



2025

TCFD Report



Table of Contents

CEO Letter 3

Introduction 4

Governance 5

Strategy 11

Risk Management 15

Metrics & Targets 17

Outlook 21

Annex 22

Disclaimer 23

A) CEO Letter

Having assumed the role of Chief Executive Officer during 2026, I am pleased to introduce our third annual report aligned with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"), covering the financial year ended 31 December 2025.

At 2Xideas, we recognize the pressing urgency of climate change and reaffirm our commitment to supporting the global transition to a low-carbon economy. As a long-term investor, we view climate-related risks as material financial risks and take our responsibility seriously, both in how we operate as a firm and in how we invest. This conviction has not changed, and will not change, regardless of shifting political priorities.

In 2025, 61.5% of the companies in our portfolio were Paris-aligned, with an implied temperature of 2°C or below, and 51.2% of our holdings held Science Based Targets initiative ("SBTi") approved emission reduction targets. Both figures place us materially ahead of our benchmark, the MSCI World Mid Cap Index, and reflect the structural alignment between quality growth investing and the low-carbon transition. Our portfolio's Implied Temperature Rise ("ITR") was 2.7°C at year-end, above the 2.5°C benchmark. The increase reflects a higher allocation to industrial businesses during the year. We engaged directly with a number of these companies on their decarbonization strategies and will continue to do so.

Transparency must not stop with us. We expect our investee companies to demonstrate the same level of commitment by disclosing their climate-related risks, strategies, governance, and metrics in alignment with the TCFD framework. We actively assess energy and resource efficiency, carbon intensity, and climate resilience as material indicators of long-term value creation. Where disclosure is insufficient, we engage. Where progress stalls, we challenge.

On the operational side, 2Xideas generated 39.7 metric tons of CO₂ equivalent ("tCO₂-eq") of greenhouse gas emissions during 2025, a reduction of approximately 30% compared with 2024. We remain a carbon-neutral company, offsetting residual Scope 1 emissions through Climeworks' direct air capture technology and Scopes 2 and 3 emissions through myclimate. Our commitment to achieving net-zero operations by 2040, as a signatory to the Net Zero Asset Managers initiative ("NZAMi") since August 2022, remains firmly in place.

Looking forward, we remain committed to continuous improvement. As data quality, tools, and methodologies advance, we will adapt. We see this report not simply as a disclosure exercise, but as a reflection of our fiduciary duty and our stewardship responsibility.

Sincerely,

Stephan Welti

Chief Executive Officer, 2Xideas AG

B) Introduction

The risks associated with climate change are manifold but can broadly be divided into physical risks and transition risks. Physical risks may be acute or chronic and pertain to the economic ramifications of disruptions to business operations, infrastructure, and supply chains. Transition risks arise from the process of moving toward a low-carbon economy and include legal risks, such as carbon-related taxation, as well as reputational and policy-related risks. Alongside these risks, climate-related opportunities exist in areas such as resource efficiency, cleaner energy sourcing, and overall climate resilience.

In 2015, the Basel-based Financial Stability Board ("FSB"), hosted by the Bank for International Settlements ("BIS"), established the Task Force on Climate-Related Financial Disclosures (TCFD), a group of approximately 30 experts from banking, asset management, insurance, and non-financial industries, initially mandated to address reporting gaps related to the 2015 Paris Agreement.

By 2017, the TCFD released its recommendations, which promote globally consistent and comparable reporting on climate-related risks and opportunities. The framework outlines 11 recommended disclosures structured around four thematic pillars: Governance, Strategy, Risk Management, and Metrics & Targets.

The rationale for these recommendations was well summarized by Michael R. Bloomberg, Chairman of the TCFD: "Investors, asset managers, corporations, governments and financial institutions have an important role to play. Reporting along a consistent set of recommendations is crucial in driving the transition." In other words, adopting these principles enables companies to communicate their low-carbon transition efforts and assess where further adaptation is needed.

Hoesung Lee, former Chair of the Intergovernmental Panel on Climate Change ("IPCC"), emphasized the importance of the TCFD: "Transformational changes are more likely to succeed where there is trust, where everyone works together to prioritize risk reduction, where benefits and burdens are shared equitably. It all starts with transparent and consistent reporting."

TCFD'S FOUR PILLARS.¹



Source: TCFD.



C) Governance

TCFD Recommended Disclosures

Describe the board's oversight of climate-related risks and opportunities

Describe management's role in assessing and managing climate-related risks and opportunities

The way in which 2Xideas is overseen and managed strongly coincides with our investment practices. It underpins the expectations we have of our investee companies in terms of governing and managing climate-related risks and opportunities. We believe that through sound stewardship we can play our part and contribute to sustainable development.

We believe that good governance drives environmental and social developments. This holds true for all companies regardless of sector or industry. Therefore, continuous review of governance policies and practices is crucial, including how companies manage climate-related risks and opportunities. We are convinced that if these are managed effectively, they will positively contribute to long-term shareholder value.

i) Board Oversight

2Xideas' ownership and governance structure is aligned with its long-term objectives. The firm is owned by its partners, who actively participate in daily operations. This structure underpins a deep-rooted commitment to the sustained growth of the business.

At the end of 2025, we employed 22 employees (21 full-time equivalents) across three office locations and their respective entities:

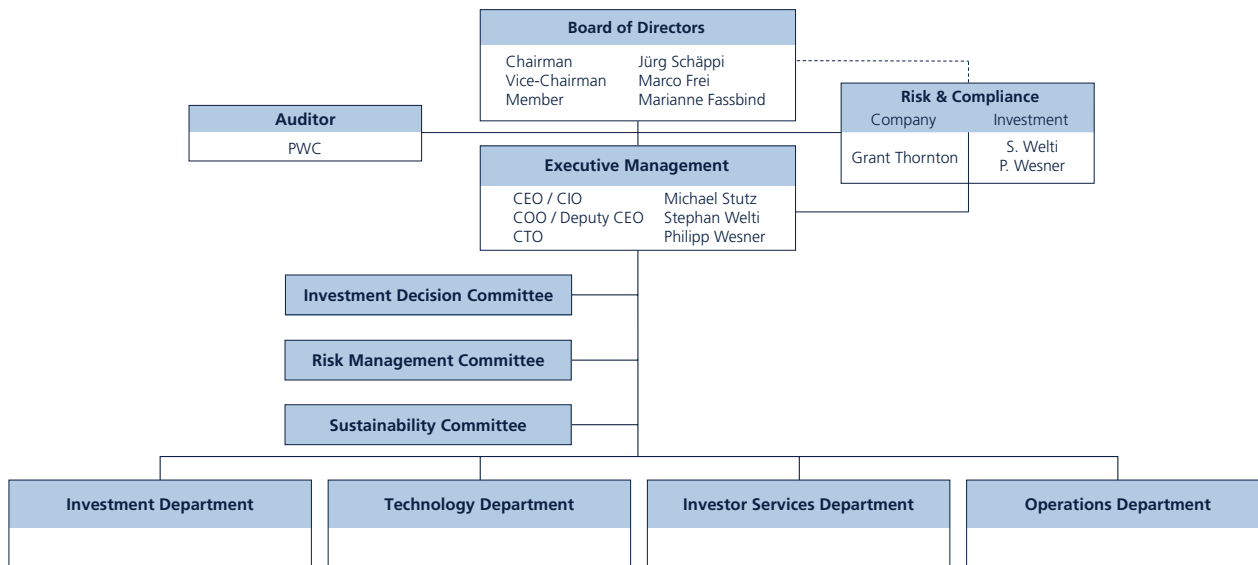
- 2Xideas AG in Küsnacht, ZH, Switzerland
- 2Xideas Europa AG in Vaduz, Liechtenstein
- 2Xideas US Inc. in New York, NY, US

Our approach to sustainability originates with the Board of Directors. The Board is tasked with defining the sustainability strategy for 2Xideas both on a company level and throughout investment activities. The Executive Management, together with the Sustainability Committee, is responsible for implementing our stated sustainability strategy.

OUR OFFICE LOCATIONS



ORGANIZATIONAL CHART



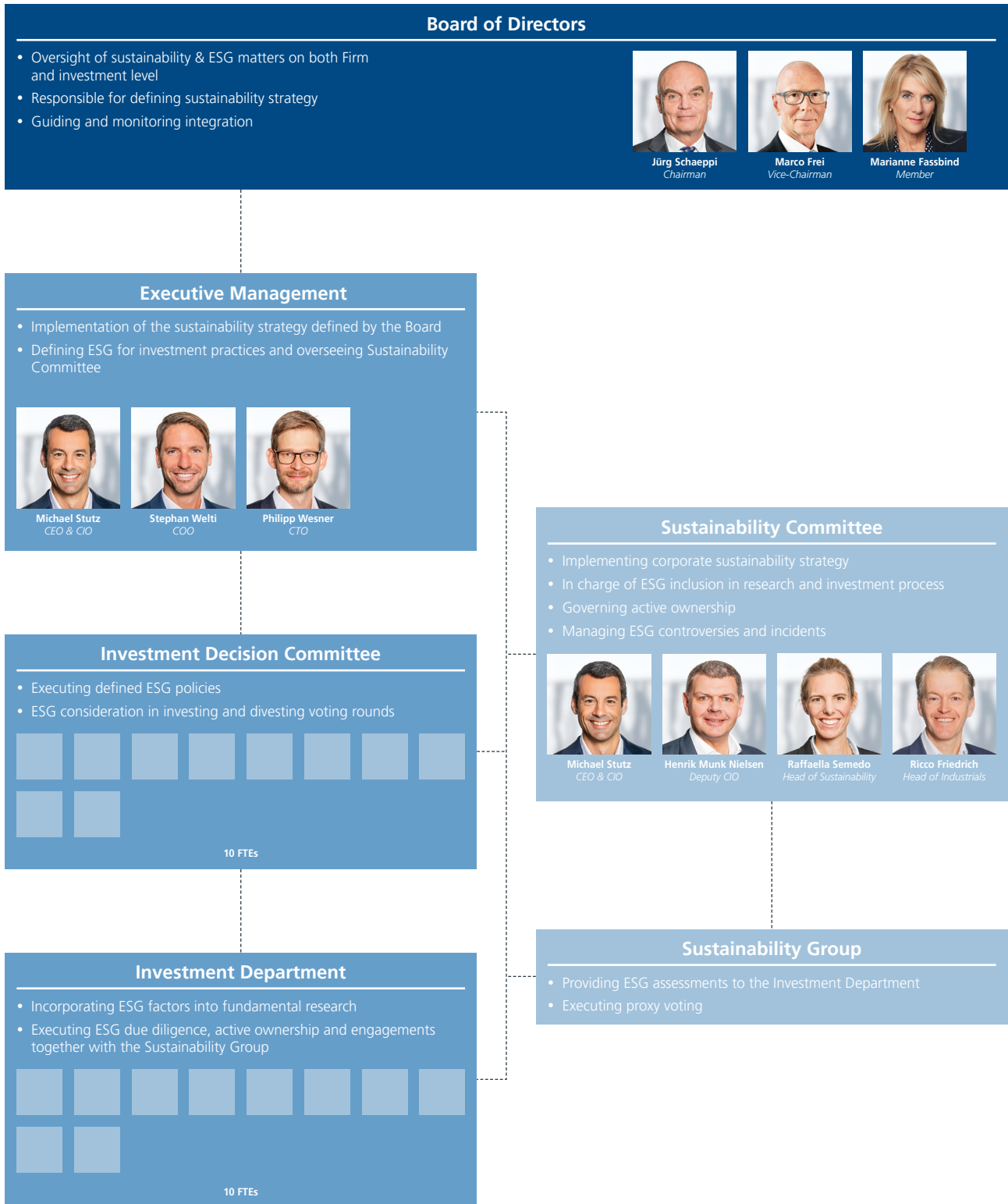
The 2Xideas Board meets on a quarterly basis. If necessary, it holds extraordinary meetings. ESG including climate change related topics are on the agenda of every Board meeting. This includes discussing the current risk profile, evaluating latest developments, and ultimately revising the sustainability strategy if necessary.

ii) Sustainability Committee

The Executive Management implements the decisions and strategies set out and defined by the Board. The Board established the Sustainability Committee in March 2021. It comprises one member of the Executive Committee, the Deputy-CIO, the Head of Sustainability, as well as two equity analysts. The equity analysts join the Sustainability Committee on a one-year basis, with the role rotated among analysts from different sector groups to ensure broad engagement and ownership of the sustainability topic.

The Sustainability Committee has been approved by the Swiss Financial Market Supervisory Authority ("FINMA") as an official committee of 2Xideas. It provides the structure, guidance, and control for the implementation of the corporate sustainability strategy. The Sustainability Committee meets at least on a quarterly basis to discuss sustainability-related developments and on an ad-hoc basis for active ownership decisions or any material ESG topics.

SUSTAINABILITY GOVERNANCE



The dedicated Head of Sustainability is specifically tasked with ensuring the integration of sustainability criteria into the research and investment process. She is a Certified ESG Analyst (CESGA®), chairs the Sustainability Committee, and leads all sustainability topics. The Sustainability Group works closely with the Investment Department in providing ESG-related assessments on companies and executing sustainability components in the overall investment decision-making process.

iii) Active Ownership

The way in which 2Xideas governs climate-related risks and opportunities as a firm is very similar to how it manages them on a portfolio and single security level. We act as stewards and seek active ownership with our investee companies.

We implement our active ownership strategy by executing the voting rights of all investee companies through the proxy advisory firm ISS. We use the ISS Sustainability Benchmark research as the starting point for our proprietary research on the presented voting items. Our analysts review upcoming items at AGMs and EGMs to form an independent opinion.

Should an analyst see a need to deviate from the ISS Sustainability Benchmark recommendation, the analyst recommends this to the Sustainability Committee, providing a detailed rationale. The Sustainability Committee votes on these proposals with a simple majority requirement to deviate from the ISS recommendation.

In 2025, we participated at all votable meetings. In total, there were 91 votable meetings. Approximately 6% of votes were on environmental issues and approximately 12% on social issues. As is typical, around half of the votes related to governance-related topics such as the election of directors.

Metric	2025	2024 (reference)
Votable meetings	91	82
Meetings voted	91	82
Participation rate	100%	100%
Votes against management	39 meetings	37
Votes against ISS recommendation	11 meetings	24
Proxy contests	0	0
Voting policy	ISS Sustainability Voting Guidelines	ISS Sustainability Voting Guidelines

Source: ISS, 2Xideas AG. Voting period: 1 January 2025 – 31 December 2025. Fund: 2Xideas UCITS Global Mid Cap Library Fund.

iv) Dialogue & Escalation

In our view, advocating sustainable development requires active dialogue on top of exercising our voting right. Our daily business involves close contact with our investee companies, and integrating climate-related topics has become part of our ongoing engagement with management. Inquiring how a company actively assesses and manages climate-related risks and opportunities is a standard topic for dialogue. With respect to GHG emissions, this concretely concerns a company setting credible targets with the SBTi and responding to the Climate Disclosure Project ("CDP") questionnaire.

We address any uncertainties or developments conflicting with our 4M Analysis and the initial investment case with the respective investee company. In cases of controversy, non-cooperation, and generally poor development, divestiture may be considered. To retain oversight, analysts log every interaction in our proprietary data platform ACE.

Throughout 2025, we have engaged with a number of companies on sustainability-related topics. Below we include four representative engagement examples from 2025:

EXAMPLE 1 OF 4

Asset class	Company	GICS	Theme
Global equity	DexCom (DXCM US)	Health Care Equipment & Supplies	Regulatory Compliance & Quality Management
Background	On 4 March 2025, DexCom received an FDA Warning Letter following inspections at its manufacturing facilities in Mesa and San Diego, California. The letter cited procedural quality-control deficiencies relating to the company's production processes. Importantly, the FDA did not require any product recalls, and there were no identified safety issues affecting patients currently using DexCom's continuous glucose monitoring devices. The Warning Letter represented an administrative escalation of prior observations rather than evidence of a systemic breakdown in product quality, and the company moved quickly to communicate its response to shareholders and regulators.		
Objective	We engaged with DexCom to gain a thorough understanding of the scope and nature of the Warning Letter, to assess whether the identified deficiencies reflected isolated procedural gaps or deeper, structural quality-management concerns, and to evaluate management's capacity to remediate effectively. We sought to determine whether the regulatory action had any implications for product availability or patient safety in the near term, and to understand the potential financial and reputational consequences for the business. We also wanted to assess how proactively management was engaging with the FDA and whether its corrective action plan was credible and well-resourced.		
Action	We spoke directly with DexCom's management team to discuss the FDA Warning Letter in detail. Management confirmed that no product recalls had been issued and that no patient safety risks had been identified. Management outlined the specific procedural improvements being implemented at the Mesa and San Diego facilities and highlighted that, as a precautionary measure, the company had proactively applied the same corrective steps to its manufacturing facility in Malaysia, even though that site had not been subject to FDA inspection.		
Outcome	We were satisfied that DexCom's response was prompt, transparent, and appropriately scoped. The proactive remediation at the Malaysia facility, which was not required by the FDA, demonstrated a commendable commitment to quality standards beyond the minimum regulatory obligation. We will continue to monitor developments as the FDA reviews the company's corrective action plan and will seek further updates if the regulatory process extends or escalates.		

EXAMPLE 2 OF 4

Asset class	Company	GICS	Theme
Global equity	Assa Abloy (ASSA.B SS)	Industrials	Corporate Governance
Background	Ahead of Assa Abloy's 2025 Annual General Meeting, proxy adviser ISS raised three distinct governance concerns: first, the company's use of a whole-slate board election structure, which ISS argued prevents shareholders from voting on individual directors; second, an overboarding concern regarding Chairman Carl-Henric Svanberg's successor, Lars Hjertonsso, who simultaneously serves as CEO of Latour and holds seats on five boards in total; and third, criticism of the long-term incentive plan's use of a one-year performance measurement period, which ISS viewed as insufficiently rigorous for a program of its scale. These concerns informed our voting decisions and subsequent engagement.		
Objective	We engaged with Assa Abloy to better understand the rationale behind each governance feature flagged by ISS, to assess whether the company's explanations were consistent with best practice in the context of Swedish corporate governance norms, and to form an independent view on the merits of the proxy adviser's concerns. We were particularly interested in understanding whether the whole-slate voting structure served any legitimate purpose, whether Hjertonsso's multiple board commitments would adversely affect his capacity as Chairman, and whether the short LTI performance window was a structural weakness or a deliberate and defensible design choice.		
Action	We voted against the whole-slate board election resolution and against the LTI plan, in line with ISS recommendations on those items. On the overboarding concern, we deviated from ISS guidance and voted in favor of Hjertonsso's election as Chairman. In our direct engagement, the company explained that the whole-slate structure reflects entrenched Swedish market convention, that Hjertonsso's role at Latour, Assa Abloy's largest shareholder, provides valuable strategic alignment, and that the one-year LTI measurement period was designed to exclude distortions from large-scale M&A activity, which has characterized the company's recent history.		
Outcome	We understood the company's position on Hjertonsso and were satisfied that his Latour responsibilities bring more benefit than governance risk in this specific context. However, we remain of the view that a longer LTI performance window would better align executive incentives with durable shareholder value creation. We will continue to monitor the evolution of Assa Abloy's remuneration framework and will re-evaluate our position at future AGMs.		

Example 3 of 4

Asset class	Company	GICS	Theme
Global equity	Dolby Laboratories (DLB US)	Technology / Software & Services	Board Independence & Shareholder Rights
Background	At Dolby Laboratories' 2025 Annual General Meeting, we exercised our voting rights to withhold support from four directors, comprising a majority of the board's independent members, primarily due to the company's perpetual multi-class share structure, which grants the Dolby family disproportionate voting control without any sunset provision to transition to a one-share-one-vote framework over time. In our view, the indefinite nature of the dual-class structure materially undermines minority shareholder rights and creates an accountability gap that independent directors are responsible for addressing. This voting decision prompted us to seek a direct engagement with management following the AGM.		
Objective	We engaged with Dolby to understand the board's perspective on the dual-class share structure, to communicate our view that the absence of a sunset provision is a governance deficiency that warrants attention, and to assess whether the Dolby family's ongoing involvement in the business justifies the continued concentration of voting power. We also sought to better understand the composition and functioning of the board, and to evaluate whether the independent directors were exercising meaningful oversight despite the structural constraints imposed by the controlling shareholder's voting majority.		
Action	We engaged directly with CFO Robert Park following the AGM. In our discussion, management acknowledged the concerns around multi-class structures but explained that the Dolby family views long-term voting control as essential to preserving the company's creative and strategic independence. Management noted that the family plays a limited day-to-day operational role in the business, and highlighted the strength and independence of non-executive directors including Anjali Sud, Tony Prophet, and Emily Rollins as evidence of effective board oversight.		
Outcome	We appreciated management's willingness to engage substantively on this topic. However, we remain unconvinced that the indefinite absence of a sunset clause is in the best interests of minority shareholders, and our concern about structural accountability has not been resolved. We will continue to reflect this through our voting at future AGMs unless a credible governance improvement pathway is established.		

Example 4 of 4

Asset class	Company	GICS	Theme
Global equity	Wise (WISE LN)	Financials / Diversified Financial Services	Governance & Dual Share Class Structure
Background	At Wise's 2025 Annual General Meeting, the board brought forward a combined resolution linking the company's proposed re-listing on a US exchange with a ten-year extension of its existing dual share class structure. The combination of two materially different decisions into a single vote was itself a notable governance concern. The board's stated rationale for the dual-class extension was the need to protect Wise's long-term strategic focus during what it characterized as a critical phase of scaling its operations in the United States. The resolution passed with approximately 97-98% support when co-founder shares were excluded from the count.		
Objective	We engaged with Wise to understand the reasoning behind bundling the US re-listing with the dual-class extension, to assess whether the ten-year timeframe was proportionate to the company's strategic needs, and to evaluate whether adequate shareholder protections were in place to mitigate the governance risks associated with an extended period of concentrated founder voting control. We also sought to understand whether the board had considered alternative structures, including shorter sunset periods or performance-linked conversion triggers, before settling on the current proposal.		
Action	Following our engagement, we voted in favor of the combined resolution. We were persuaded that the US expansion represents a genuinely transformative strategic opportunity for Wise and that founder alignment during this phase carries strategic merit. We also noted that Wise had introduced a post-vesting holding period for executive compensation, which provided additional comfort that management's long-term incentives were aligned with shareholders despite the voting power differential, and we chose to vote in favor of CEO compensation contrary to ISS guidance on this basis.		
Outcome	We remain attentive to the governance risks associated with the extended dual-class structure and will re-evaluate the appropriateness of founder voting control as the US expansion matures. We expect Wise to demonstrate measurable progress against its US growth objectives over the next two to three years and will use that progress as a reference point when considering whether the continuation of the current structure remains justified.		



D) Strategy

TCFD Recommended Disclosures

Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.

Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.

Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

At 2Xideas, our climate strategy is built on the premise of both the risks and opportunities arising from climate change. As an investment firm, we are of the opinion that we can be a positive force in the decarbonization of the economy and promote net-zero targets. The transition to a carbon neutral economy requires efforts across different sectors, regions, technologies, and communities.

i) 2Xideas' Operations

As an asset manager, our climate resilience is strongly reliant on the different, potential climate-related scenarios of our investee companies. As our own business is very carbon-light, we have very low Scope 1 and 2 emissions. Our emissions level is highly dependent on the number of employees and their location.

We have very low emissions arising from our day-to-day operations compared to other companies in other industries. Nevertheless, we take climate change earnestly and thereby combine Direct Air Capture ("DAC") technology and offsetting measures. Since the closure of our Dublin, Pfäffikon, and Hong Kong offices, our absolute carbon footprint reduced materially in 2025. More details are covered in the Metrics & Targets section.

Our office guidelines prescribe minimizing energy consumption, material consumption, sustainable heating and cooling, and diligent waste management. Both of our offices in Switzerland and our office in Liechtenstein rely 100% on renewable electricity, derived primarily by hydropower. 2Xideas is proud to be a carbon-neutral company, compensating for our emissions through a combination of DAC and offsetting, as we continue on our journey towards achieving net-zero.

ii) Initiatives & Progress

We have been signatories to the United Nations Principles of Responsible Investment ("UNPRI") since 2019 and to the NZAMi since August 2022.

We see the set of TCFD recommendations as a useful framework to build awareness about climate resilience in our business and incorporate it within our corporate strategy. We continue to make good progress on climate-related actions. We have built out specialist data provided by third-party data providers to collect both physical and transition climate risks and opportunities data across our investable universe. Continuous collection of this data helps us understand the impacts of climate risks and opportunities and implement associated mitigation actions.

We continue to conduct internal teach-ins on the latest ESG developments, enabling all our employees to enhance their knowledge base about sustainability and climate-related issues. 2Xideas covers the costs for external education related to our operations and grants its employees additional vacation days for studying.

iii) Investment Strategy

We are a global equities manager with a focus on quality growth and with a long-term investment approach. Our investment horizon is 5–7 years, ideally even longer. Our average holding period over the past 10 years is around four years.

We believe it is essential for a target investee company to have a clear long-term strategy covering all aspects of ESG, including their emissions profile and a thorough climate-change risk and opportunity assessment. We expect companies to exhibit a robust framework of monitoring, managing, and reporting on ESG matters. Therefore, these topics are actively discussed and engaged with in our conversations with management teams.

ESG IS INTEGRATED INTO EVERY STEP OF THE INVESTMENT PROCESS:

Investment Process	ESG Integration
<p>Idea Generation</p> <p>We employ advanced quantitative models in combination with qualitative input from our sector analysts to constantly screen our Investment Universe of approximately 2,100 listed mid and large cap companies.</p>	<p>ESG Exclusions</p> <p>The norms- and values-based exclusions, as highlighted in our Sustainability Policy, exclude around 10% of the companies in our investable universe.</p>
<p>Idea Verification</p> <p>We combine information gathered through financial analysis, management meetings, expert interviews, forensic studies, and alternative data sets into a holistic 4M (Macro, Market, Moat, Management) Analysis.</p>	<p>ESG Integration into our 4M Analysis</p> <p>The 4M Analysis provides a comprehensive evaluation by examining four areas, each encompassing various subcategories. Environmental and climate considerations are integrated into the Macro-M analysis, while social and governance factors are embedded within the Management-M assessment.</p>
<p>Idea Implementation</p> <p>We collect unbiased input from each of our specialist investment professionals and combine it with data from our proprietary risk factor model.</p>	<p>ESG know-how transfer & data analysis</p> <p>ESG data is incorporated into our proprietary risk factor model. We provide adequate resources for the equity analysts to perform the ESG analysis of potential investee companies.</p>
<p>Idea Engagement</p> <p>Investing with a long-term horizon makes us a strong partner for our investee companies.</p>	<p>ESG Engagement</p> <p>We constructively engage with boards and management teams and execute our voting rights in accordance with our long-term vision for each company.</p>
<p>Idea Transparency</p> <p>We offer our investors transparency through our deep-dive Investment Cases, our comprehensive Industry Insights, and by sharing detailed information on all our investment decisions.</p>	<p>ESG Reporting</p> <p>We transparently communicate our ESG strategy, implementation, metrics, and actions to our investors and stakeholders. This includes ESG assessments within our Investment Cases and sustainability reporting in our quarterly reviews.</p>

4M Analysis

Our 4M Analysis framework enables us to understand how value will be created, and risks mitigated using ESG considerations among other financial and non-financial factors. The four dimensions are:

Macro – Resilience to external forces

- Potential to outgrow GDP
- Dependence on economic cycle
- Exposure to external factors
- Environmental (climate risk and opportunity)



Market – Attractive market and positioning

- Runway for growth
- Visibility of demand
- Market share
- Competitive dynamics
- Switching costs



Moat – Defending the market position

- Economies of scale or scope
- Sustainable lead in asset, process or technology
- Patents, licenses, certifications
- Network effects
- Culture
- Brand



Management – Competence & Integrity

- Leadership
- Execution
- Resource allocation
- Social
- Governance



As mentioned above, the assessment of exposures to environmental risks and opportunities is part of the Macro-M dimension. In specific, we consider: the environmental footprint of the industry and supply chain; the company's exposure to climate change risks and opportunities; and the credibility of the company's emission reduction strategy across Scopes 1, 2, and 3.

We analyze to what extent climate change risk could affect a company and its business model through fundamental research and through monitoring the Climate Value at Risk ("CVaR") metric. Both analyses bear different time horizons: our fundamental research projects up to six years into the future across near-term, medium-term, and long-term horizons; the CVaR metric provides quantitative outputs for the years 2030, 2040, 2050, 2070, and 2100.

iv) Product Offering

We follow a single, unified research process from which we derive a selection of investment products and mandates, all of which focus on global and US mid cap companies. ESG considerations are fully integrated into this process at every step.

All of our assets under management are managed according to the EU Sustainable Finance Disclosure Regulation ("SFDR") Article 8 requirements. The analysis of Principal Adverse Impacts ("PAIs") is fully integrated into our investment process. PAIs 1–7 relate to GHG emissions, carbon footprint, carbon reduction initiatives, fossil fuel exposure, and energy consumption.

Our flagship product, the 2Xideas UCITS Global Mid Cap Library Fund, is a long-only, global, quality growth equity fund comprising at least 70 constituents. The 2Xideas UCITS US Mid Cap Library Fund and the 2Xideas SICAV-SIF Global Mid Cap Select Fund are also classified as SFDR Article 8 funds.

v) Climate Resilience

As an asset manager, our exposure to physical and transition-related climate risks depends on the sectors, geographies, and climate risk management practices of the companies we invest in. We use the ITR metric to track the climate alignment of our investments, and CVaR to assess potential financial impacts from climate risks.

At 31 December 2025, the portfolio ITR was 2.7°C, compared with 2.5°C for the MSCI World Mid Cap benchmark. The increase relative to prior periods reflects a higher allocation to industrial businesses, which carry structurally higher greenhouse gas intensity. Industrial companies accounted for approximately 52% of portfolio Scope 1 and 2 financed emissions at year-end.

Under our primary disclosure scenario, the 1.5° REMIND NGFS Orderly pathway, the portfolio Aggregate CVaR was -1.0%, comprising a Policy CVaR of -0.3% and a Physical Risk VaR of -0.7%. The full multi-scenario analysis is presented in the Risk Management section.



E) Risk Management

TCFD Recommended Disclosures

Describe the organization's process for identifying and assessing climate-related risks.

Describe the organization's processes for managing climate-related risks.

Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

i) Risk Management Processes

Risk management is integral for all of our business activities. Our risk management is led by Risk & Compliance. However, the Board of Directors oversees, and the Executive Management carries out certain responsibilities that are clearly defined. Our internal control system ("ICS") comprises a number of processes: the Board conducts an overarching risk analysis, the Executive Management conducts various topic-specific risk analyses, and based on these analyses, an ICS with risk mitigation factors and corresponding controls is established.

Climate-related topics and ESG factors are included across these risk processes and assessments. A direct example from our operational ICS framework that pertains to ESG is the risk that regulatory ESG requirements are disregarded because the investment process is not defined or designed appropriately. The risk-mitigating action is to clearly define the investment process and a comprehensive internal set of rules, including ESG-relevant provisions and exclusion criteria, as outlined in the SFDR framework.

Two examples of how we use ESG data are our ESG KPI tracking tool and the ESG alert function. The KPI tracking tool tracks among other metrics the ITR and Controversies. Companies under active coverage are tracked via an ESG alert function triggered by a new or changing controversy or a change in ITR. This information is instantly fed to our analysts who can perform further evaluation and, if warranted, engage with the company directly.

ii) CLIMATE RISK

RISK OVERVIEW

Potential Risks	General Risks	Physical Risks
Physical Risks	Acute	Wildfires Storms Floods Droughts
	Chronic	Heat waves Rising sea levels Loss of biodiversity
Transition Risks	Political/Legal	New decarbonization laws Litigation, fines, and sanctions
	Technology	Disruption of certain industries through technological advancement such as AI
Reputation	Markets	General pressure on CO2 intensive industries Stranded assets
	Reputation	Reputational risk from failure to manage climate transition adequately

OPPORTUNITY OVERVIEW

Potential Opportunities	Type of Opportunity	Examples
Resource efficiency	Supply chain innovation	Recycling, new supply chain solutions
Energy sources	Renewables & Grid	Solar Wind Hydrogen Smart grids
Products	Sustainable goods	Building insulation Electric mobility Sustainable commodities
Reputation	Risk management	Enhanced ESG disclosure Circular economy

The Network for Greening the Financial System ("NGFS") is a consortium of central banks with the objective that the greater financial sector incorporates climate scenario analyses in risk management, reporting, and financial modeling. MSCI uses the REMIND-MAGPIE model from the Potsdam Institute for Climate Impact Research ("PIK").

Provided our main ESG data source is MSCI, we have decided to select the scenario used by them for coherence. At 2Xideas we decided to use the following primary climate scenario:

- Physical Risks: REMIND NGFS Orderly Net Zero 2050 (1.5°) – Aggressive outcome
- Transition Risks: REMIND NGFS Orderly Net Zero 2050 (1.5°)

The 1.5°C NGFS Orderly (Net Zero 2050) scenario assumes that ambitious climate policies are introduced immediately, worldwide GHG emissions will reach net zero by 2050, and there is a 50% chance that global warming will be below 1.5°C by the end of the century. Physical risks are relatively low, but transition risks are high.

The table below presents the full scenario analysis results for 2025.

Scenario	Policy CVaR	Physical Risk VaR	Aggregate CVaR
2°C Orderly	-0.8%	-0.5%	-1.3%
1.5° REMIND NGFS Orderly (primary)	-0.3%	-0.7%	-1.0%
1.5° REMIND NGFS Disorderly	-2.4%	-0.7%	-3.1%
2° REMIND NGFS Orderly	-0.6%	-0.7%	-1.3%
3° NGFS NDC	0.0%	-1.4%	-1.4%

Source: MSCI ESG Research LLC, 31 December 2025. CVaR expressed as a percentage of portfolio market value. Primary scenario highlighted.

RISKS

Identified Risk	Mitigation Measure
Stranded assets	We apply an ESG screening where specific industries (e.g., coal extraction) are excluded. For each remaining company, our proprietary 4M Analysis assesses whether assets are at risk of stranding. Companies which do not pass our analysis are excluded.
Direct physical climate risk	Through our fundamental research we do not invest in companies that are exposed to a direct physical climate risk within our investment horizon of 5–7 years.
Indirect physical climate risk	As long-term investors we analyze indirect physical climate risk on a continuous basis. We have no exposure to commodity or energy companies. When researching industrial companies we put high emphasis on analyzing indirect physical climate risk.

OPPORTUNITIES

Identified Opportunity	Description
Resource efficiency	Through our fundamental research approach and active equity investing, we favor companies that create new or leverage existing efficiencies through technological advantages. In the industrial and technology sector, we favor companies that are direct beneficiaries of trends toward more sustainable consumption.



F) Metrics & Targets

TCFD Recommended Disclosures

Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

Disclose Scope 1, 2, and if appropriate Scope 3 GHG emissions, and the related risks.

Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

Metrics and targets play a crucial role in assessing climate-related risks and opportunities. They are essential for measuring progress, both for us as a company and as an asset manager. These metrics are key to shaping our strategy and managing risks effectively. The quantitative data we rely on serves as the foundation for setting and monitoring targets and is derived from direct measurements as well as analytical tools provided by third-party data providers.

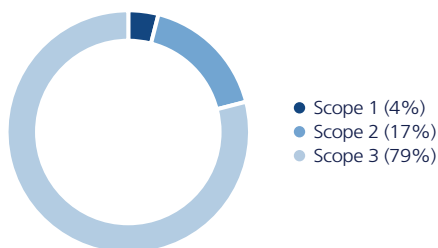
As a carbon-neutral company, we are committed to improving our DAC to offset ratio over the next few years. By 2040, our goal is to capture the entire carbon footprint of our company across all three scopes.

i) 2Xideas Carbon Footprint

In 2025 we calculated the carbon footprint for 2Xideas' operations across Scopes 1, 2, and 3 for the fifth consecutive year in accordance with the GHG Protocol and the ISO 14064 Standard. 2Xideas' GHG emissions from operations amounted to 39.7 metric tons of CO₂ equivalent ("CO₂-eq") for the fiscal year 2025, a reduction of approximately 30% compared with 56.8 tCO₂-eq in 2024. The reduction reflects the consolidation of the firm's office footprint to three locations following the closure of the Dublin, Pfäffikon, and Hong Kong offices, combined with reduced business travel and commuting.

Around 4.0% of 2Xideas' carbon footprint is direct emissions (Scope 1), while 16.6% is indirect Scope 2 emissions. Scope 2 emissions are mostly generated by electricity consumption and are calculated using a market-based approach. Scope 3 emissions include commuting, employee travel, and other indirect activities, and represent 79.4% of 2Xideas' total GHG emissions.

GHG EMISSIONS BY SCOPE, EXPRESSED AS PERCENTAGE



Source: 2Xideas

The following table presents a detailed overview of 2Xideas' GHG emissions, broken down by category.

GHG EMISSIONS BY CATEGORY

Categories	Indicators	Unit	Amount	tCO ₂	% tCO ₂	Scope
Heating production	Natural gas (NYC)	kWh	8,000	1.59	4.0%	1
	Heat pumps (KU-LI)	kWh	24,000	0.00	0.0%	1
	Cooling (KU-LI)	kWh	15,000	0.00	0.0%	1
Electricity	Electricity mix (KU-LI, 100% renewable)	kWh	31,773	0.04	0.1%	2
	Electricity mix (NYC)	kWh	17,000	6.55	16.5%	2
Business travel	Flights (offset)	pkm	–	0.00	0.0%	3
	Flights	pkm	–	13.59	34.3%	3
	Train/metro/bus/private car	km	–	1.46	3.7%	3
Accommodations	Hotels	nights	154	1.85	4.7%	3
Commuting	Private car – ICE	km	–	9.50	24.0%	3
	Private car – electric	km	–	0.26	0.7%	3
	Bus	km	–	0.37	0.9%	3
	Electric bike	km	–	0.15	0.4%	3
	Motorbike/scooter	km	–	0.46	1.2%	3
Paper & printing	Printing	kg	–	1.29	3.3%	3
Waste	Recycled waste	kg	–	0.17	0.4%	3
Other consumables	Coffee capsules	piece	–	1.15	2.9%	3
	Cleaning service	FTE	–	0.35	0.9%	3
Total				39.7	100%	

Source: 2Xideas. KU = Küsnacht; LI = Liechtenstein; NYC = New York City. pkm = passenger kilometers.

The two largest GHG emission contributors are business flights and commuting, representing 34.3% and 27.2% respectively of the 2Xideas carbon footprint. Both Swiss offices and the Liechtenstein office consume 100% renewable electricity. The Küsnacht office's heating and cooling is carbon-neutral, derived from Lake Zürich by the local energy supplier.

BREAKDOWN OF GHG EMISSIONS BY YEAR

Scope	2021 tCO ₂	%	2022 tCO ₂	%	2023 tCO ₂	%	2024 tCO ₂	%	2025 tCO ₂	%
Scope 1	1.8	2.7%	4.1	4.1%	4.1	4.8%	3.1	5.5%	1.6	4.0%
Scope 2	6.4	9.8%	10.3	10.3%	10.1	11.8%	7	12.3%	6.6	16.6%
Scope 3	57.5	87.5%	85.8	85.6%	71.2	83.4%	46.7	82.2%	31.5	79.4%
Total	65.7		100.2		85.4		56.8		39.7	
FTE	48		71.4		73.3		32		21	
tCO ₂ /FTE	1.37		1.4		1.17		1.78		1.89	

Source: 2Xideas

Since 2021, 2Xideas has maintained carbon-neutral operations. Scope 1 emissions are offset through Climeworks AG via direct air capture and permanent geological storage technology. Scopes 2 and 3 emissions are offset through myclimate, a Zürich-based nonprofit organization. 2Xideas remains a carbon-neutral company on its path to net zero by 2040. In August 2022, 2Xideas signed the Net Zero Asset Managers Initiative.

ii) Asset Management Metrics

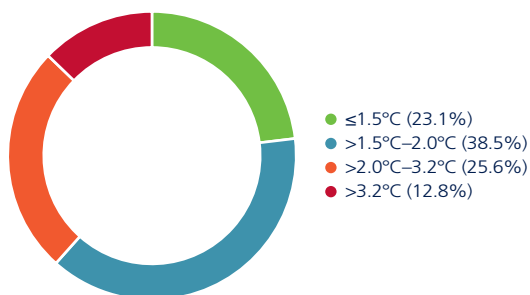
Investors can contribute to the transition to net zero by aligning their investment strategy with a decarbonization pathway. To measure progress on the decarbonization pathway elected by a company, we have chosen the ITR metric provided by MSCI ESG Research LLC. ITR is an intuitive, forward-looking metric, expressed in degrees Celsius (°C), designed to measure the temperature alignment of companies with global temperature goals. ITR also considers Scope 3 emissions and hence encompasses the full scope of emissions a company creates with its activities.

True net-zero alignment is achieved if a company reaches an ITR at or below 1.5°C. An ITR of 2.0°C equals an alignment with the minimum goals of the Paris Agreement. As of 31 December 2025, 61.5% of the companies in our portfolio are aligned with the Paris Agreement (ITR at or below 2°C), compared with 47.4% for the MSCI World Mid Cap Index. 51.2% of portfolio holdings have SBTi-approved emission reduction targets, compared with 43.9% for the benchmark. The portfolio ITR is 2.7°C, reflecting a higher allocation to industrial businesses during the year.

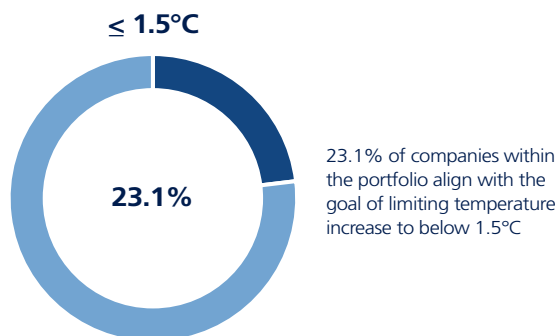
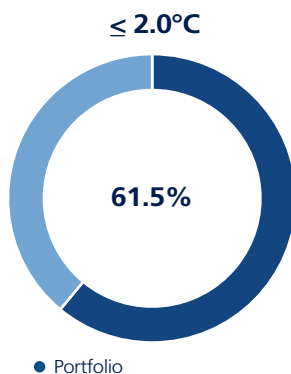
The portfolio ITR increase from 2.5°C (2024) to 2.7°C (2025) is primarily attributable to the higher weighting in industrial businesses, which carry structurally higher GHG intensity. Industrials accounted for approximately 52% of portfolio Scope 1 and 2 financed emissions at year-end. This is a sector-level effect and does not reflect diminished engagement on climate transition: 2Xideas held climate-related engagements with several industrial holdings during the year and will continue to prioritize SBTi target-setting discussions.

MSCI IMPLIED TEMPERATURE RISE DISTRIBUTION

The issuers in the portfolio are distributed according to their implied temperature rise showing the number who are aligned with the Paris Agreement and the more ambitious 1.5°C temperature goal.



SHARE OF COMPANIES ALIGNING WITH GLOBAL TEMPERATURE GOALS



COMMITMENTS TO NET ZERO AND TRANSITION MONITORING

	2Xideas AUM	MSCI World Mid Cap
Company's carbon emission reduction initiatives aimed at aligning with the Paris Agreement (ITR at or below 2°C)	61.5%	47.4%
Company's carbon emissions reduction target of 2°C or below approved by the Science Based Targets initiative (SBTi)	51.2%	43.9%

Source: MSCI ESG Research LLC, 2Xideas. As of 31 December 2025.

Carbon emission metrics

The indicator 'Financed Carbon Emissions' is sensitive to changes in the relative market value of the total AUM positions, and measures the carbon footprint for which an investor is responsible, per million EUR invested. Carbon emissions are apportioned based on equity ownership. The indicator 'Financed Carbon Intensity' represents the carbon efficiency in terms of carbon emissions per unit of output. The indicator 'Weighted Average Carbon Intensity' (WACI) measures exposure to carbon intensive companies and serves as a proxy to potential climate change-related risks relative to the MSCI World Mid Cap Index. The fourth indicator, 'Total Financed Carbon Emissions,' shows in absolute numbers the total carbon footprint of the aggregated AUM.

To calculate these indicators, we consider all sources of greenhouse gas emissions created by the activities of our investee companies, including relevant emissions of their suppliers and users of their products. All indicators use CO2 equivalent (CO2e) as the unit of measurement as we consider not only CO2 emissions but also all other greenhouse gases that play a role in global warming, such as methane (CH4) and nitrous oxide (N2O).

FINANCED CARBON EMISSIONS

Tons CO ₂ e / EUR mn invested	2Xideas Library	MSCI World Mid Cap	% Var. vs MSCI World Mid Cap
Scope 1+2	5.2	59.9	-91.3%
Scope 3 upstream	58.1	134.8	-56.9%
Scope 3 downstream	40.1	217.7	-81.6%
Total	103.4	412.4	-74.9%

FINANCED CARBON INTENSITY

Tons CO ₂ e / EUR mn sales	2Xideas Library	MSCI World Mid Cap	% Var. vs MSCI World Mid Cap
Scope 1+2	19.1	131.0	-85.4%
Scope 3 upstream	213.1	294.9	-27.7%
Scope 3 downstream	147.3	476.1	-69.1%
Total	379.5	902.0	-57.9%

WEIGHTED AVERAGE CARBON INTENSITY (WACI)

Tons CO ₂ e / EUR mn sales	2Xideas Library	MSCI World Mid Cap	% Var. vs MSCI World Mid Cap
Scope 1+2	26.0	162.1	-84.0%
Scope 3 upstream	214.1	267.2	-19.9%
Scope 3 downstream	173.8	513.1	-66.1%
Total	413.9	942.4	-56.1%

TOTAL FINANCED CARBON EMISSIONS/CARBON FOOTPRINT

Tons CO ₂ e	2Xideas Library
Scope 1+2	614.5
Scope 3 upstream	6,859.1
Scope 3 downstream	4,741.6
Total	12,215.2

Source: MSCI ESG Research LLC, 31 December 2025. Figures denominated in EUR. Prior year figures were denominated in USD and are not directly comparable.²

FOSSIL FUEL EXPOSURES

Our overall AUM has zero exposure to potential emissions from fossil fuel reserves, fossil fuel-based revenues, thermal coal, oil and gas, or power generation from thermal coal.

² All financed emission metrics are denominated in EUR, consistent with MSCI reporting currency for 31 December 2025. Prior year figures were denominated in USD and are not directly comparable on a per-million-invested basis. Climate ratios and percentage metrics (ITR, Paris alignment %, SBTi %, CVaR as % of portfolio value) are currency-neutral and directly comparable across periods.

G) Outlook

In terms of climate change and sustainability we believe that we can make positive contributions by playing our part in actively embedding ESG and climate change metrics within our operations and within our investment process.

We are aware that many of the pledges companies have made are ambitious and that many targets may not yet be realistically achievable. Nevertheless, we are fundamentally convinced that we can contribute by continuously prompting companies to report transparently, set targets, embed oversight in their corporate governance structures, and mitigate risks. Companies that manage their sustainability and climate change risks thoughtfully and develop their business in a way to mitigate those risks will be better prepared to grow and create long-term shareholder value.

Our mid-term goal is to have a portfolio ITR below 2.5°C by 2030, and we strive for all of our investment funds and mandates to exhibit an ITR of 1.5°C or below by 2050. The improvement in Paris alignment from 56.6% in 2024 to 61.5% in 2025, and the increase in SBTi-verified holdings from 38.0% to 51.2%, reflect continued progress toward these objectives. Continued engagement with holdings whose ITR remains above the Paris threshold is a key priority for the Sustainability Committee.

As a company leveraging the power of technology, we strongly believe in the future of data and technology as a catalyst to transitioning to a low-carbon economy. We continue our efforts to integrate climate-related data and analytics into our processes, complementing our fundamental research and decision-making with non-financial metrics.

H) Annex

References to methodologies

ITR

<https://www.msci.com/downloads/web/msci-com/research-and-insights/blog-post/different-not-diverging-aligning-temperature-alignment-metrics/MSCI-Implied-Temperature-Rise-Methodology.pdf>

CVaR

https://www.msci.com/documents/1296102/17413431/ClimateVaR_Brochure.pdf

Source of Carbon emissions data

This disclosure was developed using information from MSCI ESG Research LLC or its affiliates or information providers. Although 2Xideas AG information providers, including without limitation, MSCI ESG Research LLC and its affiliates (the "ESG Parties"), obtain information (the "Information") from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness of any data herein and expressly disclaim all express or implied warranties, including those of merchantability and fitness for a particular purpose. The Information may only be used for internal use, may not be reproduced or disseminated in any form, and may not be used as a basis for, or a component of, any financial instruments or products or indices. None of the ESG parties shall have any liability for any errors or omissions in connection with any data herein, or any liability for any direct, indirect, special, punitive, consequential, or any other damages (including lost profits) even if notified of the possibility of such damages.

CALCULATIONS FOR CARBON EMISSIONS DATA

EVIC: Enterprise Value Including Cash	<i>EVIC = Market capitalization at fiscal year-end date + preferred stock + minority interest + total debt + cash and cash equivalents. EVIC is an alternate measure to Enterprise Value (EV) that adds back cash equivalents.</i>
Financed Carbon Emissions tons CO ₂ e / EUR mn invested	<p>Allocated emissions to all financiers (EVIC) normalized by EUR mn invested. Measures the carbon emissions for which an investor is responsible, per EUR million invested, by equity ownership.</p> $\frac{\sum_n^i \left(\frac{\text{current value of investment}_i}{\text{issuer's EVIC}_i} \times \text{issuer's Scope 1 and Scope 2 GHG emissions}_i \right)}{\text{current portfolio value (EUR mn)}}$
Total Financed Carbon Emission tCO ₂ e	<p>Allocated emissions to all financiers (EVIC). Measures the total carbon emissions for which an investor is responsible by equity ownership.</p> $\sum_n^i \left(\frac{\text{current value of investment}_i}{\text{issuer's EVIC}_i} \times \text{issuer's Scope 1 and Scope 2 GHG emissions}_i \right)$
Financed Carbon Intensity tCO ₂ e / EUR mn sales	<p>Allocated emissions per allocated sales. Measures the carbon efficiency of a portfolio.</p> $\frac{\sum_n^i \left(\frac{\text{investment}_i}{\text{EVIC}_i} \times \text{GHG}_i \right)}{\sum_n^i \left(\frac{\text{investment}_i}{\text{EVIC}_i} \times \text{revenue}_i (\text{EUR mn}) \right)}$
Weighted Average Carbon Intensity Corporate (tCO ₂ e / EUR mn sales)	<p>Portfolio's exposure to carbon-intensive companies, defined as the portfolio weighted average of companies' carbon intensity.</p> $\sum_n^i \left(\frac{\text{investment}_i}{\text{portfolio value}} \times \frac{\text{GHG}_i}{\text{revenue}_i} \right)$

This report and the information contained herein are provided solely for informational purposes and are not to be construed as solicitation of an offer to buy or sell any securities or other financial instruments in Switzerland or any other jurisdiction. No investment decision relating to securities of or relating to 2Xideas or their affiliates should be made based on this report.

This report has been prepared by 2Xideas with the utmost care and to the best of its knowledge and belief. However, 2Xideas offer no guarantee regarding its content or completeness and accepts no liability arising from the use of this information. Statements and forecasts contained in this document that relate to the future development of 2Xideas and its business activities or that may influence these, reflect estimates and expectations at the time the report was prepared. By their nature, they are subject to uncertainty, as risks and other factors may influence actual performance and results. This means that actual performance may differ substantially from the estimates and expectations set out by 2Xideas in this report.

Certain material in this report has been prepared by 2Xideas based on publicly available information, internally developed data, and the interpretation of various sources of information, including other third-party sources believed to be reasonable and reliable, but no representation or warranty is made as to the quality, completeness, accuracy, fitness for a particular purpose, or non-infringement of such information. 2Xideas has not sought to independently verify information obtained from public and third-party sources and makes no representations or warranties as to accuracy, completeness, reasonableness, or reliability of such information. Any sources of third-party information referred to herein retain all rights with respect to such data and use of such data herein shall not be deemed to grant a license to any third party.

Climate-related financial data, including financed emissions, ITR, Paris alignment, CVaR, and SBTi coverage statistics, has been sourced from MSCI ESG Research LLC or its affiliates. Financed emission figures in this report are denominated in EUR, consistent with MSCI reporting currency for 31 December 2025. Prior year financed emission figures were reported in USD.