



TARENO
INDEPENDENT WEALTH &
ASSET MANAGER

Principal Adverse Impact

Reporting 2025

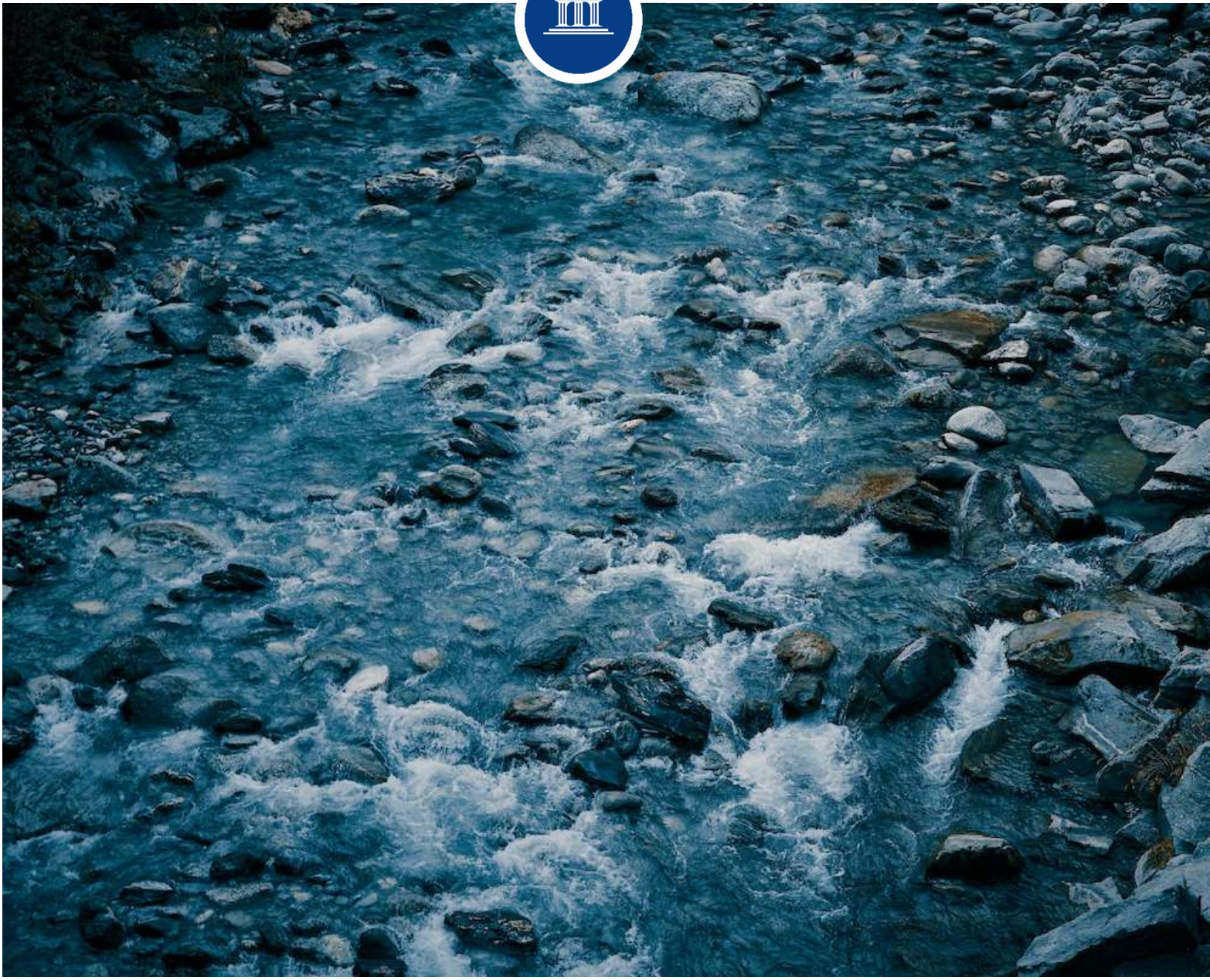


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1 Methodology and Data Collection

1.1. Definition and calculation of PAI (Principal Adverse Impact)

The Tareno Global Water Solutions Fund identifies and measures the Principal Adverse Impact (PAI) in accordance with Article 4 of EU Regulation 2019/2088 (SFDR). The PAI indicators quantify the most significant adverse impacts of investment decisions on sustainability factors (environmental, social and governance aspects).

Criterion	Description of the method
Data	The data for the PAI indicators is obtained from the external ESG data provider ISS ESG. The methodology and data dictionary used comply with the ISS SFDR PAI Solution Handbook (April 2025).
Calculation method (threshold values)	For indicators that relate to the proportion of the portfolio (e.g. PAI 4: Fossil fuels), the proportion of assets under management (AUM) invested in issuers that exceed a certain threshold is weighted.
Calculation method (intensities)	For indicators that represent intensity values (e.g. PAI 1: GHG emissions), the weighted average (WA) of emissions (or other metrics) per enterprise value including cash (EVIC) of the invested company is used to reflect the Fund's exposure.
Reference framework	The calculation methods, coverage rates and thresholds are based on the technical regulatory standards (RTS) pursuant to Art. 4, paras. 6 and 7 of the SFDR.

1.2. Benchmark and comparison period

All PAI values are compared with the relevant investment universe of the Tareno Global Water Solutions Fund. The PAI values are analysed over a two-year period (N=2025, N-1=2024) in order to demonstrate the evolution of the ESG quality of the portfolio.

2 Disclosure of PAI

PAI #	Indicator	2025		2024 (N-1)		2024 (N-1)		2024 (N-1)	
		Portfolio	Cov %	Universum	Cov %	Portfolio	Cov %	Universum	Cov %
CORPORATE ASSETS - PRIMARY INDICATORS									
Climate and Energy (PAI 1-5)									
1	GHG Emissions - Scope 1	52.88	100.00%	93.32	98.68%	53.54	99.03%	104.56	97.70%
1	GHG Emissions - Scope 2	20.49	100.00%	31.32	98.68%	20.72	99.03%	29.22	97.70%
1	GHG Emissions - Scope 3	1'942.92	100.00%	1'584.42	98.68%	1'733.60	99.03%	1'708.07	97.70%
1	GHG Emissions - Total	2'016.28	100.00%	1'709.06	98.68%	1'807.86	99.03%	1'841.85	97.70%
2	Carbon Footprint	2'016.28	100.00%	1'709.06	98.68%	1'807.86	99.03%	1'841.85	97.70%
3	GHG Intensity	4'638.53	100.00%	2'656.07	97.37%	4'771.56	100.00%	2'650.20	97.04%
4	Fossil Fuel Exposure	3.75%	100.00%	13.16%	99.67%	4.74%	100.00%	12.83%	99.01%
5	Non-Renewable Energy Consumption	56.16%	77.92%	49.87%	64.14%	55.35%	72.18%	46.85%	60.20%
5	Non-Renewable Energy Production	3.15%	92.34%	5.32%	91.78%	2.64%	92.86%	5.48%	92.11%
Energy Intensity by NACE Sector (PAI 6)									
6	Energy Intensity - Agriculture, Forestry, Fishing	0.00%	0.0%	0.03%	0.3%	0.00%	0.0%	0.03%	0.3%
6	Energy Intensity - Mining and Quarrying	0.00%	0.0%	2.18%	0.7%	0.00%	0.0%	1.60%	0.7%
6	Energy Intensity - Manufacturing	15.18%	54.1%	21.19%	38.5%	15.97%	50.3%	33.74%	37.5%
6	Energy Intensity - Electricity, Gas, Steam	2.89%	3.8%	28.65%	5.6%	2.84%	3.3%	25.48%	5.6%
6	Energy Intensity - Water Supply, Sewerage	13.36%	23.6%	24.76%	8.2%	15.90%	22.2%	5.76%	7.6%
6	Energy Intensity - Construction	0.35%	2.3%	3.80%	11.8%	0.39%	3.1%	2.13%	9.9%
6	Energy Intensity - Wholesale/Retail Trade	0.00%	0.0%	0.54%	3.6%	0.10%	2.9%	0.47%	3.3%
6	Energy Intensity - Transportation/Storage	0.00%	0.0%	0.01%	0.3%	0.00%	0.0%	0.00%	0.0%
6	Energy Intensity - Real Estate	0.00%	0.0%	0.08%	0.3%	0.00%	0.0%	0.18%	1.3%
Biodiversity, Water, Waste (PAI 7-9)									
7	Biodiversity-Sensitive Areas	0.00%	100.0%	1.64%	100.0%	0.00%	100.0%	1.64%	99.3%
8	Emissions to Water	0.43%	3.9%	1.73%	5.3%	0.41%	4.9%	2.07%	5.6%
9	Hazardous Waste Ratio	4.41	69.7%	3.58	51.3%	2.98	56.4%	4.09	47.7%
Social and Employee Matters (PAI 10-14)									
10	UNGC/OECD Violations	0.00%	100.0%	0.00%	100.0%	0.00%	100.0%	0.00%	99.3%
11	Lack of UNGC/OECD Processes	11.13%	100.0%	22.70%	96.1%	22.77%	98.8%	32.89%	94.1%
12	Unadjusted Gender Pay Gap	0.27%	15.3%	1.16%	13.8%	0.16%	3.7%	1.06%	9.2%
13	Board Gender Diversity	37.53%	100.0%	30.81%	99.0%	35.64%	92.0%	27.10%	84.2%
14	Controversial Weapons	0.00%	100.0%	0.00%	100.0%	0.00%	100.0%	0.00%	99.3%
ADDITIONAL INDICATORS (Add 4 & Add 7)									
4	No Carbon Reduction Initiatives	42.16%	100.0%	59.87%	100.0%	56.95%	100.0%	60.53%	99.3%
7	No Water Management Policies	30.99%	94.7%	35.20%	78.9%	39.00%	90.4%	39.14%	77.0%

3 Difficulties and data coverage

The collection and reporting of PAI continues to be hampered by the availability and quality of external ESG data.

The following difficulty arises in the problem area of "incomplete disclosure by issuers": *a significant proportion of PAI values are based on estimates or models provided by the data provider (ISS ESG), as companies, particularly in the mid- and small-cap segment, do not publish all data points (e.g. Scope 3 or water consumption).*

The Fund's (N+1) measure here is *to specifically address companies with low or no PAI disclosure in order to improve the availability of primary data.*

PAI 8 (gender pay gap) presents the following difficulty: *regulatory reporting on this indicator is not yet standardised. This leads to lower coverage (80.99% in 2025) than for other PAIs. The data is difficult to verify as it is held internally by companies.*

The Fund's corresponding measure (N+1) is: *Use of proxy indicators: Supplementary internal monitoring of issuers' general social governance criteria (S factors) until the data coverage of PAI 8 is improved.*

The following difficulty arises for PAI 11 (social protection): *the indicator "investments in countries with inadequate social protection" is not directly applicable or measurable in the current portfolio due to geographical allocation.*

The following measure is being implemented by the Fund (N+1): *Focus on UNGC/OECD: Concentration on PAI 10 (UNGC/OECD violations), as these more comprehensively reflect compliance with international labour standards and human rights.*

The following difficulty relates to the problem area "change in methodology": *The methodology used by data providers (ISS ESG) to calculate the PAI (e.g. in terms of weighting or estimation models) may change from year to year, which affects the direct comparability of the 3-year evolution.*

The measure envisaged by the Fund (N+1) is as follows: *Transparent documentation: Annual documentation of all methodological changes made by the data provider in this report to ensure transparent analysis of the evolution.*

4 Performance PAI 1: No Carbon Reduction Initiatives

4.1. Definition & methodology

PAI	Additional 4 (Table 2 - SFDR)
Indicator	Proportion of companies without initiatives to reduce CO2 emissions
ISS ESG Factor	CompWOCarbonEmissionReduct
Unit	Percentage (%) – lower values are better
Calculation	Weighted share of portfolio companies without documented CO2 reduction initiatives, based on ISS ESG database

4.2. 3-year evolution

Year	Portfolio	Coverage	Benchmark	Difference
2023	59.57	100	63.49	-3.91% ✓
2024	56.95%	100	60.53%	-3.58% ✓
2025	42.16	100	59.87	-17.71% ✓

Visualisation of development

Portfolio vs. benchmark (% without CO2 reduction initiatives)

	Portfolio	Benchmark
2023	59.57%	63.49%
2024	56.95%	60.53%
2025	42.16%	59.87%

4.3. Analysis & interpretation

- **Positive development:** The proportion of companies without CO2 reduction initiatives has fallen from 59.57% (2023) to 42.16% (2025) – an improvement of 17.41 percentage points.
- **Outperformance:** The portfolio outperforms the benchmark in all three years. Outperformance has improved significantly from -3.91% (2023) to -17.71% (2025).
- **Coverage:** Data coverage is consistently 100%.

4.4. Measures & targets

- Further reduction by the end of 2026
- Maintaining outperformance relative to benchmark

5 Performance PAI 2: No water management policy

5.1. Definition & methodology

PAI	Additional 7 (Table 2 – SFDR)
Indicator	Proportion of companies without water management policies
ISS ESG Factor	LackofWaterManPoliciesYes_True_WR
Unit	Percentage (%) – lower values are better
Calculation	Weighted proportion of portfolio companies without documented water management policies, based on the ISS ESG database

5.2. 3-year evolution

Year	Portfolio	Coverage	Benchmark	Difference
2023	43.43	93.03	41.12	+2.31%
2024	39.00	90.40	39.14	-0.15% ✓
2025	30.99	94.70	35.20	-4.21% ✓

Visualisation of performance

Portfolio vs. benchmark (% excluding water management guidelines)

	Portfolio	Benchmark
2023	43.43%	41.12%
2024	39.00%	39.14%
2025	30.99%	35.20%

5.3. Analysis & interpretation

- **Significant improvement:** The proportion of companies without water management guidelines has fallen from 43.43% (2023) to 30.99% (2025) – an improvement of 12.44 percentage points.

- **Trend reversal achieved:** After slight underperformance in 2023 (+2.31%), parity was achieved in 2024 and clear outperformance (-4.21%) was achieved in 2025.
- **Coverage:** Data coverage is 94.70%, meeting the ISR requirement of 55% (indicator 2, 2025).

5.4. Measures & targets

Measures implemented:

- Integration of water risk assessments into company analysis
- Engagement with companies in water-sensitive sectors
- Preference for companies with water policies

Targets for the coming period:

- Further reduction by the end of 2026
- Maintain outperformance relative to benchmark

6 Summary of performance

	Add 4: Carbon	Add 7: Water
Improvement 2023→2025	-17.41 pp	-12.44 Pp
Outperformance 2025	-17.71 Pp	-4.21 Pp
Coverage 2025	100	94.70



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