

Sustainability-related disclosures for asset management classic with individual stocks with the following investment approaches:

- Traditional sustainable
- Balanced sustainable
- Dynamic sustainable
- Progressive sustainable
- 100% individual stocks sustainable

Financial market participant: Schoellerbank AG / LEI: 529900ESWL1AEC189F69

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The asset management classic with individual stocks with the given investment approaches is a financial product pursuant to Article 8 of Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector (Disclosure Regulation). Schoellerbank AG is publishing the following information about the environmental and social characteristics of this asset management product pursuant to Article 10 of the Disclosure Regulation in conjunction with Article 24 ff. of Delegated Regulation (EU) 2022/1288.

Summary

No sustainable investment objective: The asset management classic with individual stocks with the given investment approaches promotes environmental and social characteristics, but does not target sustainable investments. However, this 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 51% of sustainable investments.

In addition, the financial product takes into account the principal adverse impacts (PAI) on sustainability factors.

This investment product is certified with the **Austrian Ecolabel** and takes into account the exclusion criteria, the quality requirements for the data collection and selection process, and the transparency and reporting requirements of the applicable guideline UZ 49 for sustainable financial products.

Environmental or social characteristics of the financial product: With regard to environmental characteristics, climate protection, the prevention and reduction of environmental pollution, and the protection and restoration of biodiversity and ecosystems are important investment principles. The financial product avoids investments in economic activities that are especially harmful to these environmental objectives. These include, in particular, the extraction and use of fossil fuels (coal, oil and natural gas) as well as energy generation through nuclear fission (nuclear energy). By contrast, companies that work to improve their greenhouse gas footprint and do not put biodiversity at risk in their sphere of influence are promoted. In addition, the asset management classic with individual stocks invests in bonds issued by countries that advocate climate protection, the preservation of biodiversity and the phase-out of nuclear energy.

In terms of social characteristics, the asset management classic with individual stocks aims to promote democracy, respect for human rights, gender equality, and the elimination of discrimination. This will be achieved through a catalogue of criteria that are oriented towards the Universal Declaration of Human Rights and the principles of the UN Global Compact.

All sustainability criteria are regularly evaluated with regard to their suitability for achieving the defined sustainability objectives and their potential negative effects on the risk and return profile of the portfolio. If changes are made to the sustainability criteria, all affected customers will be notified in writing in advance.

Investment strategy: Schoellerbank AG has implemented the environmental and social criteria in its investment process. To this end, suitable metrics are taken into account for the investments in order to assess the environmental and social characteristics. The asset allocation is based on the targets defined by the Investment Committee of Schoellerbank AG. In addition, all selected securities must meet the environmental and social criteria of Schoellerbank AG. Beyond this, this financial product takes into account the exclusion criteria, the quality requirements for the collection and selection process and the transparency and reporting requirements of the applicable guideline UZ 49 for sustainable financial products.

As part of a two-stage screening process, the investment universe is first limited using a set of exclusion criteria. The portfolio is then constructed from the remaining investment universe after the application of these exclusion criteria. To this end, social and environmental standards have been defined in order to help identify the investment funds/ETFs that are especially well suited to achieve the defined objectives.

Proportion of investments: All securities in the asset management classic with individual stocks must comply with Schoellerbank AG's exclusion criteria and the requirements of the Austrian Ecolabel. Depending on the variant, the asset management classic with individual stocks invests in global equities and securities that are equivalent to equities issued by companies as well as in equity funds/ETFs and in alternative investments via investment funds. The portion of the portfolio that is not invested in equities and equity funds/ETFs or in alternative investments is invested in global bonds, bond funds/ETFs, and money market instruments. No derivative financial instruments are employed.

Monitoring of the environmental or social characteristics: Schoellerbank AG verifies on an ongoing basis that all companies and countries held in the asset management classic with individual stocks meet all of the exclusion criteria. Suitable data for the review is provided by ISS ESG. If deviations are discovered, the required conditions are promptly restored by selling the relevant assets and purchasing new ones.

Methodologies: The data provided by ISS ESG is implemented in the IT system of Schoellerbank AG and aggregated at the portfolio level. This applies to all criteria and the PAI indicators. This allows the current state regarding the fulfilment of the exclusion criteria and minimum criteria to be assessed and for the portfolio to be constructed and adjusted in line with the desired characteristics.

Data sources and processing: In order to be able to evaluate the environmental and social characteristics of an investment, Schoellerbank AG relies on data from ISS ESG, which in turn obtains this data either directly from the companies or from other sources. The data may also be estimates by ISS ESG in some cases.

Limitations to methodologies and data: Schoellerbank AG cannot fully check the data provided by ISS ESG, and the availability of data with regard to the EU Taxonomy and for individual PAI indicators is not yet ideal. Schoellerbank AG utilises a broad range of criteria and data points in order to assess the environmental and social profile of an issuer. This reduces the risk that incorrect or incomplete data will keep the defined objectives from being achieved.

Due diligence: If deviations occur that require a reaction by the portfolio management, the portfolio is promptly adjusted. The independent risk management unit at Schoellerbank AG and the internal audit department monitor the process for compliance with the defined exclusion criteria and minimum criteria.

Engagement policies: No engagement policy is defined for the asset management classic with individual stocks with the given investment approaches. Voting rights are not exercised by Schoellerbank AG, and the exercise of voting rights is thus not part of the investment strategy including any management processes.

Designated reference benchmark: No index has been designated as a reference benchmark for the environmental or social characteristics promoted by the financial product.

No sustainable investment objective

The asset management classic with individual stocks with the given investment approaches promotes environmental and social characteristics, but does not target sustainable investments. The financial product does not pursue a sustainable investment objective in the sense of 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 51% of sustainable investments.

How do the sustainable investments not cause significant harm to any sustainable investment objectives?

In addition, the financial product takes into account the principal adverse impacts (PAI) on sustainability factors. As part of a two-stage assessment process, the environmental and social characteristics are determined in the first stage using mandatory exclusion criteria that must be complied with by all securities at all times. In the second stage, the remaining investment universe is evaluated with regard to the environmental and social characteristics. This two-stage process is described in detail in the following section, “Environmental or social characteristics of the financial product”.

Adverse impacts of investment decisions on sustainability factors (PAI indicators) are taken into account in the course of sustainable investments in connection with the consideration of the “principle of significant harm”. This prevents potential negative impacts on the environment or social objectives.

- Some PAI indicators are included in both the exclusion criteria and the social and environmental standards. The exclusion criteria prohibit any investment in activities that violate the principles of the UN Global Compact. Investments in controversial weapons are also prohibited. Environmental and social PAI indicators are taken into account for companies within the scope of the social and environmental standards, including greenhouse gas intensity, violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, exposure to controversial weapons, and the lack of a human rights policy.

Environmental or social characteristics of the financial product

What environmental and/or social characteristics are promoted by this financial product?

The asset management classic with individual stocks with the given investment approaches promotes both environmental and social characteristics that Schoellerbank AG has developed together with its Advisory Board for Ethics and Sustainability. The Advisory Board is made up of external experts with technical backgrounds related to sustainable issues and environmental protection. The Advisory Board is tasked with advising the company's decision-makers and giving recommendations. Additional information about the Advisory Board can be found here: <https://schoellerbank.at/en/advisory-board-for-ethics-and-sustainability.jsp>.

This investment product is certified with the **Austrian Ecolabel** and takes into account the exclusion criteria, the quality requirements for the data collection and selection process, and the transparency and reporting requirements of the applicable guideline UZ 49 for sustainable financial products.

In the **ecological area**, climate protection and the protection of natural ecosystems are important principles in investment. This financial product avoids investments in economic activities that are particularly harmful to these ecological goals. These include, in particular, the extraction and use of fossil fuels (coal, petroleum, and natural gas) and energy generation through nuclear fission (nuclear energy). Instead, it supports companies that are working to improve their greenhouse gas footprint and do not endanger biodiversity within their sphere of influence. Furthermore, the asset management company invests in bonds issued by countries committed to climate protection, the preservation of biodiversity, and the phase-out of nuclear energy. Other ecological factors considered by this financial product include the avoidance of genetically modified organisms in food production, the prohibition of animal testing unless medically necessary, interventions in the human germline, cloning procedures in humans, and human embryonic stem cell research that consumes human embryonic stem cells.

In terms of **social characteristics**, the asset management classic with individual stocks aims to promote democracy, respect for human rights, gender equality, and the elimination of discrimination. This will be achieved through a catalogue of criteria that are oriented towards the Universal Declaration of Human Rights and the

principles of the UN Global Compact. This also includes the avoidance of investments in companies that manufacture or sell arms or armaments and in countries with especially high military spending. Another criterion when it comes to social characteristics is the avoidance of investments in the following controversial business areas: spirits, tobacco, pornography, and games of chance – both production and distribution are taken into account.

How are the environmental and social characteristics measured?

Schoellerbank AG has developed a two-stage process that collects appropriate metrics for investments in order to assess the environmental and social characteristics described above.

In the **first stage**, the universe of investable securities is limited using clear **exclusion criteria**. This applies to equities and bonds issued by companies as well as bonds issued by governments and supranational organisations, regardless of whether the equity or bond is held directly or indirectly (e.g. through investment funds, funds-of-funds, or certificates). Therefore, no investments are made in investment funds containing securities of an issuer that violates one of the exclusion criteria. The exclusion criteria and their measurement are described in more detail in the following.

Best-in-Class: All investments are evaluated according to the best-in-class approach. The entire ISS ESG investment universe is analysed based on comprehensive environmental, social, and governance data. Issuers receive a rating on a seven-level scale; "Prime" refers to those that achieve above-average sustainability performance within their industry (level 4 out of 7). The Prime threshold is industry-specific and takes relevant ESG risks into account. Only issuers that are no more than one level below Prime status are eligible for investment.

UN Global Compact: Schoellerbank AG emphasizes that companies adhere to the principles of the UN Global Compact. The UN Global Compact is a network of companies operated under the auspices of the United Nations. The participating companies undertake to comply with the following ten principles, which are divided into four main categories:

Human rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour.

Principle 5: Businesses should uphold the effective abolition of child labour.

Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges.

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

ISS ESG assesses companies' conduct with regard to these principles, regardless of whether or not a company has officially committed to the principles. If misconduct is discovered at a company, ISS ESG evaluates the severity of the transgression using a four-step scale: potential, moderate, severe, or very severe violation. Not only the type of violation plays a role here, but also how transparently the company deals with the allegations and how quickly countermeasures are initiated.

If a severe or very severe violation of the principles of the UN Global Compact is discovered by ISS ESG, the given issuer is excluded from the sustainable investment universe for investments in individual securities and for investment funds of Schoellerbank Invest AG. For other investment funds and ETFs, all holdings in the investment fund or ETF are evaluated during the review, and a very severe violation of the UN Global Compact leads to the exclusion of the entire investment fund or ETF.

Exclusion criteria for companies: All direct and indirect investments in the equity capital and debt capital of companies that generate more than a certain proportion of their revenues defined below with certain activities that are contrary to the objectives of the asset management classic with individual stocks are excluded from the product. Alternatively, the proportion of earnings can be used as the criterion.

The relevant factors for the assessment include the production and marketing of certain goods as well as the provision of services by the issuer, but not the holding of a minority stake in a different company that is active in one of these business areas.

The following exclusion criteria apply to companies for all investments made either directly or indirectly via investment funds/ETFs:

- Production or distribution of controversial weapons such as anti-personnel mines, cluster munitions, and chemical or biological weapons (absolute ban, more than 0% of revenues)
- Production or extraction of coal or energy generation from thermal coal (more than 2% of revenues)
- Exploration, extraction, processing and distribution of fossil fuels as well as energy generation from fossil fuels (more than 5% of revenues)
- Energy generation from nuclear fuels and extraction or processing of nuclear fuels and the production and distribution of nuclear components necessary for nuclear energy generation (more than 5% of revenues)
- Production or distribution of tobacco products (more than 5% of revenues)
- Production or distribution of weapons or their essential components as well as military armaments (more than 5% of revenues)
- Companies assigned to certain controversial mining sectors and not complying with international norms or standards (more than 5% of revenues)

The following mining sectors are controversial: mining of chemical and fertilizer minerals, hard coal mining, iron ore mining, brown coal mining, other non-ferrous metal mining (cassiterite, polymetallic sulfide ores and gold ores), mining of uranium and thorium ores and mining of stones and earths

In contrast to the other exclusion criteria, this exclusion criterion excludes those companies that have serious and very serious violations of the principles of the UN Global Compact.

- Production or distribution of spirits (more than 5% of revenues)
- Production or distribution of pornography (more than 5% of revenues)
- Production or distribution of games of chance (more than 5% of revenue)
- Production or distribution of genetically manipulated agricultural crops (more than 5% of revenues)
- Interventions in human germline, human cloning procedures, or human embryonic stem cell research (more than 5% of revenues)
- 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 revenues for products developed with the help of animal testing)
- Direct or indirect investments in foodstuffs and agricultural raw materials (e.g. commodity futures, certificates, or commodity funds – full exclusion with no revenue limit). Investments in companies that are active in this business area are not excluded.

Exclusion criteria for states: The following exclusion criteria apply to direct and indirect investments in government bonds. Schoellerbank AG identifies violations based on the data and assessments provided by ISS ESG and, on a case-by-case basis, data from third-party providers:

- Countries that are on the black list of the global Financial Action Task Force (FATF) or on the EU list of non-cooperative countries and territories for tax purposes
- Countries that violate democratic principles or fundamental/human rights according to the assessment of ISS ESG. As soon as a country violates a criterion (controversy), investments may not be made in that country. Controversies are measured using the following indicators:
 - 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.
 - Human rights: If fundamental human rights are severely 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.
 - 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.
- Countries where the death penalty has been carried out within the last 10 years
- Countries with especially high military budgets (more than 4% of GDP on average over the last 3 years)
- 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 have not signed the Paris Climate Agreement and whose per capita greenhouse gas emissions exceed 14 tonnes of CO₂ equivalent
- Countries that do not make sufficient climate protection efforts (German Watch e.V.’s Climate Change Performance Index score below 40)
- States that are building or have decided to build new nuclear power plants or whose share of nuclear energy in the nationally produced electricity mix is more than 40%
- Countries that have not ratified the UN Convention on Biological Diversity or the Washington Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)

In the **second stage**, the remaining securities are evaluated with regard to **social and environmental standards**. During the assessment, the sustainable investments are divided into the categories of Taxonomy-aligned, other environmental, and social. The overall portfolio must have a minimum proportion of 51% of sustainable investments. Social and environmental standards are indicators that demonstrate above-average performance of a company or country with regard to the environmental and social characteristics that are promoted. The social and environmental standards are evaluated at the individual security level and also aggregated at the portfolio level. The asset management classic with individual stocks strives to disclose as high a proportion of environmental and social investments as possible and to increase this proportion.

First, the Taxonomy-aligned activities pursuant to Regulation (EU) 2020/852 are ascertained for all investments. These are determined separately on the basis of the data provided by ISS ESG or the relevant investment management companies.

In the next step, Schoellerbank AG considers other environmental and social investments. In order to be able to assess the environmental characteristics, Schoellerbank AG considers a number of environmental standards, which are in part taken from the adverse impacts on sustainability factors (PAI indicators) from Annex I of the regulatory technical standards (Delegated Regulation [EU] 2022/1288 of the Commission) for Regulation (EU)

2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector (SFDR).

An investment that meets all of the following environmental standards in addition to the exclusion criteria is considered an environmental investment (other environmental category).

- Companies and countries with below-average greenhouse gas intensity – PAI indicator 3 in Table 1 for companies and PAI indicator 15 in Table 1 for countries show the ratio between total greenhouse gas emissions (tonnes of CO₂ equivalents) and revenues (companies) or population (countries). This indicator is compared to a reference benchmark that represents the mean for the investment universe. If the indicator is below the reference benchmark, this criterion is met.
- Companies with carbon emission reduction initiatives aimed at aligning with the Paris Agreement – PAI indicator 4 in Table 2 assesses companies based on their defined objectives aimed at reducing greenhouse gas emissions in order to achieve the climate targets.
- Companies that are not active in the fossil fuel sector – PAI indicator 4 in Table 1 pertains to the extraction, processing, and marketing of fossil fuels and energy generation using coal, petroleum, or natural gas.
- Companies whose activities do not negatively affect biodiversity-sensitive areas – PAI indicator 7 in Table 1 measures the share of companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those companies negatively affect those areas.
- Companies and countries with above-average overall performance in terms of climate change mitigation and climate change adaptation – This is evaluated by ISS ESG using a proprietary scoring model: the Carbon Risk Rating.
- Companies and countries with above-average overall performance in the achievement of sector-specific sustainability efforts – This is evaluated by ISS ESG using a scoring model: the ESG Performance Score.

Those investments that do not meet all of the environmental criteria are then assessed with regard to social criteria. As a result, an investment can only count as environmental or social, preventing the same investment from being counted in both categories.

If an investment meets all of the following social criteria in addition to the exclusion criteria and it is not already included in the environmental investments (other environmental category), it is reported as a social investment. The criteria are assessed on the basis of data from ISS ESG:

- Companies with internal processes for upholding human rights – PAI indicator 9 in Table 3
- Companies that have filled at least two thirds of the positions on their supervisory board with women – PAI indicator 13 in Table 1
- Companies that have established processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises – PAI indicator 11 in Table 1
- Countries that, according to ISS ESG's assessment, are not subject to relevant violations of established social standards as referred to in international treaties and conventions, United Nations principles, and, where applicable, national law – PAI indicator 16 in Table 1
- Companies and countries with a positive impact score when it comes to the achievement of the 17 Sustainable Development Goals of the United Nations – This is assessed by ISS ESG on the basis of the SGD Solution Score.
- Companies and countries with above-average overall performance in the achievement of sector-specific sustainability efforts – This is evaluated by ISS ESG using a scoring model: the ESG Performance Score.

All sustainability criteria are regularly evaluated with regard to their suitability for achieving the defined sustainability objectives and their potential negative effects on the risk and return profile of the portfolio. If changes are made to the sustainability criteria, all affected customers will be notified in writing in advance.

Investment strategy

Investment strategy to attain the environmental or social characteristics promoted by the financial product

The asset allocation is based on the targets defined by the Investment Committee of Schoellerbank AG. In addition to the sustainability factors described above, the selection of individual securities must meet the quality standards of Schoellerbank AG: Schoellerbank EquityRating, Schoellerbank BondRating, and Schoellerbank FundRating. Further information about this can be found on the website of Schoellerbank AG: <https://schoellerbank.at/en/unsere-qualitaetskriterien.jsp>.

In addition, all selected securities must meet the environmental and social criteria of Schoellerbank AG. This means that no securities may violate any of the exclusion criteria and that the defined minimum proportion for environmental and social investments of 51% must be met for all securities.

Depending on the variant, the asset management classic with individual stocks invests in global equities and securities that are equivalent to equities issued by companies as well as in equity funds/ETFs and in alternative investments via investment funds. The portion of the portfolio that is not invested in equities and equity funds/ETFs or in alternative investments is invested in global bonds, bond funds/ETFs, money market instruments, and bank deposits. Derivative financial instruments are not employed in this financial product. The individual variants differ in terms of the equities ratio:

Investment approach	Cash/cash equivalents and bonds	Equities and alternative investments
Traditional sustainable	66.67–100.00%	0.00–33.33%
Balanced sustainable	50.00–100.00%	0.00–50.00%
Dynamic sustainable	33.33–100.00%	0.00–66.67%
Progressive sustainable	0.00–100.00%	0.00–100.00%
100% individual stocks sustainable	0.00–20.00%	80.00–100.00%

The portfolio is constructed in accordance with the guidelines for appropriate risk diversification, maintaining sufficient liquidity, and limiting global exposure that apply at Schoellerbank AG. The portfolio is monitored on an ongoing basis with regard to the current allocation, the risk parameters, and compliance with the environmental and social criteria of Schoellerbank AG.

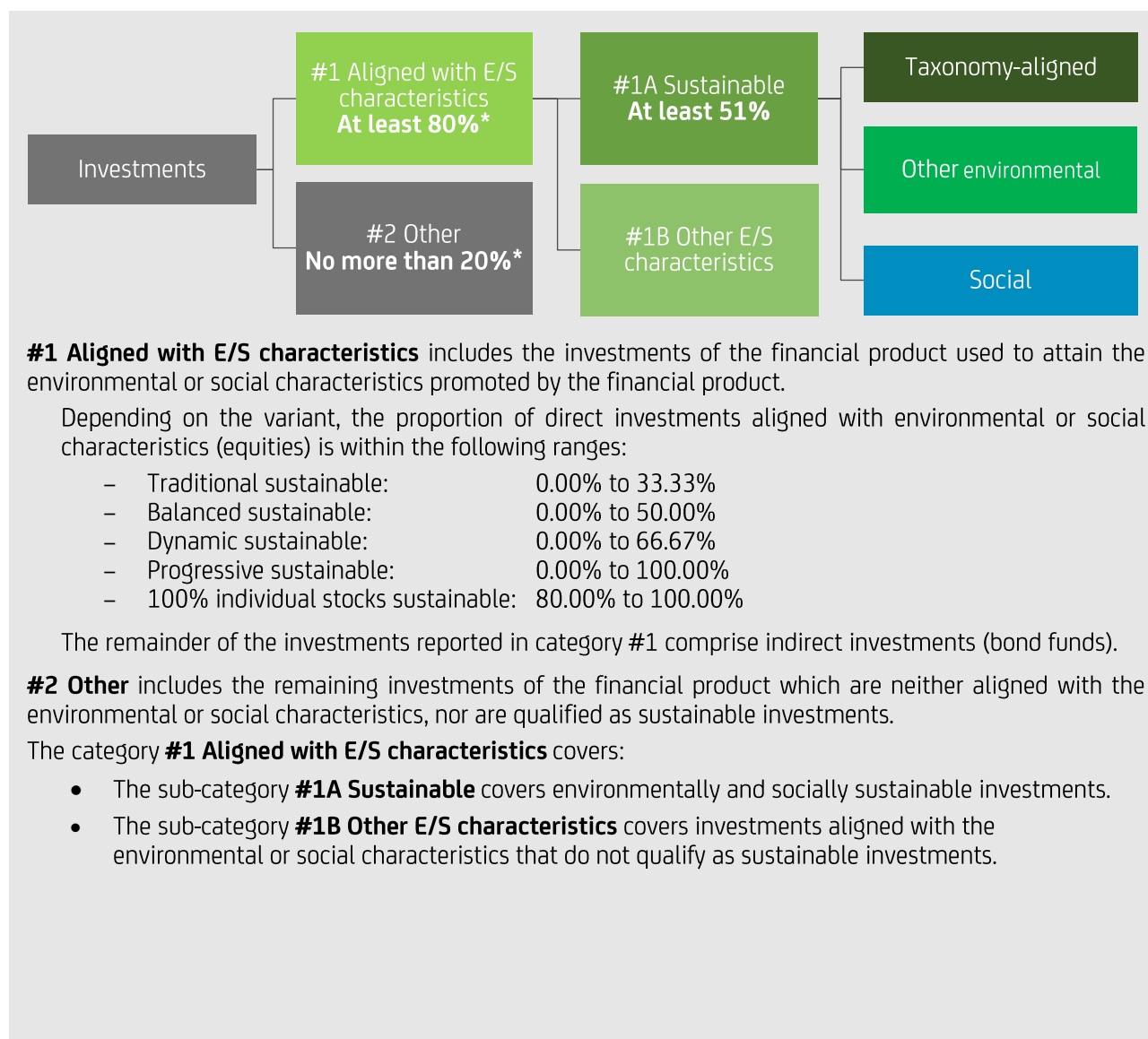
The process of selecting companies and countries according to environmental and social aspects is supported by the expertise of ISS ESG. This agency provides the data that is used to review the metrics.

Policy to assess good governance practices of the investee companies

Good governance practices are taken into account through the exclusion of companies that commit severe or very severe violations of the rules of the UN Global Compact. Issuers that lack good governance practices or that exhibit serious deficits in this area are avoided. This includes violations of environmental protection regulations, social standards, and labour rights, as well as corruption, money laundering, tax evasion, and dishonest business practices. Furthermore, the asset management classic with individual stocks does not invest in bonds of countries that circumvent minimum standards for the prevention of money laundering or are susceptible to corruption.

The assessment of good governance practices is performed on the basis of data from ISS ESG. Before a new security is added to the portfolio, it is evaluated as to whether it exhibits severe or very severe violations of the rules of the UN Global Compact with the help of this data. To this end, ISS ESG provides data for the detailed analysis of the potential company. Schoellerbank AG can only assess facts and data that are provided to it by ISS ESG or are generally known. If new irregularities occur that become known to Schoellerbank AG through regular assessments or media reports, the relevant position is sold immediately while taking the market conditions into account.

Proportion of investments



All securities in the asset management classic with individual stocks must comply with Schoellerbank AG's exclusion criteria. Only these assets are reported under “#1 Aligned with E/S characteristics”. Under the investment strategy, a portion of the assets can be held in the form of bank deposits, which fall under “#2 Other”.

This financial product promotes social and environmental characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 51% of sustainable investments with an environmental objective and/or a social objective.

As investments with an environmental objective, securities that meet both the exclusion criteria and all of the environmental standards of Schoellerbank AG are reported under the category “Other environmental”. Social investments must meet all of the exclusion criteria and all social standards of Schoellerbank AG. If a security can be considered both an environmental and social investment based on the criteria, the share of this investment is only reported under “Other environmental” in order to avoid double counting.

*) N.B.: At the start of the asset management mandate and during the ongoing management when adjustments are made to the allocation, there may be a higher level of bank deposits for a short time (a few days). These accounting processes have no further impact on the asset management classic with individual stocks.

Monitoring of the environmental or social characteristics

The asset management classic with individual stocks is monitored on an ongoing basis with the help of data and assessments from ISS ESG in order to identify changes in the sustainability factors of the investment instruments. If a change affecting a security causes it to no longer meet the exclusion criteria, the position is promptly sold. If, however, a change reduces one or more environmental or social indicators, a sale is not required provided that the defined minimum proportion of 51% of sustainable investments is met. If the proportion of sustainable investments falls below this threshold, a replacement investment must be made in order to restore the minimum proportion of environmental and social investments.

Internal control processes are in place at Schoellerbank AG that ensure the monitoring of the exclusion criteria and the minimum proportion of environmental and social investments.

Suitable data for the review is provided by ISS ESG. This ensures that the PAI indicators are monitored on an ongoing basis. A material change in the PAI indicators can lead to changes in the allocation and to the sale of certain investments. In particular, this is necessary when exclusion criteria or defined minimum limits are violated.

All changes in the portfolio – whether due to a change to the allocation by Schoellerbank AG or an inflow or outflow of capital on the part of the customer – are also incorporated into the control processes described above.

The investment process is monitored by Schoellerbank AG's risk management unit on an ongoing basis. Suitable processes and technical procedures have been put into place for this purpose.

Methodologies for environmental or social characteristics

The data provided by ISS ESG and the relevant investment management companies are aggregated at the portfolio level by Schoellerbank AG. This particularly applies to the PAI indicators that were incorporated into the criteria described in the item "Environmental or social characteristics of the financial product". Details on the PAI indicators are listed in the item "No sustainable investment objective".

The implementation of the data regarding the exclusion criteria and the social and environmental standards allows the current state regarding the fulfilment of the exclusion criteria and minimum criteria to be assessed and for the portfolio to be constructed in line with the desired characteristics. Subsequently, new data show how the targeted characteristics change over time. If some environmental or social criteria show a deterioration, the reasons for this are discussed. If Schoellerbank AG concludes that the new developments are unacceptable, the given investments are reduced or completely sold off and eliminated from the portfolio.

Data sources and processing

What data sources are used for the purpose of attaining the environmental or social characteristics promoted by the financial product?

In order to be able to evaluate the environmental and social characteristics of an investment, Schoellerbank AG relies mainly on data from ISS ESG, which has internationally recognised expert knowledge in all areas related to sustainable and responsible investment. ISS ESG provides Schoellerbank AG with comprehensive expertise about companies, countries, and supranational entities.

In addition to data from ISS ESG, data from investment companies and other data providers are also used to review sustainability criteria. Schoellerbank AG only considers data available for all eligible investments when reviewing exclusion criteria. This means that issuers for whom not all exclusion criteria can be clearly verified based on the available data are not considered for asset management. During a detailed, manual review of an issuer, Schoellerbank AG can declare an investment acceptable despite missing data on exclusion criteria if there is no evidence of a violation or revenue in a relevant business segment.

ISS ESG obtains the data from various sources, including from the relevant companies, countries, and supranational entities themselves as well as from other sources such as governmental and non-governmental organisations. The data is also partially based on assessments/estimates by ISS ESG. In addition, ISS ESG prepares scores on the basis of raw data that assess various dimensions of sustainable issues – e.g. how well the issuer complies with the principles of the UN Global Compact.

What measures are taken to ensure data quality?

Schoellerbank AG checks the data provided by ISS ESG – including estimates – for plausibility on a random basis. Schoellerbank AG only uses data for the assessment of the exclusion criteria that is available for all eligible investments. This means that issuers for which all of the exclusion criteria cannot be clearly checked on the basis of the available data are not eligible for investment by the asset management classic with individual stocks. In the course of a detailed, manual review of an issuer, Schoellerbank AG can deem an investment to be suitable despite a lack of data pertaining to exclusion criteria if there is no evidence of a violation or revenues in a relevant business area.

When it comes to the social and environmental standards, it is possible that individual data points are not available for issuers. In this case, an assessment cannot be performed for the issuer and the issuer is not classified as an environmental or social investment. However, investment is still possible if all of the exclusion criteria can be clearly checked.

How is the data processed?

The asset management classic with individual stocks is monitored on an ongoing basis with the help of data – including estimates – from ISS ESG and the relevant investment management companies in order to identify changes in the sustainability factors of the issuers. This is performed in Schoellerbank AG's IT systems, which compare the portfolio investments with the data from ISS ESG and the relevant investment management companies. If Schoellerbank AG discovers a change pertaining to an issuer with the help of the data such that the issuer violates one or more of the exclusion criteria, the relevant position is promptly sold. If, however, Schoellerbank AG discovers a deterioration relating to the social and environmental standards, a sale is not necessarily required provided that the defined minimum proportion of sustainable investments is met.

What proportion of the data is estimated?

The data provider ISS ESG relies on estimates in its analysis. The proportion of the estimated data is not known.

Limitations to methodologies and data

What limitations are there with regard to the described methodologies and data sources?

Schoellerbank AG cannot fully check the data provided by ISS ESG and the relevant investment management companies.

At this time, data pertaining to the EU Taxonomy and certain PAI indicators is not yet fully available, so the data quality is not yet ideal. As information is increasingly provided by market participants, the data quality for the key factors is expected to improve.

Schoellerbank AG can only decide whether an investment promotes the defined objectives on the basis of known facts. In addition, Schoellerbank AG cannot predict or influence whether the issuers identified as being eligible based on the metrics will continue to use the capital provided in accordance with the sustainability objectives of Schoellerbank AG in the future. It is only possible to react when the described metrics indicate that this is no longer the case.

Do these limitations influence how the environmental and social characteristics promoted by the financial product are met?

The availability of sustainability data that has been published by companies and verified by independent external bodies is still very limited. As a result, data from unverified sources, which also includes estimates in part, is also relied upon. It is therefore possible that assessments that are made on the basis of unverified sources will have to be revised after the fact.

Schoellerbank AG utilises a broad range of criteria and data points in order to assess the environmental and social profile of an issuer. This reduces the risk that incorrect or incomplete data will keep the defined objectives from being achieved. In addition, the data is updated on an ongoing basis and the history is retained, which allows deviations over time to be identified.

Due diligence

Schoellerbank AG has implemented processes and procedures for the collection and processing of the data provided by ISS ESG and the relevant investment management companies for the purposes of portfolio management. The data is implemented in the IT systems of Schoellerbank AG. This makes it possible to monitor the portfolios on an ongoing basis with regard to compliance with the criteria and the achievement of the objectives. This pertains to the environmental and social criteria, which are met by this asset management classic with individual stocks on a binding basis. If deviations occur that require a reaction by the portfolio management, the portfolio is promptly adjusted.

The independent risk management unit at Schoellerbank AG and the internal audit department monitor the process for compliance with the defined exclusion criteria and minimum criteria.

With regard to risk and liquidity management, the asset management classic with individual stocks with the given investment approaches is subject to the same standards and processes that Schoellerbank AG has established for all asset management mandates – regardless of whether or not they take environmental and social characteristics into account. This means that the allocation of the asset management classic with individual stocks is oriented towards the targets defined in the Investment Committee and the selection of assets takes all criteria specified in the internal policies into account. In addition, the asset management classic with individual stocks with the given investment approaches is monitored with regard to the global exposure and the liquidity requirements on an ongoing basis.

Engagement policies

Schoellerbank AG renders portfolio management services for investors. All equities and the issuing companies are monitored on an ongoing basis as part of the investment process – i.e. the criteria according to which equities are purchased, held, and sold for the given securities account. The analysis of the companies in which Schoellerbank AG invests within the scope of the asset management classic with individual stocks covers their strategy, financial and non-financial performance, capital structure, social and environmental impacts, valuation, and corporate governance.

The following considerations have led Schoellerbank AG to the conclusion that representing investor interests at annual general meetings is not practical under the asset management classic with individual stocks with the given investment approaches, meaning that it exercises no voting rights:

- Based on cost/benefit considerations, Schoellerbank AG exercises no voting rights at the annual general meetings because the proportion of voting rights conferred by the shares in all portfolios managed by Schoellerbank under the asset management mandate, in other words aggregated rights for all mandates, do not represent a material proportion of the voting rights of all shareholders of the respective company due to the applied diversification measures and thus have an immaterial effect.
- The asset management contracts of Schoellerbank AG include no explicit authorisation to exercise the voting rights conferred by the shares in the portfolios. The processes that would be required to facilitate representation and the exercise of the voting rights at the annual general meetings, including the fact that every individual customer would have to issue a corresponding power of attorney, also contributed to Schoellerbank AG's decision to generally not act as a representative or exercise the voting and other rights associated with shares.
- Every customer can exercise the voting and other rights conferred by their shares at their own discretion, as the shares managed under the asset management mandate are also kept in separate customer securities accounts.

If shares are purchased for a portfolio in the name of the customer under the asset management classic with individual stocks, Schoellerbank AG will generally not exercise the voting rights associated with these shares. The exercise of voting rights is thus not part of the investment strategy including any management processes.

Designated reference benchmark

No index has been designated as a reference benchmark for the environmental or social characteristics promoted by the financial product.