

TOBAM PRINCIPAL ADVERSE IMPACT STATEMENT

Financial market participant: TOBAM

Legal entity identifier: 969500QH54F8VCVPRW15

1. SUMMARY

TOBAM considers principal adverse impacts of its investment decisions on sustainability factors as part of its integrated investment process. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of TOBAM, based on Article 4 of the Sustainable Finance Disclosure Regulation (SFDR).

This statement on principal adverse impacts on sustainability factors in the meaning of the Regulation (EU) 2019/2088 (“Disclosure Regulation”) covers the reference period from 1 January to 31 December 2025. TOBAM updates this statement annually according to the regulation.

2. DESCRIPTION OF PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

• **Principal Adverse Impacts definition**

The European Union’s Disclosure Regulation defines Principal Adverse Impacts (PAI) as “the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anticorruption and antibribery matters”. At the entity level, PAI indicators have been taken into account through an exclusionary investment policy of several key sectors considered as significantly material in terms of negative impacts.

• **TOBAM’s integration and monitoring of PAI indicators**

TOBAM is committed to monitoring all 14 mandatory principal adverse impacts (PAI) indicators of investment funds falling under the provisions of Article 8 and 9 of SFDR (Table I of Annex I of SFDR Delegated Regulation 2022/1288) as well as 2 additional environmental and social indicators (Table III of Annex I of SFDR Delegated Regulation 2022/1288). These 16 indicators are systematically monitored on a quarterly basis by TOBAM’s Portfolio Management team.

This company statement covers the impacts of Article 8 and Article 9 SFDR funds as of the year-end 2025, which represent 77% of total TOBAM’s Asset Under Management (AUM). The remaining AUM corresponds to financial products such as mandates or dedicated strategies outside the SFDR classification. However, most of these strategies apply the same core sustainability integration features of their open-ended fund equivalents.

Hereinafter the complete list of principal adverse impacts on sustainability factors monitored by TOBAM.

Table: PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

Adverse sustainability indicator		Metric	Impact 2025	Coverage	Impact 2024	Explanation	Actions taken, and actions planned and targets set for the next reference period
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	9697.49 (t)	98.39%	15860.34 (t)*		Most of TOBAM's strategies are committed to reduce the GHG intensity (scope 1 and 2) by 20% compared to their benchmark.
		Scope 2 GHG emissions	5409.41 (t)	98.39%	4728.82 (t)*		Most of TOBAM's strategies are committed to reduce the GHG intensity (scope 1 and 2) by 20% compared to their benchmark.
		Scope 3 GHG emissions	260558.33 (t)	98.39%	234717.15 (t)*		Most of TOBAM's strategies are committed to reduce the GHG intensity (scope 1 and 2) by 20% compared to their benchmark. Scope 3 data are not as accurately reported yet, but we are closely monitoring them.
		Total GHG emissions	275665.23 (t)	98.39%	255306.31 (t)*		Most of TOBAM's strategies are committed to reduce the GHG intensity (scope 1 and 2) by 20% compared to their benchmark. Scope 3 data are also closely monitored for all strategies, as well as part of the -50% scope 1/2/3 reduction process for the Paris-Aligned strategies.
	2. Carbon footprint	Carbon footprint	331.11 (t/Mio EUR)	98.39%	307.67 (t/Mio EUR)		Most of TOBAM's strategies are committed to reduce the GHG intensity (scope 1 and 2) by 20% compared to their benchmark. Scope 3 data are also closely monitored for all strategies, as well as part of the -50% scope 1/2/3 reduction process for the Paris-Aligned strategies
	3. GHG intensity of investee companies	GHG intensity of investee companies	934.51 (t/Mio EUR)	95.49%	838.53 (t/Mio EUR)		Most of TOBAM's strategies are committed to reduce the GHG intensity (scope 1 and 2) by 20% compared to their benchmark. Scope 3 data are also closely monitored for all strategies, as well as part of the -50% scope 1/2/3 reduction process for the Paris-Aligned strategies
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	7.93%	97.95%	5.05%			Some strategies at TOBAM are excluding fossil fuels and in this case, this PAI should always be at 0%. However, due to the difference in definition, it happens that sometimes one or two stocks identified as involved in the fossil fuel distribution by ISS are invested by TOBAM.
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 of total energy sources	Non-renewable energy consumption: 37.66%	67.05%	Non-renewable energy consumption: 40.45%	This ISS ESG factor encompasses energy consumption from non-renewable energy sources, excluding natural gas; any energy use figures where the source of energy is unclear is also included in this factor. Coverage of the energy consumption indicator is very low, making the analysis of the information less accurate.	These indicators are closely monitored in comparison to the benchmark.	
		Non-renewable energy production: 2.35%	95.68%	Non-renewable energy production: 0.86%			
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	Mining and Quarrying: 0.93	1.34%	Mining and Quarrying: 0.83			These indicators are closely monitored. Companies that would appear as outlier in any of the sector, will be investigated and engaged with.

			Electricity, Gas, Steam and Air Conditioning Supply: 2.25	1.62%	Electricity, Gas, Steam and Air Conditioning Supply: 1.63		
			Transportation and Storage: 1.63	0.92%	Transportation and Storage: 1.80		
			Manufacturing: 0.21	35.17%	Manufacturing: 0.31		
			Real Estate Activities: 0.33	2.50%	Real Estate Activities: 0.54		
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	0.07%	97.89%	0.07%	ISS ESG links controversies to some, but not all, of the standards referenced in the PAI definition of 'activities negatively affecting biodiversity-sensitive areas'. However, the standards/directives referenced in the regulation overlap with those applied in the proxy to a large extent.	This criterion is closely monitored. Companies identified as negatively impacting this criteria will be investigated and engaged with.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.00 (t)	1.44%	0.00 (t)	The PAI indicator refers to various types of emissions to water. ISS ESG collects chemical oxygen demand (COD), a commonly used indicator measuring emissions to water which can serve as a proxy to the PAI indicator's requirements. ISS ESG collects data only for companies in most relevant industries. Coverage of the energy consumption indicator is very low, making the analysis of the information less accurate.	This criterion is closely monitored. Companies identified as significantly negatively impacting this criterion will be investigated and engaged with.
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	5599.49 (t)	16.41%	43548.21 (t)	ISS ESG collects company reported hazardous waste, relying on companies' own definitions, which may differ from the definition adopted in the regulation. Radioactive waste may or may not be included as a sub-sector of hazardous waste. Coverage of the energy consumption indicator is very low, making the analysis of the information less accurate.	This criterion is closely monitored. Companies identified as significantly negatively impacting this criterion will be investigated and engaged with.

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Adverse sustainability indicator		Metric	Impact 2025	Coverage	Impact 2024	Explanation	Actions taken, and actions planned and targets set for the next reference period
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	0.00%	97.89%	0.73%		This PAI is part of TOBAM's exclusion policy. This indicator is closely monitored to ensure that no company in breach of key international norms are invested by the portfolio. If the % is not at 0% all names are investigated and reasons for non-exclusion thoroughly investigated. These are exceptional situations.
	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	12.64%	97.35%	21.04%		We monitor the indicator compared to the benchmark.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	0.89%	14.44%	0.52%		The coverage of this indicator is very low and it makes it difficult to accurately monitor the indicator. We keep checking the coverage, and how this will improve.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	32.74%	97.17%	29.21%		This indicator is monitored compared to the benchmark and outliers could be the target of an engagement initiative.
	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	0.00%	97.95%	0.00%		This PAI is part of TOBAM's exclusion policy. This indicator is closely monitored to ensure that no company in breach of key international norms are invested by the portfolio. Figures different than 0% will also be investigated by TOBAM and closely documented and researched.

INDICATORS APPLICABLE TO INVESTMENTS IN SOVEREIGNS AND SUPRANATIONALS

Environmental	15. GHG intensity	GHG intensity of investee countries	2.66	1.20%	3.47		
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law					

OTHER INDICATORS FOR PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

Adverse sustainability indicator		Metric	Impact 2025	Coverage	Impact 2024	Explanation	Actions taken, and actions planned and targets set for the next reference period
Emissions	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	37.24%	98.03%	38.33%	<p>For the purpose of this PAI indicator, ISS ESG considers companies to have carbon emission reduction initiatives aimed at aligning with the Paris Agreement only if they have set themselves or are formally committed to setting themselves carbon reduction targets approved by the SBTi.</p> <p>We have selected as additional indicator, the commitment to SBTi as we feel this is a crucial step towards further commitment to carbon emissions reduction. This is part of our process notably for our Paris aligned strategies.</p>	We are monitoring this indicator, and we are looking to mention the SBTi initiative and invite companies to commit in our open dialogues with companies.

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Adverse sustainability indicator		Metric	Impact 2025	Coverage	Impact 2024	Explanation	Actions taken, and actions planned and targets set for the next reference period
Human Rights	1. Lack of a human rights policy	Share of investments in entities without a human rights policy	35.97%	97.20%	41.94%	ISS ESG's definition of human rights policy does not require approval at board level.	Commitment to human rights policies is still very low, in line with the benchmark but still very low. This is a crucial criterion for TOBAM, and we have decided to add a request to build human rights policy to all our engagement letters even when the topic of engagement is unrelated.

Actual and historical figures may vary due to changes in coverage and updates to underlying methodologies.
Data sources: ISS ESG; TOBAM's estimations.

3. DESCRIPTION OF POLICIES TO IDENTIFY AND PRIORITISE PRINCIPAL ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS.

As minimum standard, the principal adverse impacts on sustainability indicators have been taken into account through an exclusion investment policy.

The exclusion policy covers activity-based exclusions with a high occurrence of adverse impact like controversial weapons, as well as an approach to dealing with companies that breach the UN Guiding Principles and OECD Guidelines for Multinational Enterprises.

For more information, please refer to **TOBAM's Exclusion Policy**.

Given the evolving nature of the SFDR data environment, there may be challenges in identifying adverse impacts. More information on how TOBAM deals with these challenges can be found via TOBAM's SFDR Data Disclosures document. All TOBAM's policies and procedures are evaluated on at least an annual basis.

In terms of prioritisation TOBAM has been focused on

- Carbon Emission Reduction, therefore, GHG related PAIs have been for many years at the forefront of TOBAM's investment process. In particular TOBAM sees the Paris Accord, as fundamental milestone for a sustainable future.
- Human Rights policies and Key controversies around human rights.

. Actions taken, and actions planned, and targets set for the next reference period

During the 2024 reference period, TOBAM continued to operationalise and consolidate the initiatives launched in 2023. The LBRTY range of Article 9 strategies was progressively implemented, and TOBAM further refined its proprietary methodologies on autocratic risk and biodiversity impact ("Water Impact Level" and "Forest Impact Level"). These tools were increasingly integrated into investment decision-making and governance assessments across strategies, including Article 8 funds. TOBAM also pursued its thematic engagements on severe human rights issues, notably with companies allegedly exposed to forced labour risks affecting Uyghur populations in China and started to systematically incorporate references to human rights policies into its broader stewardship activities.

During the 2025 reference period, TOBAM continued to further enhance its sustainability and long-term investing considerations, as well as to reinforce its engagement as a responsible shareholder and creditor.

TOBAM continued to integrate human rights considerations into its investment and stewardship approach. In 2025, TOBAM maintained its engagement efforts with companies exposed to severe human rights controversies, including companies allegedly involved, directly or indirectly, in forced labour risks affecting Uyghur populations in China. Following the launch of the LBRTY range of strategies, TOBAM also further developed its approach to human rights and democratic exposure. LBRTY is based on the view that exposure to autocratic regimes may represent a long-term risk factor for investors. The strategy seeks to reduce direct and indirect exposure to autocratic regimes, supported by TOBAM's proprietary research and methodology.

TOBAM also conducted several engagements based on the monitoring of principal adverse impact indicators related to biodiversity. In particular, TOBAM engaged with companies identified as having activities that may negatively affect biodiversity-sensitive areas. These engagements aim to better understand the companies' exposure, risk-management practices, mitigation measures and progress over time.

For the next reference period, TOBAM plans to continue monitoring human rights controversies, negative environmental and social impacts, and carbon-related indicators. TOBAM will also continue engaging with

companies where material risks are identified and will apply its exclusion policy and stewardship approach where relevant.

. **Governance**

TOBAM Executive Committee allocated the main responsibility of steering the Sustainability Governance to the Sustainability Committee. The Sustainability Committee has recommended the following governance structure in relation to the review of the PAI indicators.

In accordance with the relevant pre-contractual documentation, the quarterly PAI reports run in PILOT every quarter, one relates to Equity Funds, one relates to Fixed Income Funds. Those reports are reviewed first by the PM Team and subsequently by the Risk Team. The process should close by the end of the first month subsequent to quarter end.

. **Data sources**

TOBAM primarily utilizes the ISS computation engine and methodology for presenting data. TOBAM's estimations are incorporated when they offer more comprehensive coverage information.

TOBAM endeavours to maintain the quality of the information provided. However, the statistics contained in this document are subject to variation due to changes in the coverage universe, developments of the underlying calculations and the availability of data.

Controls are performed on data management and data quality, both in terms data uploading process of the relevant portfolio and output of the relevant metrics and indicators from the ISS infrastructure and public information.

4. ENGAGEMENT POLICIES

Recognizing the value of different forms of engagement, TOBAM carries out direct engagement as well as collaborative engagements with other partners or investors. TOBAM acts individually or collectively based on information gathered by its partner ISS or issued by other stakeholders such as investors or human rights NGO's. All engagement initiatives are discussed and decided during the Sustainability Committee.

TOBAM can engage in the following forms:

- Collaborative engagement via a pooled engagement with ISS.
- Participative engagement with other collaborative initiatives, including PRI, as TOBAM is a signatory since 2010.

In addition, results of engagement are reported regularly and at least quarterly to the Sustainability Committee.

Within the Sustainability Committee the escalation process is defined, up to the recommendation of divestment.

Another important form of engagement is the proxy voting process and related stewardship Policy. As a shareholder, TOBAM has a right to vote in shareholder meetings of the investee companies. TOBAM uses the voting rights with the aim to influence a company's corporate practices in line with best governance practices, the interest of our clients and the investing public at large.

By Proxy Voting policy we aim to promote good governance practices for example by voting against management resolutions that are not aligned with best practice or do not have sufficient minority shareholder nor diverse representation within the Board of Directors.

ISS is delegated to perform TOBAM’s voting policy on our behalf.

For more details, please refer to TOBAM’s Engagement and Stewardship Policies.

5. REFERENCE TO INTERNATIONAL STANDARDS

As part of TOBAM’s effort to making financial markets more sustainable, the company works together with a diverse set of international institutions. Our active contribution to these important global platforms for collaborative action on sustainability issues enables us to help shape the global investment agenda. For more details, please refer to the **Sustainable & Responsible Investments Sustainability Risks Policy**.

As a PRI signatory since 2010, TOBAM is committed to upholding its Responsible Investment objectives by applying the PRI’s six underlying principles to its business and communicating its practices, progress and outcomes every year.

. Alignment to Paris Agreement

TOBAM has taken the initiative to align some sub-funds with the Paris agreement of keeping global warming below the 1.5° C commitment. For those sub-funds, TOBAM applies the following additional ESG features:

- Carbon Footprint Reduction of 50% vs. Benchmark (versus 20% for the other sub-funds) considering Scope 1, 2 and 3 (when possible).
- Additional and more restrictive exclusions on Fossil Fuel related industries (Coal; Threshold at 1% of revenues, Oil: threshold 10% of revenues, Natural Gas: threshold 50% of revenues; High GHG emissions electricity producers: threshold >100gCO2/kwh (50% of revenues)
- Optimization constraint of temperature contribution of each holding to reach a 1.5° C portfolio in line with the latest IPCC climate scenarios.
- Best effort additional feature, to incorporate companies’ commitment to the Science Based Targets initiative (monitored on a yearly basis).

. Adherence to international social standards

TOBAM complies with the following international social standards as part of its investment policy:

- the OECD Guidelines for Multinational Enterprises.
- and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

This commitment is linked in particular to PAI number 10 as per below table.

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
-----------------------------	--	--

6. HISTORICAL COMPARISON

This is the fourth year of publication. The table *principal adverse impacts on sustainability factors* shows annual comparison 2025/2024.