



NICHE ASSET MANAGEMENT LIMITED

Responsible Investment Policy

2026

Sustainable Finance Disclosure Regulation (EU) 2019/2088

Document Control

Policy owner	Compliance Officer
Approving body	Board of Directors
First published	10 December 2022
Approval date (this edition)	31 July 2026
Effective date	31 July 2026
Next scheduled review	2027
Version	2026 edition

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1. Objective

The objective of this Responsible Investment Policy (the “Policy”) is to describe the activities carried out by Niche Asset Management Limited (“Niche AM”, the “Company”) to integrate sustainability criteria into the management of the funds for which Niche AM acts as delegated Investment Manager.

The Policy covers funds within scope of Articles 8 and 9 of Regulation (EU) 2019/2088 (the Sustainable Finance Disclosure Regulation, “SFDR”). Article 8 products promote environmental and/or social characteristics without sustainable investment as their objective; Article 9 products have sustainable investment as their objective.

The Policy has been prepared pursuant to SFDR, which imposes transparency and sustainability-related disclosure requirements on financial market participants.

2. Definitions

For the purposes of this Policy, and consistent with SFDR, the following definitions apply:

- **Sustainable Investment:** an investment in an economic activity that contributes to an environmental objective – for example as measured by resource-efficiency indicators covering energy, renewable energy, raw materials, water and land use, waste production and greenhouse gas emissions, or impact on biodiversity and the circular economy – or an investment in an economic activity that contributes to a social objective, in particular one that tackles inequality or fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities; provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices.
- **Sustainability Factors:** environmental, social and governance matters (“ESG” or “ESG Factors”).
- **ESG Investing:** the integration of Sustainability Factors into the investment decision-making process. Market participants typically consider the risks and rewards of a broad range of ESG criteria against which companies are measured.
- **Principal Adverse Impacts (PAI):** the negative effects of investment decisions on sustainability factors, measured against the indicators set out in the regulatory technical standards to SFDR.
- **Sustainability Risk:** an environmental, social or governance event or condition that, were it to occur, could cause an actual or potential material negative impact on the value of an investment.

3. Responsible Investment Policy Summary

Niche AM's investment policy commits to the following:

- 1) Incorporating environmental, social and governance aspects into its investment analysis and decision-making processes.

- 2) Operating as an active shareholder, integrating ESG issues into shareholder policies and practices.
- 3) Requesting that investee companies disclose relevant environmental, social and governance information; where a company is a smaller entity, Niche AM will open a dialogue and apply appropriate engagement pressure to support progress in this direction.
- 4) Promoting, embracing and implementing responsible investment principles within the investor community.
- 5) Maintaining a due diligence process, based on external providers and/or internal analysis, to assess the principal adverse impacts of investments on sustainability factors.
- 6) Maintaining a due diligence process, based on internal proprietary qualitative and quantitative analysis, to assess companies' contribution to the 17 Sustainable Development Goals (SDGs) set by the United Nations.
- 7) For all products managed by Niche AM that bear ESG or SDG characteristics or objectives, disclosing on its website:
 - A description of the relevant ESG/SDG characteristics and/or objective of the product;
 - The methodologies used to assess, measure and monitor the ESG/SDG characteristics of the product and/or its impact on the ESG objective;
 - How the ESG/SDG characteristics are met.
- 8) Maintaining a due diligence process, based on external providers and/or internal analysis, to assess compliance with its exclusionary screening policy (see below).

4. Sustainability Risk Management Process

NICHE AM's Sustainability Risk Management Process is integrated into the investment process and is based on the following steps:

- **Minimum Safeguard Analysis.**
- **Corporate governance analysis.** Only firms with good corporate governance form part of the investment universe.
- **Exclusions.** Niche AM does not invest in companies involved in business areas detrimental to the community.
- **ESG analysis.** Niche AM seeks to invest in companies characterised by best practice in environmental and social matters.
- **Do Not Significantly Harm (DNSH).**
- **Engagement activity (procedure).**
- **Principal Adverse Impact Analysis.**

Minimum Safeguards

The aim of this analysis is to avoid investment in firms with a negative social impact.

Minimum Safeguards (MS) compliance is assessed against the UN Global Compact principles and minimum standards under the UN Guiding Principles on Business and Human Rights (UNGPR), the OECD Guidelines and ILO conventions, in particular in relation to due diligence processes on human rights, including labour rights, bribery, taxation and fair competition.

The MS assessment is carried out using:

- 1) Third-party providers; and
- 2) Where third-party data is insufficient, to the best of Niche AM's knowledge, direct contact with investee companies and controversy analysis as an additional indicator for identifying gaps in a firm's human rights due diligence process.

Niche AM will not invest in companies that are in breach of these human rights standards.

Where a violation occurs at a company already held in the portfolio, Niche AM expects the investee company to remedy the violation, to change its procedures and to replace the senior management responsible for the relevant function. Niche AM will first engage with the company; if the violation persists, a liquidation procedure for the investment will be enacted.

Corporate Governance Analysis

The corporate governance assessment is based on sound management structures, employee relations, staff remuneration and tax compliance, taking into account the size, risks and resources of the company.

This analysis is carried out through direct research, third-party providers and, in the case of small and micro-cap companies, direct engagement including via questionnaire.

As a further minimum safeguard, Niche AM will only invest in publicly traded companies, reflecting the additional policies and audit requirements to which listed companies are subject.

Exclusions

Niche AM applies exclusion policies tailored to each fund's mandate. Two tiers apply across Niche AM's managed funds, as set out below. The exclusion policy applicable to a specific fund at any time is confirmed in that fund's prospectus and pre-contractual (SFDR Annex II/III) disclosure, which takes precedence over the summary below.

Standard Exclusion Policy

The following are excluded from the investment universe:

- Companies involved in the production, sale or storage of uranium weapons.
- Companies involved in the production or sale of anti-personnel mines and cluster bombs, prohibited by the Oslo and Ottawa treaties.
- Companies deriving more than 10% of revenue from weapons.

- Companies deriving more than 10% of revenue from tobacco.
- Companies deriving more than 10% of revenue from thermal coal.
- Companies deriving more than 10% of revenue from upstream oil.

Enhanced Exclusion Policy

The following are excluded from the investment universe:

- Companies involved in the production or sale of controversial weapons, including anti-personnel landmines, cluster munitions, chemical weapons and biological weapons with no revenue tolerance.
- Companies in violation of the United Nations Global Compact (UNGC) principles or the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises.
- Companies that derive more than 5% of revenues from Armaments.
- Companies involved in the cultivation and production of tobacco with no revenue tolerance.
- Companies that derive more than 10% of revenues from Gambling.
- Companies with more than 10% of the total revenues generated from unconventional oil and gas production (e.g. Oil sands, hydraulic fracturing, arctic drilling, etc.).
- Companies with more than 10% of the total revenues generated from coal related activities (eg. extraction, processing (incl. coke and coal-to-liquids operations), refining, etc...).
- Companies whose main business activity (according to Workspace Refinitiv) is carried out in any of the following business areas: Coal; Integrated Oil and Gas; Oil and Gas Exploration and Production; Oil and Gas Drilling; Oil-related Services and Equipment; Adult Publishing; Adult Entertainment Production and Broadcasting; or Adult Products Retailers.

Niche AM may apply further, more targeted exclusion policies for specific products. Where an investee company becomes significantly involved in an excluded activity under the policy applicable to a given fund, Niche AM will divest within a reasonable timeframe, having regard to the best interests of shareholders.

ESG Analysis

Niche AM integrates environmental and social factors into fundamental investment analysis and decision-making – see “Niche AM's ESG Approach” below.

Do No Significant Harm (DNSH)

Most economic activities can influence sustainability indicators, both positively and adversely. Adequate monitoring of exposure to environmental, social and employee matters, respect for human rights, and anti-corruption and anti-bribery matters is a priority in mitigating the potential negative effects of portfolio investments.

Under SFDR, Principal Adverse Impact (“PAI”) indicators measure the extent to which an investee company negatively impacts the sustainability factors described above.

Niche AM's DNSH analysis considers the PAIs of each investee company. The analysis focuses not only on the level recorded for each sustainability factor but, first and foremost, on its trend. It is considered particularly important that each investee company demonstrates an improving trend in respect of sustainability factors, from both an environmental and a social perspective, evidencing that the company is gradually reducing the negative impact of its business.

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

Controversies analysis may also be used to identify companies involved in conduct detrimental to environmental objectives.

Engagement Activity (procedure)

The Do Not Significantly Harm (DNSH) analysis represents the platform upon which to build the engagement strategy with the company. The focus of this analysis is not the intensity recorded for each factor, but its dynamics.

- 1) **Communication.** It's crucial stimulating companies to provide as many Principal Adverse Impact factors as possible. Niche AM understands that small cap or companies based in geographies other than Europe tend to be laggard in this respect. Engagement has the function to stress the importance to gauge and communicate these factors.
- 2) **Dynamic.** Niche AM believes that penalizing sectors – other than those subject to exclusions (controversial sectors) – or some geographies or the level of economic development per se is not consistent with the sustainability mission of the managed funds. That's why the focus is on the path undertaken by the investee company, i.e. the dynamic of the Principal Adverse Impact factors.

In addition, for some of the managed funds, engagement also includes the promotion of awareness of the SDG goals where they have not been explicitly supported by the firm.

Niche AM will diligently record its engagement efforts with investee companies, by way of emails, calls, videocalls, meetings, relevant documentation, and standardised or personalised forms on sustainability created by the Investment Manager.

The contact with the company is positive, interactive and collaborative and it's made mostly through mother tongue analyst that can create the best working environment to make the engagement process progressing.

Principal Adverse Impact Statement

Niche AM's PAI statement is an analysis required by the regulator to present a snapshot of PAI factors at aggregate portfolio level. The PAI statement is available [here](#).

In addition, Niche AM monitors the extent to which portfolio companies' PAIs have improved or deteriorated compared with the previous year on a homogeneous basis (i.e. assuming the portfolio

composition is unchanged year-on-year), to assess how much of the portfolio is reducing its negative impact over time.

5. SDGs Analysis Methodology

For some managed funds, Niche AM also integrates an impact assessment based on the UN [Sustainable Development Goals](#) (SDGs).

The objective of the analysis is to determine whether a company contributes to the achievement of the SDGs, based on an internal, qualitative and quantitative proprietary review of the company's practices and business.

Unlike the mainstream approach, Niche AM does not combine SDG and ESG analysis. A company may be functional to the achievement of the SDGs while also demonstrating a negative impact on the community; Niche AM's SDG analysis therefore aims only to define the extent to which a company is functional to the SDGs (positive impact), leaving the assessment of negative impact, and a company's efforts to reduce it, to other analyses. This analysis must therefore be read together with Niche AM's other analyses (ESG, DNSH, controversies, Minimum Safeguards, etc.) to assess the overall sustainability of a company.

The SDG analysis comprises three phases:

- 1) **Business segmentation analysis.** The business segmentation analysis assesses the percentage of business contributing to the achievement of Sustainable Development Goals (SDGs) by examining the company's business activity breakdown and how each segment contributes or does not contribute to the SDGs. The internally developed SDG industry methodology provides guidance on the assessment of the contribution to the SDGs of each specific business activity, which is often a narrower representation than presented in the company's annual report to analyse the contribution to specific SDG targets. The aggregate of the contributing business segments then represents the total SDG-aligned portion of the business.
- 2) **SDG repercussion.** This comprises the analysis of the company's positioning within SDG-related business, and the measurement of the SDG functionality of that business.
 - **SDG instrumentality** quantifies the intensity of the exposure the business activity has to the Sustainable Development Goals (SDGs). As most businesses are made up of different business activities which have an instrumentality level defined by our industry-specific methodology, each business segment is therefore evaluated based on its specific instrumentality. Ultimately, the total instrumentality of all segments weighted against their business contribution is calculated, providing an SDG instrumentality score (the company's impact on sustainable development).
 - **Positioning** assesses how much the company in question is needed for the smooth operation of the SDG-related industry. This analysis considers factors such as market fragmentation, the company's market share, competitive advantages, operational regions, innovation capabilities, and other relevant aspects. Importantly, this analysis is conducted in collaboration with the investment team to ensure a comprehensive perspective. The outcome, which integrates these considerations and the team's insights, determines the firm's

business positioning. It considers the negative repercussions (such as higher prices, lower quality or reduced supply) if the company were to cease its SDG activities.

- 3) **Business growth.** The sustainability team verifies whether the SDG-related business of the company is growing and whether and to what extent the company is investing in that business. This examination focuses on the company's commitment to either grow their SDG business or change how the business is operated in way to further benefit the SDGs. Using the internally developed methodology which provides guidance and how to examine SDG business growth by industry, the team analyses and synthesizes data to determine if the SDG business is truly growing. Given the critical nature of this section and the potential for subjective interpretations, all findings are cross-checked among the sustainability team to ensure a well-substantiated conclusion.

All steps are documented, and the process is repeated annually, or earlier if a significant new development arises.

6. Niche AM's ESG Approach

ESG issues are difficult to measure in monetary terms but have emerged as crucial to evaluating investment risk and reward. There is no exhaustive list of such issues; illustrative examples include:

Environmental Issues	Social Issues	Governance Issues
Climate change	Human rights	Board composition
Air and water pollution	Data protection and privacy	Bribery and corruption
Biodiversity	Gender and diversity	Executive compensation
Deforestation	Labour standards	Political contributions
Waste management	Community relations	Whistleblowing schemes

Source: CFA Institute

Niche AM integrates ESG risk analysis into its fundamental and valuation analysis of each company, on a continuous basis, as part of the stock selection process and as one of the instruments used to minimise the negative impact of its investments.

ESG analysis is applied to equity and corporate bonds. For government bonds, the Investment Manager will not invest in any country that appears on a sanctions list, or that it otherwise deems not investable based on scores published in the Freedom in the World report (Freedom House), the Global Peace Index (Institute for Economics and Peace), and the Women, Business and the Law index (World Bank).

Niche AM's ESG analysis is based on:

1. Refinitiv and proprietary analysis tools

Workspace Refinitiv is a third-party provider specialising in the assessment of sustainability risk, measuring a firm's relative ESG performance, commitment and effectiveness using publicly reported data. The Refinitiv methodology does not apply a positive or negative bias to particular industries; it scores each

company relative to comparable peers within the same industry. This allows Niche AM to hold companies in sectors that, while sensitive, remain necessary to the community, provided those companies stand out for their ESG practices – an approach combined with Niche AM's exclusion policy for sectors the fund considers unnecessary and negative. Niche AM verifies the reliability of Refinitiv data and, where it identifies material errors or inconsistencies, re-performs the analysis using its proprietary model, which is conceptually consistent with the Refinitiv approach.

2. Niche AM's proprietary ESG analysis

Internal analysis takes into account the size and resources of the investee company:

- **Simplified ESG analysis** for micro-cap and small-cap companies based outside Europe. Such companies are often unable to publish a responsible investing report or to provide sufficient sustainability information; Niche AM will engage constructively with these companies to help embed and progressively institutionalise a sound sustainability culture within their operations.
- **Full comprehensive analysis** for other companies, including those not covered by Refinitiv, or where Niche AM considers the Refinitiv analysis inaccurate.

Proprietary analysis alone is used where external ESG provider coverage is unavailable.

7. Oversight and Ongoing Monitoring

Consideration and integration of the Responsible Investment Policy is a firm-wide approach: all of Niche AM's functions seek to ensure the consistency and quality of sustainability analysis. Responsibility for overseeing and actively monitoring implementation of the Policy sits with the Compliance, Risk Management and Portfolio Management functions.

8. Proxy Voting

Participation at shareholder meetings is assessed by reference to its relevance to the interests of the managed portfolios, and the potential for a meaningful impact on the outcome of the meeting through the voting rights held. This approach allows Niche AM to focus on a selected number of investee companies, enabling an adequate level of analysis. See the [Voting Rights Policy](#).

9. Governance

Niche AM has established a dedicated governance system for managing its responsible investment processes.

Board of Directors – determines the Responsible Investment Policy and its subsequent revisions, approves the exclusion and integration criteria applied to managed assets; and periodically verifies that the Policy has been correctly implemented, based on checks carried out by Risk Management and Internal Audit.

11. Team

At Niche AM, all functions treat responsible investing as an integral part of their role. The investment, risk, compliance and audit functions integrate responsible investing into their day-to-day duties, with a focus on fundamental analysis.

Niche AM operates a single investment team, integrating every aspect of an investee company – including ESG risks and SDG opportunities. The investment team comprises portfolio managers and analysts, for whom responsible investing carries the same weight as financial, economic and commercial metrics when evaluating a company.

Quantitative and qualitative ESG/SDG/sector exclusion limits are set internally and reviewed on a timely basis by the Risk Management team.

Compliance monitors adherence to the Policy on an ongoing basis, and the Internal Audit Committee periodically tests it. The Internal Audit Committee, composed of two independent members of the Board of Directors, carries out an internal audit annually.

NAM assesses responsible investment capabilities and training needs among its team members on an annual basis.

12. Active Participation in Market Bodies

Niche AM is a member of FAIRR (Farm Animal Investment Risk & Return).

13. Document Review and Version History

This Policy is reviewed at least annually by the Compliance Function and approved by the Board of Directors and is updated earlier where required by regulatory change or a material change to Niche AM's investment process.

Version	Date	Summary of changes	Approved by
2026 edition	31 July 2026	Annual review of policy.	Board of Directors
2022 edition	01 December 2022	Policy created	Board of Directors

14. Enquiries

Questions regarding this Policy should be directed to Niche AM's Compliance Function at compliance@nicheam.com.