emissions, indirect (Scope 3)<br>D) CO <sub>2</sub> equivalent emissions, total<br>E) Total CO <sub>2</sub> equivalent emissions to revenue, USD million (GHG intensity Scope 1+2)<br>F) Total CO <sub>2</sub> equivalent emissions to revenue, USD million (GHG intensity Scope 1+2+3) | The percentage change of the most recently provided CO <sub>2</sub> emissions data against the average of previous years is used to measure the company's progress towards CO <sub>2</sub> emissions reductions. A decreasing trend is considered an improvement. Both absolute and relative data are used to achieve a full analysis of the trend. |
| 5. Share of non-renewable energy consumption and production                       | G) Share of non-renewable energy consumption and production                                                                                                                                                                                                                                                                                                                                                                                       | A percentage is calculated to show the share of non-renewable energy consumption and production. A decreasing trend is classed as positive — i.e. an improving trend towards greater use of renewable energy.                                                                                                                                       |
| 6. Energy consumption intensity per high-impact climate sector                    | H) Total energy use to revenue, USD million (energy consumption intensity)                                                                                                                                                                                                                                                                                                                                                                        | Methodology uses energy consumption intensity per high-impact climate sector data from LSEG Workspace to classify whether the company is energy-intensive; the indicator is applied only to companies operating in high-impact climate sectors. A decreasing trend is positive.                                                                     |
| 7. Activities negatively affecting biodiversity-sensitive areas                   | I) Activities negatively affecting biodiversity-sensitive areas                                                                                                                                                                                                                                                                                                                                                                                   | The analyst seeks evidence that the company undertakes activities to minimise negative effects on biodiversity-sensitive areas affected by its business. Where such evidence is found, the indicator is classified as showing an improving trend.                                                                                                   |
| 8. Emissions to water (+ emissions to water / revenue)                            | J) Total water pollutant emissions, tonnes<br>K) Water pollutant emissions to revenue, USD                                                                                                                                                                                                                                                                                                                                                        | A decreasing trend is considered an improvement. Both absolute and relative data are used to achieve a full analysis of the trend.                                                                                                                                                                                                                  |
| 9. Hazardous waste ratio (+ hazardous waste / revenue)                            | L) Total hazardous waste, tonnes                                                                                                                                                                                                                                                                                                                                                                                                                  | A decreasing trend is considered an improvement. Both absolute and relative                                                                                                                                                                                                                                                                         |

|                                                                                                  |                                                                                                                                                          |                                                                                                                                                                                                                                     |
|--------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                  | M) Total hazardous waste to revenue, USD million (hazardous waste + radioactive waste ratio)                                                             | data are used to achieve a full analysis of the trend.                                                                                                                                                                              |
| 10. Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises | P) Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises                                                          | An indicator used to assess whether the company meets minimum safeguard requirements. As no provider indicator currently exists for this, the company is contacted directly to establish whether any violations have been recorded. |
| 11. Lack of processes and compliance mechanisms to monitor UNGC/OECD compliance                  | Q) Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises | An indicator used to assess whether the company meets minimum safeguard requirements. As no provider indicator currently exists for this, the company is contacted directly to establish its compliance mechanisms.                 |
| 12. Unadjusted gender pay gap                                                                    | N) Gender pay gap, percentage                                                                                                                            | An increase (i.e. a narrowing of the gap toward parity) is considered positive.                                                                                                                                                     |
| 13. Board gender diversity                                                                       | O) Board gender diversity, percentage                                                                                                                    | An increase is considered positive.                                                                                                                                                                                                 |

### 3.2 Post-Investment methodologies

The following PAI on sustainability factors are considered post-investment:

- the mandatory environmental indicators (PAI 1–9) and the optional environmental indicator on water management policies (PAI 7);
- the mandatory social and employee-matters indicators (PAI 10–14) and the optional indicator on social and employee matters, respect for human rights, anti-corruption and anti-bribery matters (PAI 9).

#### PAI monitoring

Monitoring of the selected PAI indicators on a company-by-company basis is carried out through the DNSH analysis described above, while the PAI statement itself is produced by Niche AM to assess the whole portfolio on an annual basis, in accordance with Annex I of the SFDR RTS.

This PAI statement provides a snapshot of PAI factors at aggregate portfolio level. The annual disclosure is based on the average of the impacts attributed to all investments at the end of each quarter (31 March, 30 June, 30 September and 31 December). Consistent with ESMA's Q&A of 17 November 2022 on SFDR, the calculation for all four data points is performed at the same time, using the latest available information for each investment, and reflects the relevant fiscal year-end.

Completing the template's "Explanation" and "Actions taken, and actions planned and targets set for the next reference period" columns allows Niche AM to explain the underlying dynamics of any deterioration in PAI – including any short-term or non-recurring effects expected to reverse (data identified as anomalous will be excluded) – and to highlight actions taken and planned as part of the engagement process (see Section 4).hm

Where possible, the PAI statement will include historical comparisons of up to five reference periods against the latest period, to provide year-on-year comparability, notwithstanding that changes in assets under management or asset allocation may reduce the significance of such comparisons.

#### PAI evolution analysis

In addition to the analysis required by the SFDR RTS, Niche AM monitors, for its NEF Ethical Global Trends fund, the extent to which portfolio companies' PAIs have improved or deteriorated compared with the previous year on a homogeneous basis (assuming the portfolio composition is unchanged year-on-year), to highlight how much of the portfolio is reducing its negative impact over time. Niche AM's aim is for the fund's portfolio to show improving PAI indicators and better communication of PAI factors over time. This annual analysis includes supporting information and evidence of engagement activity.

## 4. Engagement Policy Summary

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Niche AM's engagement policy is an essential part of its fiduciary duty and its role as a responsible investor. Niche AM is an investment boutique that devotes significant resource to identifying undervalued and neglected companies globally – often small or micro-cap companies that lack the resources or culture to provide the disclosure expected in respect of ESG/SDG matters and are frequently based in geographies outside Europe where sustainability practices are less established.

Niche AM views this as an opportunity to improve the sustainability practices and communication of these companies through consistent, positive engagement, and regards engagement as the most effective tool for extending sustainability practices among smaller companies.

To this end, Niche AM uses:

- **Internal ESG analysis:** simplified for micro-cap and small-cap companies based outside Europe, and full analysis for other companies. The scoring approach depends on whether the company publishes a full sustainability report; where it does not, engagement is used to assess the company's attitude to, and progress on, sustainability. Findings are used to set improvement objectives for weak practices or communication.
- **DNSH analysis:** as described in Section 3.1, DNSH findings also inform Niche AM's engagement strategy.

Contact with investee companies is positive, interactive and collaborative, generally through native-speaking analysts, to create the best environment for constructive dialogue. Niche AM aims to remain open to positive engagement, ready to build a dialogue that can, over time, deliver results and raise awareness, and seeks to work with other investors to make the process more efficient and effective.

Where an investee company shows no willingness to improve its communication or practices within 18 months, the investment will first be frozen to further investment and then sold as soon as an opportunity arises, in the client's best interest.

This 18-month engagement period applies to trend-based Principal Adverse Impact factors. It does not apply to confirmed violations of the UN Global Compact principles or the OECD Guidelines for Multinational

Enterprises (indicator 10): where such a violation is confirmed, Niche AM will divest the position immediately, without an engagement or freeze period.

PAI analysis commentary will rely significantly on engagement activity to identify the main contributors to results, in particular to explain negative outliers within the portfolio. Niche AM will diligently record its engagement efforts with investee companies – by email, call, video call, meeting and other relevant documentation – and will set and periodically review sustainability engagement goals for each investee company, together with progress made against those goals.

## 5. International Standards Adopted by Niche Asset Management Limited

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Niche AM recognises the importance of participating in international initiatives that support businesses operating in a more sustainable manner.

To this end, Niche AM is a signatory of [FAIRR](#) (Farm Animal Investment Risk & Return), a collaborative investor network raising awareness of the ESG risks and opportunities associated with intensive livestock production.

## 6. Reporting

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The Investment Manager does not publish an entity-level Principal Adverse Impacts (“PAI”) statement. As the Investment Manager has fewer than 500 employees, it is not subject to the mandatory PAI reporting requirement under Article 4 of the Sustainable Finance Disclosure Regulation (“SFDR”). However, the Investment Manager provides PAI-related data and reporting to the relevant Management Companies in accordance with their applicable reporting requirements.

The report is available [here](#).

## 7. Enquiries

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Questions regarding this statement should be directed to Niche AM's Compliance Function at [compliance@nicheam.com](mailto:compliance@nicheam.com).