Statement

Principal Adverse Impact Statement

Summary

This disclosure is applicable to Midas Wealth Management SA (referred to as Midas Wealth Management, MWM). The Sustainable Finance Disclosure Regulation (SFDR)1 sets out sustainability-related disclosure requirements for financial market participants, financial advisers and financial products. Its aim is to improve sustainability-related disclosures, comparability of the disclosures for end investors and to reduce the occurrence of adverse sustainability impacts and greenwashing. In addition, the Sustainable Finance Disclosures Regulation aims to encourage financial market participants to pursue more sustainable investment strategies by reducing negative externalities on sustainability caused by their investments.

Principal adverse impact is generally understood to mean the negative impact, caused by an investment decision or investment advice, on these factors. This statement describes how we consider principal adverse impacts (PAI) of our investment decisions on sustainability factors, as per Article 4 of the SFDR. This statement applies as of January 1st 2023 It will be reviewed at least annually.

Description of the principal adverse impacts on sustainability factors

Nearly all types of economic activity have the potential to impact various sustainability indicators, both positively and adversely. We are managing risk related to potential adverse sustainability impact from our investments through the inclusion of screening criteria, monitoring of norms breaches and a ESG scoring from third party data providers. In addition, we monitor and evaluate a range of PAI indicators.

Adverse Sustainability indicator		Metric	Impact (year n)	Impact (year n-1)	Explanation	Actions taken
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Green-House Gas Emissions	1. GHG emissions	Scope 1 GHG Emissions	2463.76	2498.42	We do see emissions reduction efforts among the companies we invest in particularly in scope 1 (where companies have the most control). The largest emittors are energy companies through their scope 3 emissions. They made most of the reduction efforts we observed during the period on the portfolio level. Efforts in carbon capture, development of biofuel and increasing revenues from past investements in renewables allow energy companies to reduce their GHG intensity. On the other hand, we see emissions increasing among Big Tech, reflecting the investments in Data centers to fuel AI development. However, the GHG intensisy decreases as revenues grow faster. The increase in scope 3 emissions overall is due to growing activity. We also notice a significant increase in scope 3 emissions for our European financial companies, which probably comes from a change in methodology between 2023 and 2024. *Data used are the ones directly reported by companies. When data is not available for 2024, we use 2023 data points.*	None
		Scope 2 GHG Emissions	1124.29	1125.84		
		Scope 3 GHG Emissions	35309.01	34240.73		
		Total GHG Emissions	38897.06	37864.98		
	2. Carbon footprint	Carbon footprint	305.92	297.80		
	3. GHG intensity of investee company	GHG intensity of investee company	593.89	619.12		
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	2.98	2.97	Companies exposed to fossil fuel have increased the revenues from other sources of income during the period.	
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy sources compared to renewable energy sources, expressed as percentage	47.69	52.68	Companies are making substantial efforts to secure supply of renewable energy and increase the renewable part in their energy mix. This is particularly true for large cap companies that are commited to be aligned with the Paris agreement. Each one of them have policies in place to reduce the carbon emissions of their activity. Renewable energy supply is part of the solution. As we are mainly invested in Large cap, this can be seen yoy at the product level.	
		Share of non-renewable energy production compared to production of renewable energy, expressed as percentage	0.04	0.03	Only electricity producers report data on this PAI. This data is therefore rebased on 100 but it concerns only 1 investee.	None
	6. Energy consumption intensity per high impact climate sector - Energy consumption in GWh per million EUR of revenue of investee company, per high impact climate sector	Sector A (Agriculture, Forestry and Fishing)	0.0000	0.0000	As part of their effort to reach net zero commitment, companies are working on their energy efficiency. According to the IEA, energy efficiency will be the main contributor (roughly 35%) to emissions savings from today to 2050. Through the use of more efficient systems across production lines, the energy intensity is reduced. Moreover, inflation also helps to reduce this intensity.	None
		Sector B (Mining and Quarrying)	0.0010	0.0232		
		Sector C (Manufacturing)	0.0646	0.1451		
		Sector D (Electricity, Gas, Steam and Air Cor	0.0000	0.0000		
		Sector E (Water Supply; Sewerage, Waste M	0.0000	0.0000		
		Sector F (Construction)	0.0010	0.0011		
		Sector G (Wholesale and Retail Trade; Repai	0.0012	0.0081		
		Sector H (Transportation and Storage)	0.0180	0.0175		
		Sector L (Real Estate Activities)	0.0001	0.0008		
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee company with sites/operations located in or near to biodiversitysensitive areas where activities of this investee company negatively affect those areas	3.07	7.44	On this field, data are scarce.	We are in discussion with our data providers to address this issue

Water	8. Emmisions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.03	0.18	On this field, data are scarce. However, among the rare companies to report, we notice significant reduction yoy. Significant progresses have been made in the naval industry following the implementation of IMO 2020.	None
Waste	9. Hazardous waste ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average	0.25	0.48	On the product level, hazardous waste / million EUR invested are decreasing due to lower generation of waste among our investees.	We significantly reduced exposure to the most poluting sectors (Energy and Materials) between 2023 and 2024.
SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
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	0.08	0.08	8 investee companies have failed to disclose the compliance with one of the 10 UNGC principles.	As mentionned in our policy, when a company does not comply with UNGC principles, we try to assess the materiality of the breach. After the review, the investment committee decides if the investment remains aligned with our ESG policy or not. In those 8 cases, the investment comitee concluded the lack of reporting was not a reason to exclude the company from the universe.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	The UNGC signatories are required to report on an annual basis their efforts to ensure compliance, which usually includes company assurance around internal policies and initiatives to align operations with UNGC principles. Therefore, it has been considered sufficient to provide a percentage of companies in the portfolio that are UNGC signatories as these companies are considered to have implemented mechanisms to monitor compliance with UNGC principles.	35.8%	42.6%	35.8% of our investments are made in companies signatories of the UNGC. Part of the decline yoy is due to the lack of data as companies did not report on their signatory status as of June 30th.	
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	15.31	7.06	On this field, data are scarce. The relevancy of this metric on the product level is therefore questionable.	We are in discussion with our data providers to address this issue
	13. Board gender diversity	Average ratio of female to male board members in investee companies	37.64	36.61	This depicts an increase of the number of females as board members in investee companies	None
	14. Exposure to controversial weapons (antipersonnel 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	0.00	We do not have any investments in a company exposed to controversial weapons.	None

OPTIONAL						
Climate	Investments in companies without carbon emission reduction initiatives	Investments in companies without carbon emission reduction initiatives	3.32	2.66	The investment in question is a holding with a decentralized approach. Hence, the company does not have any policy nor initiatives at the holding level. The weight of this investment increased yoy.	None
Social	Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy	2.78	2.66	The investment in question is a holding with a decentralized approach. Hence, the company does not have any policy nor initiatives at the holding level. The weight of this investment increased yoy.	None

Description of policies to identify and prioritise principal adverse impacts of investment decisions on sustainability factors

Subject to data availability, the investment team monitor the selected PAI indicators for assets managed through MWM Global Equities fund on an ongoing basis using an internally developed monitoring system. Issuers identified as outliers on specific indicators, or which exhibit high adverse impact across several indicators, are identified based on data acquired from third party provider. These issuers are subject to further analysis by our investment team, which will then discuss if the materiality of these risk requires an exit. Furthermore, some PAI are an input into our internal ESG scoring methodology, which is applied to a selection of our products.

Description of actions to address principal adverse sustainability impacts

Issuers with high adverse impacts are subject to further analysis by our ESG team. The investment committee then concludes on actions to be taken.

Reference to international standards :

Our application of PAI builds on the United Nations Sustainable Development Goals (SDG's) and relevant international conventions and norms, including, but not limited to :

- United Nations Global Compact
- OECD Principles of Corporate Governance
- OECD Guidelines for Multinational Enterprises
- Universal Declaration of Human Rights
- UN Guiding Principles on Business and Human Rights
- Children's Rights and Business Principles
- ILO conventions on labour standards Environment and Development