

Declaration on the consideration of principal adverse impacts on sustainability factors in investment and insurance advisory

As of 1 October 2024 (update of the version from 1 April 2024)

Because of the services that it offers (asset management, investment and insurance advisory), Schoellerbank AG qualifies as a financial market participant and as a financial advisor for the purposes of the EU Sustainable Finance Disclosure Regulation (Regulation [EU] 2019/2088; SFDR). As a financial market participant, Schoellerbank AG takes principal adverse impacts on sustainability factors into account in its sustainable asset management activities. As a financial advisor, Schoellerbank AG takes adverse impacts on sustainability factors into account in the course of its investment and insurance advisory activities.

INVESTMENT ADVISORY

The advisory universe of Schoellerbank AG contains sustainable financial products as well as products whose underlying investments do not take into consideration the EU criteria for environmentally sustainable economic activities. The principal adverse impacts on sustainability factors are taken into account in the sustainable investment products in the advisory universe. If corresponding offerings are available from the respective product producer, information about the adverse impacts on sustainability factors from the product producer will be provided and explained to the customer during the consultation. The customer will be informed about the expected effects of adverse impacts on sustainability factors and the effects of sustainability risks on the yield of the offered financial products in the pre-contractual information from the product producer. The pre-contractual information will be provided and explained to the customer during the consultation.

INSURANCE ADVISORY

Insurance advisory is provided in cooperation with Wiener Städtische Versicherung AG. Insurance-based investment products (IBIP) are sold. We take into consideration the principal adverse impacts on sustainability factors in the sense of the SFDR during insurance advisory in the following manner: The principal adverse impacts on sustainability factors for financial products are identified by the product producer (financial market participant). When providing insurance advice, information from the product producer is used. Information about the principal adverse impacts on sustainability factors from the product producer is provided and explained to the customer during the consultation. Further information on the Schoellerbank pension investment solutions can be found at

<https://www.schoellerbank.at/en/asset-management/sustainable-solutions>

DETAILED DESCRIPTION OF HOW THE PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS ARE TAKEN INTO ACCOUNT IN THE PRODUCT SELECTION PROCESS

The principal adverse impacts on sustainability factors are taken into account through the defined sustainability criteria of the sustainability approach that is employed by Schoellerbank AG.

Taking the principal adverse impacts on sustainability factors into account limits the investable universe. This can have positive and negative effects on the financial product's yield compared with the respective benchmark of the product.

The sustainability criteria pertain to equities and corporate bonds and to government bonds, regardless of whether the equities and bonds are held directly or indirectly. Individual instruments are direct investments in equities, corporate bonds, and government bonds. Indirect investments especially include

- Investment funds
- Structured products (e.g. guaranteed bonds, bonds with a guaranteed minimum repayment, bonds with conditional capital protection)
- Asset management: Under sustainable asset management, direct (equities, corporate bonds, and government bonds) and indirect (e.g. investment funds) investments can be made. The financial product does not pursue a sustainable investment objective – investments in economic activities classified as environmentally sustainable according to the EU Taxonomy. However, the financial product promotes environmental and social characteristics in the portfolio and while it does not have as its objective a sustainable investment, it will have a minimum proportion of sustainable investments. Under sustainable asset management, the sustainability criteria described in the following table are applied for the selection of individual instruments and investment funds. Further details can be found on the Schoellerbank AG website under the respective investment approach of the sustainable asset management product.

Depending on the financial instrument (individual instrument, Schoellerbank fund, or third-party fund/ETF), different sustainability criteria from the table are applied.

SUSTAINABILITY CRITERIA FOR EQUITIES AND CORPORATE BONDS

The selection process for the sustainability criteria breaks down as follows:

- 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.
- Compliance with the UN Global Compact¹: Companies in violation of the principles of the UN Global Compact are excluded from the sustainable investment universe.
- In the second stage, the issuers remaining after the screening process are assessed with regard to their social and environmental standards. This second selection stage excludes the issuers that exhibit poorer performance than their peers in terms of the sustainability factors.

Exclusion criteria	For investments in individual instruments and investment funds of Schoellerbank Invest AG	For investments in investment funds/ETFs of all other investment companies
Production or extraction of coal or energy generation from thermal coal	More than 2% of revenue	More than 5% of revenue
Production or distribution of controversial weapons such as anti-personnel mines, cluster munitions, and chemical or biological weapons	Absolute ban, more than 0% of revenue	Absolute ban, more than 0% of revenue
Particularly problematic extraction methods for fossil fuels such as fracking, tar sands, and Arctic oil	More than 5% of revenue	More than 5% of revenue
Production or distribution of tobacco products	More than 5% of revenue	More than 5% of revenue
Energy generation from nuclear fuels and extraction or processing of nuclear fuels	More than 5% of revenue	More than 5% of revenue
Production or distribution of spirits	More than 5% of revenue	Not applied
Production or distribution of pornography	More than 5% of revenue	Not applied
Production or distribution of games of chance	More than 5% of revenue	Not applied
Production or distribution of weapons or military armaments	More than 5% of revenue	More than 10% of revenue
Production or distribution of genetically manipulated agricultural crops	More than 5% of revenue	Not applied
Interventions in human germline therapy, human cloning procedures, or human embryonic stem cell research	Absolute ban, more than 0% of revenue	Not applied
Companies that are assigned to certain controversial mining sectors ² and do not comply with international norms or standards.	More than 5% of revenue	More than 5% of revenue
Performance of animal testing that is not required by law – outsourcing of animal testing to third parties is attributed to the outsourcing company	More than 5% of revenue Products developed with the help of animal testing	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.	No revenue limit	Not applied

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.

² Mining of chemical and fertilizer minerals, hard coal mining, iron ore mining, lignite mining and other non-ferrous metal mining (cassiterite, polymetallic sulfide ores, gold ores), mining of uranium and thorium ores. Extraction of stones and earth.

Compliance with the UN Global Compact ³	For investments in individual instruments and investment funds of Schoellerbank Invest AG	For investments in investment funds/ETFs of all other investment companies
Companies in violation of the principles of the UN Global Compact are excluded from the sustainable investment universe.	Severe and very severe violations ²⁾⁴⁾	Very severe violations ²⁾³⁾

SUSTAINABILITY CRITERIA FOR GOVERNMENT BONDS

A screening based on the exclusion criteria⁵ is performed for the sustainability criteria for government bonds. This means that government bonds with the following criteria are excluded as investments.

Exclusion criteria	For investments in individual instruments and investment funds of Schoellerbank Invest AG	For investments in investment funds/ETFs of all other investment companies
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)	✓	✓
Countries that do not make sufficient climate protection efforts (German Watch e.V.'s Climate Change Performance Index score below 40)	✓	✓ A comparable indicator can also be used.
Countries that apply capital punishment	✓	✓
Countries with especially high military budgets	✓ More than 3% of GDP	✓ More than 4% of GDP
Countries that have not signed the Paris Climate Agreement	✓	✓
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	✓	✓
Countries that have not ratified the UN Convention on Biological Diversity	✓	✓
Countries in which corruption in the public sector is perceived to be excessively high (Transparency International's Corruption Perception Index score below 50)	✓	✓
Countries that violate democratic principles or fundamental/human rights. As soon as a country violates a criterion (controversy), investments may not be made in that country. Controversies are measured using the following indicators: <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 	✓	✓

³ 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.

⁴ The assessment of the severity of the violation is based on information from an independent ESG research and rating company.

⁵ 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.

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.
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Attention: The following criteria are not applied in asset management

SUSTAINABILITY CRITERIA FOR GREEN BONDS

Green bonds are bonds that comply with the Green Bond Principles⁶. 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.

⁶ The Green Bond Principles are a guideline created by the International Capital Markets Association for the issue of green bonds.