

Sustainability Criteria Comparison

As of 1 April 2024

The sustainability criteria of Schoellerbank AG are being revised as of 1 April 2024. The following table compares the sustainability criteria that apply until 31 March 2024 with the new sustainability criteria (which apply from 1 April 2024).

Please note that the changes as of 1 April 2024 are marked in red in the table:

- These changes were necessary because in future, Schoellerbank AG will be defining the sustainability criteria for sustainable products on the basis of the underlying investments. Different sustainability criteria are applied depending on the financial instrument (equities/corporate bonds, government bonds, Schoellerbank funds, and investment funds/ETFs from all other investment companies). The sustainability criteria pertain to equities and corporate bonds and to government bonds, regardless of whether the equities and bonds are held directly (in the form of individual instruments) or indirectly (e.g. in the form of investment funds, structured products, or asset management mandates).

Thus, starting on 1 April 2024, there is no difference between the sustainability criteria for products offered under investment advisory services and under sustainable asset management. The criteria for green bonds are not used in asset management.

- Further material revisions relate to the formulation of the criteria, adaptation of the thresholds, and explanations for individual criteria.
- Revisions of formulations have also been made for better clarity without changing the information being conveyed.

The table shows the changes on the basis of the old breakdown of criteria for products offered under investment advisory services to allow better comparability.

Sustainability criteria (valid until 31 March 2024)	Sustainability criteria (valid from 1 April 2024)
Criteria for equities and corporate bonds	Sustainability criteria for equities and corporate bonds
In the first stage, a “negative screening” (screening by exclusion criteria) is performed. This means that companies from controversial business areas are excluded as investments. Companies that generate a material proportion of their revenues in the following industries are generally excluded from the investment universe. Alternatively, the proportion of earnings can be used.	In the first stage, a screening is conducted based on exclusion criteria¹ . This means that companies from controversial business areas are excluded as investments. Companies that generate a certain proportion of their revenues in the specified industries are generally excluded from the investment universe. Alternatively, the proportion of earnings can be used.

¹ The assessment of potential investments in companies and sovereigns on the basis of sustainability criteria employs information from research databases of an independent ESG research and rating company.

Exclusion criteria	Exclusion criteria
Production and extraction of coal and energy generation from thermal coal (>10% of revenue)	<p>Production or extraction of coal or energy generation from thermal coal</p> <ul style="list-style-type: none"> For investments in individual instruments and investment funds of Schoellerbank Invest AG: More than 2% of revenue For investments in investment funds/ETFs of all other investment companies: More than 5% of revenue
Production of or trade in controversial weapons such as land mines and chemical weapons (>0% of revenues)	<p>Production or distribution of controversial weapons such as anti-personnel mines, cluster munitions, and chemical or biological weapons</p> <ul style="list-style-type: none"> For investments in individual instruments and investment funds of Schoellerbank Invest AG: Absolute prohibition, more than 0% of revenue For investments in investment funds/ETFs of all other investment companies: Absolute prohibition, more than 0% of revenue
Controversial extraction methods for fossil fuels (e.g. fracking, Arctic oil) (>10% of revenue).	<p>Particularly problematic extraction methods for fossil fuels such as fracking, tar sands, and Arctic oil</p> <ul style="list-style-type: none"> For investments in individual instruments and investment funds of Schoellerbank Invest AG: More than 5% of revenue For investments in investment funds/ETFs of all other investment companies: More than 5% of revenue
Production of tobacco (>15% of revenue).	<p>Production or distribution of tobacco products</p> <ul style="list-style-type: none"> For investments in individual instruments and investment funds of Schoellerbank Invest AG: More than 5% of revenue For investments in investment funds/ETFs of all other investment companies: More than 5% of revenue
Production of nuclear energy (>15% of revenue).	<p>Energy generation from nuclear fuels and extraction or processing of nuclear fuels</p> <ul style="list-style-type: none"> For investments in individual instruments and investment funds of Schoellerbank Invest AG: More than 5% of revenue For investments in investment funds/ETFs of all other investment companies: More than 5% of revenue

Transparency criteria Sustainable investment products that invest in companies that generate a material proportion of their revenues in the following industries are labelled:	Exclusion criteria
Production of alcohol (>15% of revenue).	Production or distribution of spirits <ul style="list-style-type: none"> For investments in individual instruments and investment funds of Schoellerbank Invest AG: More than 5% of revenue For investments in investment funds/ETFs of all other investment companies: Not applied
Production of pornography (>15% of revenue)	Production or distribution of pornography <ul style="list-style-type: none"> For investments in individual instruments and investment funds of Schoellerbank Invest AG: More than 5% of revenue For investments in investment funds/ETFs of all other investment companies: Not applied
Gambling (>15% of revenue).	Production or distribution of games of chance <ul style="list-style-type: none"> For investments in individual instruments and investment funds of Schoellerbank Invest AG: More than 5% of revenue For investments in investment funds/ETFs of all other investment companies: Not applied
Arms manufacture (>5% of revenue).	Production or distribution of weapons or military armaments <ul style="list-style-type: none"> For investments in individual instruments and investment funds of Schoellerbank Invest AG: More than 5% of revenue For investments in investment funds/ETFs of all other investment companies: Not applied
Genetically modified organisms (>5% of revenue).	Production or distribution of genetically manipulated agricultural crops <ul style="list-style-type: none"> For investments in individual instruments and investment funds of Schoellerbank Invest AG: More than 5% of revenue For investments in investment funds/ETFs of all other investment companies: Not applied Interventions in human germline therapy, human cloning procedures, or human embryonic stem cell research <ul style="list-style-type: none"> For investments in individual instruments and investment funds of Schoellerbank Invest AG: Absolute prohibition, more than 0% of revenue For investments in investment funds/ETFs of all other investment companies: Not applied
Animal testing (>5% of revenue, except for the development of medications).	Performance of animal testing that is not required by law – outsourcing of animal testing to third parties is attributed to the outsourcing company <ul style="list-style-type: none"> For investments in individual instruments and investment funds of Schoellerbank Invest AG: More than 5% of revenues for products developed with the help of animal testing For investments in investment funds/ETFs of all other investment companies: Not applied
	Direct or indirect investments in foodstuffs and agricultural raw materials (e.g. commodity futures, certificates, or commodity funds). Investments in companies that are active in this business area are not excluded. <ul style="list-style-type: none"> For investments in individual instruments and investment funds of Schoellerbank Invest AG: No revenue limit

	<ul style="list-style-type: none"> For investments in investment funds/ETFs of all other investment companies: Not applied
Compliance with the UN Global Compact	Compliance with the UN Global Compact²
<p>Companies in very severe violation of the principles of the UN Global Compact are excluded from the sustainable investment universe (e.g. violation of human rights, child labour, forced labour)</p>	<p>Companies in violation of the principles of the UN Global Compact are excluded from the sustainable investment universe.</p> <ul style="list-style-type: none"> For investments in individual instruments and investment funds of Schoellerbank Invest AG: Severe and very severe violations³ For investments in investment funds/ETFs of all other investment companies: Very severe violations
<p>In the second step, the remaining issuers go through a “positive screening” with regard to their social and environmental standards. This second selection stage excludes the companies that exhibit poorer performance than their peers in terms of the sustainability factors (a best-in-class approach).</p>	<p>In the second stage, the issuers remaining after the screening process are assessed with regard to their social and environmental standards. This selection stage excludes the issuers that exhibit poorer performance than their peers in terms of the sustainability factors.</p>
Criteria for government bonds	Sustainability criteria for government bonds
<p>A “negative screening” (screening by exclusion criteria) is performed.</p>	<p>A screening based on the exclusion criteria⁴ is performed for the sustainability criteria for government bonds. This means that government bonds with the following criteria are excluded as investments.</p>
<p>To meet the sustainability factors, issuers of government bonds must satisfy certain minimum anti-money laundering standards (catalogue of measures of the global Financial Action Task Force – FATF).</p>	<p>Countries that do not meet the minimum standards of the anti-money laundering regulations (catalogue of measures of the global Financial Action Task Force – FATF)</p> <ul style="list-style-type: none"> For investments in individual instruments and investment funds of Schoellerbank Invest AG For investments in investment funds/ETFs of all other investment companies
<p>In addition, these issuers of government bonds must make clear climate protection efforts.</p>	<p>Countries that do not make sufficient climate protection efforts (German Watch e.V.’s Climate Change Performance Index score below 40)</p> <ul style="list-style-type: none"> For investments in individual instruments and investment funds of Schoellerbank Invest AG For investments in investment funds/ETFs of all other investment companies: A comparable indicator can also be used.
<p>Government bond issuers must have signed the Paris Climate Agreement.</p>	<p>Countries that have not signed the Paris Climate Agreement</p> <ul style="list-style-type: none"> For investments in individual instruments and investment funds of Schoellerbank Invest AG For investments in investment funds/ETFs of all other investment companies
	<p>Countries that apply capital punishment</p> <ul style="list-style-type: none"> For investments in individual instruments and investment funds of Schoellerbank Invest AG For investments in investment funds/ETFs of all other investment companies

²The assessment of potential investments in companies and sovereigns on the basis of sustainability criteria employs information from research databases of an independent ESG research and rating company.

³ The assessment of the severity of the violation is based on information from an independent ESG research and rating company.

⁴ The assessment of potential investments in companies and sovereigns on the basis of sustainability criteria employs information from research databases of an independent ESG research and rating company.

	<p>Countries with especially high military budgets</p> <ul style="list-style-type: none"> • For investments in individual instruments and investment funds of Schoellerbank Invest AG: More than 3% of GDP • For investments in investment funds/ETFs of all other investment companies: More than 4% of GDP
	<p>Countries that cover more than 10% of their primary energy needs with nuclear power and do not have a nuclear power phase-out scenario or a moratorium on nuclear power plants</p> <ul style="list-style-type: none"> • For investments in individual instruments and investment funds of Schoellerbank Invest AG • For investments in investment funds/ETFs of all other investment companies
	<p>Countries that have not ratified the UN Convention on Biological Diversity</p> <ul style="list-style-type: none"> • For investments in individual instruments and investment funds of Schoellerbank Invest AG • For investments in investment funds/ETFs of all other investment companies
	<p>Countries in which corruption in the public sector is perceived to be excessively high (Transparency International's Corruption Perception Index score below 50)</p> <ul style="list-style-type: none"> • For investments in individual instruments and investment funds of Schoellerbank Invest AG • For investments in investment funds/ETFs of all other investment companies
	<p>Countries that violate democratic principles or fundamental/human rights.</p> <p>As soon as a country violates a criterion (controversy), investments may not be made in that country. Controversies are measured using the following indicators:</p> <ul style="list-style-type: none"> ❖ Freedom House Index: If a country is classified as "not free" or "partly free" by the non-governmental organisation Freedom House, this represents a controversy. ❖ Child labour: The widespread employment of children in a country represents a controversy. ❖ Discrimination: If the legal and social equality of people such as women, people with disabilities, ethnic or racial minorities, and people who identify as "LGBTQI" is severely restricted in a country, this represents a controversy. ❖ Freedom of association: When people's freedom of association and their right to organise themselves and conduct collective bargaining negotiations are severely restricted in a country, this represents a controversy. ❖ Freedom of speech and press: A significant restriction of freedom of speech and press constitutes a controversy. ❖ Human rights: If fundamental human rights are restricted in a country, this represents a controversy. ❖ Labour rights: If labour conditions in a country are particularly poor, especially in terms of minimum wages, working hours, and health and safety regulations, this represents a controversy. <ul style="list-style-type: none"> • For investments in individual instruments and investment funds of Schoellerbank Invest AG • For investments in investment funds/ETFs of all other investment companies

Criteria for green bonds

Green bonds are bonds that comply with the Green Bond Principles⁵. They qualify as sustainability products in the advisory universe of UniCredit Bank Austria AG due to the purposes for which the proceeds of the bonds are used. Green bonds are bonds that aim to finance projects with positive environmental and/or climate impacts. Here, the primary consideration is the financing purpose of the bonds and not the issuer. This also means that green bond funds may include issuers that do not meet the exclusion criteria for sustainable investment products. The Green Bond Principles promote the integrity of the green bond market through guidelines on transparency, disclosure, and reporting and allow investors to put capital forward for climate-friendly projects.

Criteria for green bonds

Green bonds are bonds that comply with the Green Bond Principles⁵. They qualify as sustainability products in the advisory universe due to the purposes for which the proceeds of the bonds are used. Green bonds are bonds that aim to finance projects with positive environmental and/or climate impacts. Here, the primary consideration is the financing purpose of the bonds and not the issuer. This also means that green bond funds may include issuers that do not meet the exclusion criteria for sustainable investment products. The Green Bond Principles promote the integrity of the green bond market through guidelines on transparency, disclosure, and reporting and allow investors to put capital forward for climate-friendly projects.

⁵ The Green Bond Principles are a guideline created by the International Capital Markets Association for the issue of green bonds.