

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant

Tellus Fonder AB - 2138008X4AGVXBZN9J59

Summary

Tellus Fonder AB (2138008X4AGVXBZN9J59) considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated PAI statement for Tellus Midas, covering the reference period from 1 January to 31 December 2025, as well as the previous reference year from 1 January to 31 December 2024, as a historical comparison. As a financial actor, the manager is committed to promoting long-term, sustainable social development through responsible investments. Consequently, the manager integrates consideration of sustainability risks and opportunities into its investment process. As an owner and investor, the manager strives to promote environmental and social characteristics, as well as good business ethics and corporate governance within the companies in which it invests. In addition to achieving good risk-adjusted returns, the manager strives to invest in companies with long-term business models that effectively manage sustainability risks and sustainability factors.

The manager manages negative consequences for sustainability factors primarily through the following measures:

- Screening and exclusion
Exclusion of companies and sectors identified as having a significant negative impact on society or that violate accepted norms and conventions, thereby ensuring sound corporate governance.
- Risk assessment
Quarterly assessment of exposure to sustainability risks using quantitative and qualitative analysis of the manager's allocation and investment universe.

In its investment activities, the manager collects and takes into account the sustainability-related indicators for environmental, social and labour issues, human rights, anti-corruption and anti-bribery adopted by the European Commission. The fund makes no direct investments in real estate.

The manager strives to invest in companies that demonstrate a commitment to reducing emissions through proactive energy efficiency and transition initiatives. The manager has also introduced an exclusion list targeting industries with a significant negative impact on greenhouse gas emissions. The manager therefore primarily has a proactive strategy for managing environmental risks, but also continuously monitors the portfolio companies and evaluates their performance on a quarterly basis using quantitative data. The manager's engagement also includes dialogue with companies to influence their emission reduction strategies. However, as the manager is often a relatively small owner, its ability to drive change is limited. Where engagement yields no improvement, the manager's ultimate option is to divest the holding.

When calculating indicators, data may include both estimated and reported data directly from portfolio companies, which has resulted in the values presented below. For some indicators, data is missing for certain portfolio companies, which is why the consequences in these cases can only be shown for the part of the investments that report data. Below stated is the coverage rate for each indicator/measure, under the heading "Explanation".

| Description of the principal adverse impacts on sustainability factors | | | | | |
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| Table 1 details the mandatory SFDR indicators, which are analyzed to evaluate and mitigate adverse impacts on primary sustainability factors. To address the principal negative impacts identified, we have documented both the completed interventions and our set future actions and targets. | | | | | |
| Indicators applicable to investments in investee companies | | | | | |
| Adverse sustainability indicator | Metric | Impact 2025 | Impact 2024 | Explanation | Actions taken, and actions planned and targets set for the next reference period |
| CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS | | | | | |
| Greenhouse gas emissions | 1. GHG emissions | Scope 1 GHG emissions | 449.88 tonnes | 311.84 tonnes | Coverage 2025: 99.08% Coverage 2024: 97.29% The manager monitors portfolio emissions on a quarterly basis using data provided by Connect Earth. Engagement is initiated with portfolio companies where emission intensities are identified as elevated relative to sector peers. The target for the next reference period is to maintain or reduce the absolute financed emission intensity, with any material increase triggering a reassessment of the holding. The year-on-year increase is primarily attributable to two factors, the fund's AUM growing during the reference period and portfolio composition changes resulting in increased exposure to companies with higher emission profiles. |

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| | | Scope 2 GHG emissions | 316.91 tonnes | 70.44 tonnes | Coverage 2025: 99.08% Coverage 2024: 97.29% | <p>The manager monitors portfolio emissions on a quarterly basis using data provided by Connect Earth.</p> <p>Engagement is initiated with portfolio companies where emission intensities are identified as elevated relative to sector peers. The target for the next reference period is to maintain or reduce the absolute financed emission intensity, with any material increase triggering a reassessment of the holding.</p> <p>The year-on-year increase is primarily attributable to two factors, the fund's AUM growing during the reference period and portfolio composition changes resulting in increased exposure to companies with higher emission profiles.</p> |
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| | | Scope 3 GHG emissions | 11489.83 tonnes | 4090.44 tonnes | <p>Coverage 2025: 98.99%</p> <p>Coverage 2024: 99.25%</p> | <p>The manager monitors portfolio emissions on a quarterly basis using data provided by Connect Earth. Engagement is initiated with portfolio companies where emission intensities are identified as elevated relative to sector peers. The target for the next reference period is to maintain or reduce the absolute financed emission intensity, with any material increase triggering a reassessment of the holding.</p> <p>The year-on-year increase is primarily attributable to two factors, the fund's AUM growing during the reference period and portfolio composition changes resulting in increased exposure to companies with higher emission profiles.</p> |
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| | | Total GHG emissions | 12256.62 tonnes | 4472.72 tonnes | Coverage 2025: 100% Coverage 2024: 99.71% | The manager monitors portfolio emissions on a quarterly basis using data provided by Connect Earth. Engagement is initiated with portfolio companies where emission intensities are identified as elevated relative to sector peers. The target for the next reference period is to maintain or reduce the absolute financed emission intensity, with any material increase triggering a reassessment of the holding. The year-on-year increase is primarily attributable to two factors, the fund's AUM growing during the reference period and portfolio composition changes resulting in increased exposure to companies with higher emission profiles. |
| | 2. Carbon Footprint | Carbon Footprint | 128.75 tCO _{2e} / M€ | 166.80 tCO _{2e} / M€ | Coverage 2025: 100% Coverage 2024: 99.71% | The manager monitors portfolio emissions on a quarterly basis using data provided by Connect Earth. Engagement is initiated with portfolio companies where emission intensities are identified as elevated relative to sector peers. The target for the next reference period is to maintain or reduce the absolute financed emission intensity, with any material increase triggering a reassessment of the holding. |

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| | 3. GHG intensity of investee companies | GHG intensity of investee companies | 1465.08 tCO _{2e} / M€ | 931.96 tCO _{2e} / M€ | Coverage 2025: 100% Coverage 2024: 99.72% | <p>The manager monitors portfolio emissions on a quarterly basis using data provided by Connect Earth. Engagement is initiated with portfolio companies where emission intensities are identified as elevated relative to sector peers. The target for the next reference period is to maintain or reduce the absolute financed emission intensity, with any material increase triggering a reassessment of the holding.</p> <p>The year-on-year increase is primarily attributable to two factors, the fund's AUM growing during the reference period and portfolio composition changes resulting in increased exposure to companies with higher emission profiles.</p> |
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| | <p>4. Exposure to companies active in the fossil fuel sector</p> <p>Share of investments in companies active in the fossil fuel sector</p> | <p>Fossil Fuel exposure</p> | <p>3.40%</p> | <p>0.25%</p> | <p>Coverage 2025: 100%</p> <p>Coverage 2024: 99.74%</p> | <p>The increase reflects a change in portfolio composition during the reference period. The addition of positions in companies classified as active in the fossil fuel sector under the applicable taxonomy resulted in a higher share of investments meeting this classification. This increase does not represent a change in the manager's screening or exclusion policy. The manager's exclusion list continues to restrict direct investment in companies with significant fossil fuel revenues, and any holding classified under the fossil fuel sector remains subject to ongoing investment review with a target to maintain or reduce exposure in the next reference periods.</p> |
| | <p>5. Share of non-renewable energy consumption and production</p> | <p>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</p> | <p>Consumption: 42.63%</p> <p>Production: N/A</p> | <p>Consumption: 43.45%</p> <p>Production: N/A</p> | <p>Consumption: Coverage 2025: 96.64% Coverage 2024: 98.21%</p> <p>Production: Coverage 2025: N/A</p> <p>Coverage 2024: N/A</p> | <p>The manager monitors energy-related indicators as part of its routine portfolio review. Companies with high non-renewable energy shares are prioritised for engagement dialogue. The goal for the next reference period is to maintain or reduce current exposure; no material deterioration was recorded year-on-year.</p> |

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| | <p>6. Energy consumption intensity per high impact climate sector</p> | <p>Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector</p> | <p>Mining: 0.03 GWh/M€</p> <p>Wholesale: 0.04 GWh/M€</p> <p>Real State: N/A</p> <p>Agriculture: N/A</p> <p>Electricity: N/A</p> <p>Construction: <0.01</p> <p>Water Supply: N/A</p> <p>Manufacturing: 0.02 GWh/M€</p> <p>Transportation: N/A</p> | <p>Mining: 0.07 GWh/M€</p> <p>Wholesale: <0.01 GWh/M€</p> <p>Real State: <0.01 GWh/M€</p> <p>Agriculture: N/A</p> <p>Electricity: 0.03 GWh/M€</p> <p>Construction: <0.01 GWh/M€</p> <p>Water Supply: N/A</p> <p>Manufacturing: 0.14 GWh/M€</p> <p>Transportation: <0.01 GWh/M€</p> | <p>Coverage 2025: 97.48%</p> <p>Coverage 2024: 98%</p> | <p>The manager monitors energy-related indicators as part of its routine portfolio review. Companies with high non-renewable energy shares are prioritised for engagement dialogue. The goal for the next reference period is to maintain or reduce current exposure; no material deterioration was recorded year-on-year.</p> |
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| 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 | 14.94% | 18.05% | Coverage 2025: 100% Coverage 2024: 99.64% | The manager will continue to assess the quality of the data and take into account the biodiversity risks identified within the investment portfolio, based on the geographical location of the companies to determine the extent and nature of potential impacts on areas classified as sensitive for biodiversity. Portfolio companies operating near sensitive areas are flagged for engagement, with the goal of reducing the share of investments with potential biodiversity impact over time. The indicator is recorded with a decrease YoY towards the goal of minimizing the environmental impact. |
| Water | 8. Emissions to water | Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average | <0.01 tonnes / M€ | 0.18 tonnes / M€ | Coverage 2025: 36.43% Coverage 2024: 36.47% | Coverage is limited by the availability of reported data from underlying companies. Where company-level data is not available, the service and data provider's estimates and sector averages are used as a best-efforts proxy. The manager will seek to improve data coverage in subsequent reporting periods as disclosure practices among investee companies improve. The manager will monitor the reliability and availability of data in the future as reporting rules are harmonised. To ensure the improvement of this coverage rate for future reporting periods remains an important objective. |

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| 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 | 1.04 tonnes / M€ | 0.19 tonnes / M€ | Coverage 2025: 76.48% Coverage 2024: 77.95% | The manager conducts a continuous evaluation of this indicator to identify companies that generate hazardous or radioactive waste in their operations. The identified companies will be evaluated based on their historical performance with regard to this indicator in order to assess their management of the associated risk and environmental impact. The manager will continue to monitor the indicator closely. |
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INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

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| 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% | 0% | Coverage 2025: 99.16% Coverage 2024: 98.68% | <p>The manager has actively excluded companies that violate ethical standards and norms. The companies must comply with international frameworks, including the International Labour Organisation (ILO) core conventions, the UN Guiding Principles on Business and Human Rights (UNGPs), the UN Global Compact and the OECD Guidelines for Multinational Enterprises.</p> <p>To uphold this commitment the manager has continuously reviewed its portfolios for any norm-based violations or breaches of these conventions and guidelines. The manager's goal for the coming periods is to maintain zero tolerance for this indicator.</p> |
| Social and employee matters | 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 | 24.81% | 19.86% | Coverage 2025: 100% Coverage 2024: 100% | <p>The manager has engaged in dialogue with companies that lack clear processes and mechanisms for compliance with the aforementioned conventions, principles and guidelines. However, the manager does not currently divest any holdings as a result of shortcomings in this regard.</p> <p>The goal for the coming periods is to see a reduction in the measure.</p> |

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| Social and employee matters | 12. Unadjusted gender pay gap | Average unadjusted gender pay gap of investee companies | 13.12% | 10.78% | Coverage 2025: 91.56% Coverage 2024: 89.7% | The manager has undertaken to promote gender equality in the workplace in its investment objectives and, through dialogue with companies, to work for gender equality and a reduction in the gender pay gap. The manager will continue to evaluate the specified indicator and will prioritise the collection of supplementary data to facilitate appropriate measures based on this information. The goal for future periods is to see a reduction in the measure. |
| Social and employee matters | 13. Board gender diversity | Average ratio of female to male board members in investee companies, expressed as a percentage of all board members | 37.33% | 35.97% | Coverage 2025: 99.66% Coverage 2024: 98.6% | The manager has promoted gender equality in the workplace by encouraging equality and diversity in work environments and Boards of Directors dialogue with companies. The manager will continue to conduct a continuous evaluation of the specified indicator and will prioritise the collection of supplementary data in order to be able to take appropriate measures based on this information. |

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| Social and employee matters | 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% | 0% | Coverage 2025: 100% Coverage 2024: 99.74% | The manager excludes direct involvement in the production or distribution of controversial weapons, nuclear power and uranium. The manager will therefore continue to check potential and existing holdings against manager's the exclusion list based on the data the manager receives from its data provider. |
| Indicators applicable to investments in sovereigns and supranationals | | | | | | |
| Adverse sustainability indicator | | Metric | Impact 2025 | Impact 2024 | Explanation | Actions taken, and actions planned and targets set for the next reference period |
| Environmental | 15. GHG Intensity | GHG intensity of investee countries | N/A | N/A | Coverage 2025: N/A Coverage 2024: N/A | N/A |

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| 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 | N/A | N/A | The fund makes no direct investments in state or supranational entities. | N/A |
| Indicators applicable to investments in real estate assets | | | | | | |
| Adverse sustainability indicator | | Metric | Impact 2025 | Impact 2024 | Explanation | Actions taken, and actions planned and targets set for the next reference period |
| Fossil fuels | 17. Exposure to fossil fuels through real estate assets | Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels | N/A | N/A | The fund makes no direct investments in real estate assets. | N/A |
| Energy efficiency | 18. Exposure to energy-inefficient real estate assets | Share of investments in energy-inefficient real estate assets | N/A | N/A | The fund makes no direct investments in real estate assets. | N/A |
| Other indicators for principal adverse impacts on sustainability factors Additional PAI from Table 2 and Table 3 | | | | | | |

| Adverse sustainability indicator | | Metric | Impact 2025 | Impact 2024 | Explanation | Actions taken, and actions planned and targets set for the next reference period |
|----------------------------------|--|---|-------------|-------------|--|--|
| Emissions | Investing 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 | 15.36% | 13.63% | Coverage 2025: 100% Coverage 2024: 99.65% | The manager continues to conduct a continuous assessment of the specified indicator as part of its routine fund monitoring and the companies that do not have any initiatives to reduce carbon dioxide emissions will be subject to engagement through dialogue. The goal for future periods is to reduce the measure. |
| Human Rights | Number of identified cases of severe human rights issues and incidents | Number of cases of severe human rights issues and incidents connected to investee companies on a weighted average basis | N/A | N/A | Coverage 2025: N/A Coverage 2024: N/A | Due to a lack of reported data from underlying companies, coverage for this indicator is currently unavailable. As disclosure practices among investee companies evolve, the manager intends to enhance data coverage in future reporting cycles. Furthermore, the manager will track data reliability and availability as reporting standards become increasingly harmonized. Through its data provider, the manager will aim to for future reporting periods prioritise improving this coverage. Once coverage and data credibility have improved, the manager will establish a strategy for this indicator. |

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

The manager prioritises the indicators that are considered important from a moral and management credibility perspective. We have looked at how common some indicators may be and how seriously they are linked to the investment focus of the funds. The optional indicators, such as investments in companies without initiatives to reduce carbon dioxide emissions and human rights issues, are two indicators that we have found important both for us and our customers. For us, it is important to understand how companies handle the various indicators, e.g. what measures they take in the event of shortcomings.

A continuous review of the fund(s)' performance against the defined indicators is carried out, and consequently, the manager's data provider's priority is to improve data coverage for each indicator. As the rules are standardised - data coverage is also expected to improve. This policy was adopted by Tellus Fonder on December 31st, 2024 and is reviewed annually by the Board. Responsibility for implementation rests with the Compliance Team.

Principal adverse impacts are identified and assessed across three dimensions: (i) probability, the likelihood that an investment contributes to a given adverse impact; (ii) severity, the scale, scope, and irreversibility of the potential harm; and (iii) irreversibility, whether the impact can be remediated over time or is permanent in nature. These assessments draw on data provided by Connect Earth, supplemented by company disclosures, regulatory filings, and recognised third-party data sources where available.

Where complete data is not available for all portfolio holdings, the manager applies best-efforts assumptions and modelled estimations based on sector classification, geographic exposure, and industry-level benchmarks. Data gaps are disclosed in the indicator table under the "Explanation" column, and the manager is committed to improving data coverage year-on-year as corporate disclosure standards develop.

The indicators are prioritised based on the materiality of the adverse impact relative to the portfolio's investment universe. Given the fund's focus on listed equities, certain indicators are not applicable and are noted accordingly.

Engagement policies

The manager shall act as representative for the shareholders in all matters relating to their activities, which includes involvement in the companies in which the fund/funds have interests. Throughout the investment process and analysis, the manager consistently evaluates both financial performance and the management of sustainability issues and risks that fall within the scope of its investment activities.

As the holdings are often very large companies and the manager is a relatively small owner there are limited opportunities to influence the companies other than in connection with private and public meetings with the companies and through trading in the company's shares. In cases where after dialogue, the manager sees no change the only remaining option for the manager is therefore to divest the company.

References to international standards

Through its responsible manager, the manager has signed and complies with the UN Principles for Responsible Investments (PRI). The PRI's fundamental principles for responsible investment include integrating sustainability risks and factors into analysis and decision-making and being an active owner. The companies in which the fund/funds invest must therefore comply with the fundamental principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises.

The manager monitors that the companies in which the fund/funds invest comply with the fundamental principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Declaration of Human Rights and the ILO Conventions on labour law conditions, and that the companies strive to achieve the goals of the Paris Agreement. This is done by continuously evaluating changes in certain indicators, such as:

- Greenhouse gas emissions
- Violations of the UN Global Compact and the OECD Guidelines for Multinational Enterprises
- No processes or compliance mechanisms to monitor compliance with the UN Global Compact and the OECD Guidelines for Multinational Enterprises
- Unadjusted gender pay gap
- More even gender distribution on boards
- Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)

These indicators are used, in addition to measuring compliance with international standards, to assess the likelihood of major adverse consequences and to measure how investee companies work to improve transparency through due diligence disclosures, sustainability reporting, and climate action. The manager uses Connect Earth as its external data provider when monitoring the indicators.

The manager does not currently incorporate forward-looking climate scenario analysis, as the portfolio consists of listed equities where valuation and risk are assessed through ongoing quantitative and qualitative monitoring of company-level sustainability data. The manager will keep this approach under review as regulatory expectations and data availability develop.

Historical comparison

This report covers the period from 1 January 2024 to 31 December 2024 as well as 1 January 2025 to 31 December 2025.

No historical comparison for 2023 is included, as the manager did not report on principal adverse impacts prior to the 2024 reference year.