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Entity Level Disclosure

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The information contained in this section is provided in accordance with Art. 4 of the Regulation (EU) 2019/2088 of the European Parliament and of the Council of November 27, 2019, on sustainabilityrelated disclosures in the financial services sector (Sustainable Finance Disclosure Regulation, or SFDR). 2Xideas AG (2Xideas, LEI: 254900LXUJS4PKBGVC48) considers principle adverse impacts of investment decisions on sustainability factors for direct and indirect investments.

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. Therefore, 2Xideas has incorporated the systematic consideration of Principal Adverse Impacts (PAIs), as defined in the SFDR, into its investment processes. The following Environmental and Social PAIs are considered, provided that sufficient data is available:

Environmental PAIs

- **PAI 1** – Greenhouse Gas Emissions: GHG emissions in metric tons of CO2, weighted by the portfolio's value of investment in a company and by the company's enterprise value including cash. The GHG emissions are measured in four categories: Scope 1 (direct GHG emissions), Scope 2 (indirect GHG emissions, e.g., in embedded in the electricity consumed by a company), Scope 3 (indirect emissions resulting from activities in a company's upstream and downstream value chain).
- **PAI 2** – Carbon Footprint: Total GHG emissions in metric tons of CO2, weighted by the portfolio's value of investment in a company and by the company's enterprise value including cash, adjusted to show the emissions associated with EUR 1mn invested in the portfolio.
- **PAI 3** – GHG intensity of investee companies: Portfolio weighted average of companies' total GHG Emissions Intensity per EUR 1mn in revenue.
- **PAI 4** – Investments in companies without carbon reduction initiatives: Share of investments in investee companies without carbon emissions reduction initiatives aimed at aligning with the Paris Agreement.
- **PAI 5** – Exposure to companies active in the fossil fuel sector: Share of investments in companies active in the fossil fuel sector.
- **PAI 6** – Share of non-renewable energy consumption and production: Share of nonrenewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources, expressed as a percentage.
- **PAI 7** – Energy consumption intensity per high impact climate sector: Energy consumption in GWh per EUR 1mn of revenue of investee companies, measured per high impact climate sector.
- **PAI 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.
- **PAI 9** – Emissions to water: Tons of emissions to water generated by investee companies per EUR 1mn invested, expressed as a weighted average.
- **PAI 10** – Hazardous waste ratio: Tons of hazardous waste generated by investee companies per EUR 1mn invested, expressed as a weighted average.

Social PAIs

- **PAI 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 for OECD Guidelines for Multinational Enterprises.
- **PAI 12** – 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

handing mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises.

- **PAI 13** – Unadjusted gender pay gap: Average unadjusted gender pay gap of investee companies.
- **PAI 14** – Board gender diversity: Average ratio of female to male board members in investee companies.
- **PAI 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.
- **PAI 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).

2Xideas considers PAIs in three different stages of its investment process:

1. Universe exclusions: PAI 11 has strict exclusion criteria for companies found in breach of those mentioned standards. PAI 15 has a 0% revenue threshold. PAIs 11and 15, are part of the norms-based exclusions that 2Xideas uses to remove certain non-compliant companies from its investment universe. Companies that exceed the threshold level on any of these PAIs are therefore not eligible for investment.
2. Company-specific thresholds: At the start of our fundamental research activities with respect to a target company, the responsible analyst must complete a checklist that contains, amongst other items, the PAIs under consideration. For each PAI, the analyst must confirm that the company does not exceed a defined threshold. These thresholds are set by the Sustainability Committee and reviewed annually. The thresholds vary for each sector, depending on the exposure to certain industries.
   If one or several thresholds are not met, the analyst must specifically comment on why the target company should still be considered as a potential investment. The decision to commence the research activities rests with the respective Sector Group. The decision of whether a company does become eligible for investment rests with the Investment Decision Committee, which will explicitly consider PAI threshold breaches as a negative data point in its decision.
   The Sustainability Committee reviews the full list of companies eligible for investment on a quarterly basis and decides on the eligibility of companies with significantly negative developments in any of the PAIs under consideration. If for any of the companies that are eligible for investment a negative PAI development leads to a breach of the defined threshold levels, 2Xideas engages with the company with the aim to rectify the breach.
3. Portfolio construction: For investment products that explicitly consider the PAIs on a portfolio level, a weighted budget approach is used. These thresholds are set by the Sustainability Committee on a product-by-product basis and are reviewed annually. The respective portfolios are constantly monitored for breaches of the PAI threshold levels. A breach of a PAI threshold triggers a portfolio review. The Investment Decision Committee may choose not to act on a breached PAI threshold if no suitable investment alternatives are deemed to be available. This decision must be documented.

For each investment product considering the PAIs, a so called "PAI-Card" with the respective thresholds can be found on the website of 2Xideas (www.2xideas.com). Reporting on the PAIs can be found in the periodic reports of these investment products.

2Xideas is a signatory to the UN Principles for Responsible Investment (UN PRI).

Data Source

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

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