Shelter Investment Management

Statement on principal adverse impacts of investment decisions on sustainability factors, and on the integration of sustainability risks in the investment decision-making process (Article 3 and Article 4 SFDR)

The European Sustainable Finance Disclosure Regulation (Regulation (EU) 2019/2088, "SFDR") requires Shelter Investment Management ("SIM") to disclose, via its website, (i) its policy on the integration of sustainability risks in the investment decision-making process (Article 3 SFDR) and (ii) a statement on the due diligence policies with respect to the principal adverse impacts ("PAIs") of investment decisions on sustainability factors (Article 4 SFDR), taking due account of its size, the nature and scale of its activities and the types of financial products it makes available.

1. De minimis re-assessment and "comply" position

Until the end of 2023, given that SIM is a company with fewer than 500 employees, SIM made use of the "de minimis" opt-out under Article 4(1)(b) SFDR and disclosed accordingly that it did not consider the adverse impacts of its investment decisions on sustainability factors.

As at 31 December 2025, SIM has re-assessed both tests under Article 4(3)-(4) SFDR (the 500-employee average test at entity level and, where applicable, the consolidated group test where SIM is the parent of a large undertaking). Following that re-assessment, SIM confirms that it continues to fall below the 500-employee threshold, and that the "comply" option set out below is therefore applied by choice and not by obligation. This re-assessment is performed annually.

2. SIM's position from 1 January 2024 onwards

As of the period starting 1 January 2024, SIM no longer relies on the de minimis opt-out and instead complies with the PAI requirements of SFDR. In practice:

- SIM has adopted a **policy for the integration of sustainability risks** in the investment decision-making process. This policy was approved by the Board of Directors on 2 March 2023 and has been published on SIM's website since January 2024.
- SIM has, since 1 January 2024, considered the **principal adverse impacts of its investment decisions on sustainability factors**, and published its first Article 4 PAI statement on its website on 30 June 2025 (covering reference period 1 January – 31 December 2024). The next statement, covering reference period 2025 and including the first historical comparison required by Article 7 of the SFDR RTS, will be published by 30 June 2026.

3. Scope of the PAI indicators

PAIs are reported in accordance with the criteria and formulas set out in Commission Delegated Regulation (EU) 2022/1288 (the "SFDR RTS"). The disclosure covers, in respect of investments in investee companies, the fourteen mandatory PAI indicators set out in Table 1 of Annex I of the SFDR RTS, namely:

  - PAIs 1–9 – climate and environmental indicators: GHG emissions (Scopes 1, 2 and 3 and total), carbon footprint, GHG intensity of investee companies, exposure to companies active in the fossil fuel sector, share of non-renewable energy consumption and production, energy consumption intensity per high-impact climate sector (NACE), activities negatively affecting

biodiversity-sensitive areas, emissions to water, and hazardous and radioactive waste ratio;

- PAIs 10–14 – social, employee, human rights, anti-corruption and anti-bribery indicators: violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises, lack of processes and compliance mechanisms to monitor compliance with those standards, unadjusted gender pay gap, board gender diversity, and exposure to controversial weapons.

In addition, SIM reports the mandatory PAI indicators applicable to investments in sovereigns and supranationals (GHG intensity and number of countries subject to social violations) and, where relevant, the mandatory PAI indicators applicable to investments in real estate assets (exposure to fossil-fuel assets and exposure to energy-inefficient real estate).

At least one additional indicator from Table 2 (climate and environment) and one from Table 3 (social, employee, human rights, anti-corruption and anti-bribery) of Annex I are selected and disclosed on the same basis.

4. Structure of the PAI statement

Given the limited and divergent availability of data for some PAI indicators and the limited length of the historical series available, it may not always be possible to put the reported figures fully in perspective. SIM's PAI statement is structured in accordance with Annex I of the SFDR RTS, and includes:

- a description of the principal adverse impacts on sustainability factors;
- a description of the policies used to identify and prioritise those principal adverse impacts;
- a summary of engagement policies (see section 6);
- references to international standards (see section 5); and
- a historical comparison. The statement to be published on 30 June 2026 will be the first to include a historical comparison (reference period 2025 versus 2024) in accordance with Article 7 of the SFDR RTS. From 30 June 2030 onwards, the comparison will extend to the five preceding reference periods. Where indicator definitions change year-on-year, the methodology used to maintain comparability, together with the margins of error, estimates, proxies and data sources used, will be documented in the "*Explanation*" column of the Annex I template, in line with the CSSF's September 2025 feedback report on SFDR disclosures.

5. Confirmations from the Board of Directors

The Board of Directors of SIM confirms that:

- SIM adheres to, and benchmarks its due-diligence processes against, the following internationally recognised responsible-business-conduct codes and standards: the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the OECD Due Diligence Guidance for Responsible Business Conduct, the UN Guiding Principles on Business and Human Rights, the ILO core conventions, and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). SIM is a signatory to the Principles for Responsible Investment (PRI) and is considering signing the Towards Sustainability Quality Standard in Belgium. SIM's investment activities aim to be consistent with the objectives of the Paris Agreement, including its 1.5°C trajectory; the climate scenarios used to assess this alignment are documented in SIM's Sustainability Policy.

- SIM has an entity-level Sustainability Policy and operates an entity-level exclusion policy in respect of certain types of activities.
- SIM aims to contribute to the goal of net-zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5°C, by prioritising – within its fund-of-funds investment activities (representing approximately 80% of its activities as at 31 December 2025) and where possible – investments in underlying funds whose investment strategy supports the same goal.
    - SIM intends to report the percentage of its underlying-fund investments that are aligned with this goal and to define milestones for increasing the proportion of compliant underlying funds over time.
    - SIM monitors and reports on all fourteen mandatory PAI indicators set out in Table 1 of Annex I of the SFDR RTS – in particular, in the fund-of-funds context, by means of look-through to the underlying funds – with a priority focus on the GHG-related indicators (PAIs 1–3) for which look-through data quality is most reliable. All material PAIs are taken into account in investment decisions. Where look-through is not feasible for a given indicator, this is disclosed under the "*Explanation*" column of the Annex I template, together with the methodology, estimates and proxies used.

6. Engagement and voting

In accordance with Article 4(2)(d) SFDR and, where applicable, Article 3g of Directive 2007/36/EC (Shareholder Rights Directive II), SIM has published an Engagement & Voting Rights Policy. Given SIM's core third party fund-of-funds business model, engagement and the exercise of voting rights are pursued primarily on an "indirect" basis, through the selection and ongoing monitoring of the managers of the underlying funds, as further described below.

- SIM prioritises investments in underlying funds that demonstrate substantive corporate engagement and shareholder action, with clearly stated engagement objectives, priorities and escalation processes, together with a formalised and published voting policy.
- SIM holds annual discussions with the managers of those underlying funds regarding their engagement and voting policies and the results and actions of the implementation of those policies.
- SIM analyses the consistency of those policies with its own policies on engagement and voting, and with its related ESG priorities, including the net-zero by 2050 objective.
- Where a PAI persists at an underlying-fund level after engagement and is not satisfactorily addressed, SIM applies the following escalation steps over a **corrective period of up to 12 months**: (i) formal written escalation to the underlying-fund manager; (ii) request for a remediation plan with measurable milestones; (iii) reduction of allocation; and, if no satisfactory remediation is achieved, (iv) divestment from the underlying fund. These steps and timelines are documented in the Engagement & Voting Rights Policy.

7. SIM's broader position on sustainable portfolio management

SIM supports sustainable portfolio management and considers that careful consideration of environmental, social and governance factors is important when making portfolio investment decisions. At the same time, SIM emphasises that:

- the incorporation of ESG elements is ultimately **the choice and decision of each investor**; and

- SIM will continue to offer a range of solutions, some of which take into account different ESG considerations and others which do not, so that investors retain the ability to choose.

SIM observes, in a factual and neutral manner, that the practical application of SFDR and the SFDR RTS continues to raise the following operational challenges, which SIM takes into account in its disclosures and in its dialogue with investors:

- **Regulatory complexity and evolution** – the regulatory framework is still being developed and clarified, including through CSSF and ESMA Q&As and the ongoing SFDR review process and the recently announced upcoming SFDR 2 .
- **Data availability and divergence** – data required to analyse sustainability risks and PAIs remains, in places, incomplete and divergent between providers, which can lead to different portfolio outcomes depending on the data source. SIM has reviewed publicly available reports that confirm this state of the market.
- **Cost** – the cost of sustainability data and its proper analysis is material and is one of the factors taken into account when designing sustainable investment solutions.

8. Additional information for investors (non-mandatory)

The following information is provided as additional, non-mandatory information for investors and is to be read separately from the Article 4 disclosures above. The substance of this information is also reflected, where applicable, in the relevant pre-contractual documents (Article 6 SFDR disclosures, UCITS prospectus and discretionary portfolio management agreements).

- **Return impact** – as illustrated, for example, by the equity-market environment in 2022 (and probably again in 2026), taking sustainability preferences into account can, in certain market conditions, lead to negative deviations of portfolio returns compared with standard non-sustainable benchmarks. The EU framework requires disclosure of the risk of *not* taking sustainability factors into account; SIM considers it useful to inform investors of the symmetric risk and does so in its discretionary portfolio management contracts and its UCITS prospectus.

9. Forward look – SFDR review (“SFDR 2.0”)

On 20 November 2025, the European Commission published a proposal for a far-reaching review of SFDR (commonly referred to as “SFDR 2.0”), which contemplates: (i) replacing the current Article 8 and Article 9 product-disclosure regimes with three product categories (Sustainable, Transition and ESG basics); (ii) repealing the current SFDR RTS; and (iii) recasting certain entity-level obligations, including a likely redesign of Article 4. Application is currently expected approximately 18 months after entry into force, i.e. around 2028. Until then, the present statement remains required under the existing SFDR framework. The Board of Directors will conduct a dedicated transition review during 2027 covering (a) entity-level disclosures, (b) product categorisation, and (c) the website hosting of sustainability-related disclosures.

The Board of Directors

Shelter Investment Management

Approved by the Board of Directors on 21 May 2026 – Seventh statement (2026 edition).

This statement is published on SIM’s website at https://www.shelterim.com under the “Sustainability-related disclosures” section.