



Statement on principal adverse impacts of investment advice on sustainability factors V1.1

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FERI AG (LEI: 391200RAQYPENJJ4QB64) is one of the leading investment firms in the German-speaking world. FERI AG has been offering institutional investors and family offices a wide range of investment-related services for over 30 years. These range from the development of customised investment strategies and their implementation to the regular monitoring and management of risks. The range of services includes the entire investment advisory process, which has been continuously developed since the 1990s.

Sustainability is a central component of this and is integrated into the advisory process if the client has expressed a sustainability preference. Customers can choose from various forms of sustainability preference, specifying whether certain minimum percentages should be set or which sustainability factors should be taken into account. One component of the possible sustainability preferences is the consideration of the principal adverse impacts on sustainability factors (PAI).

PAI within the meaning of the EU Disclosure Regulation ("Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector") cover the following areas

- Environment,
- Social and employment,
- Respect for human rights and
- combating corruption and bribery.

The technical regulatory standards for the Disclosure Regulation, which came into force on 1 January 2023 in the form of Delegated Regulation (EU) 2022/1288 of 6 April 2022, include detailed requirements for the content, methods and presentation of PAIs.

The sustainability preference determined in the advisory meeting forms the basis for the recommendation of financial instruments. As part of its investment advice, FERI AG recommends to its clients both financial products that meet the EU's sustainability criteria and products that are not specifically geared towards environmentally sustainable economic activities as defined by the EU taxonomy or do not meet the requirements of Articles 8 and 9 of the EU Disclosure Regulation. The recommendation is always made taking into account the customer's individual sustainability preferences. The necessary information on the principal adverse impacts on sustainability factors is provided and explained during the consultation. In the event of an expressed preference for sustainability on the part of the client, the FERI Mindestrichtlinie (minimum guideline) is applied, unless otherwise agreed.

Among other things, the FERI Mindestrichtlinie takes into account specific PAI on the basis of defined exclusion criteria. The PAI taken into account and their exclusion criteria are

- PAI 3 - GHG emission intensity of investee companies: Exclusion of companies in the lowest quartile of the MSCI Carbon Emissions Score, which assesses, among other things, how proactively companies invest in low-carbon technologies and climate efficiency.
- PAI 4 - Exposure to companies active in the fossil fuel sector: Exclusion of companies that derive more than 10% of their revenues from thermal coal extraction and sales to external parties.
- PAI 10 - Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises: Exclusion of companies directly involved in one or more very serious ongoing controversies.
- PAI 14 - Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons): Exclusion of companies involved in any way with cluster munitions, landmines, biological/chemical weapons, depleted uranium weapons, blinding laser weapons, incendiary weapons and/or undetectable fragments.
- PAI 16 - Investee countries subject to social violations (only for investments in government bonds): Excludes countries that are both unfree according to the Freedom House Index and that also have at least two criteria of the World Governance Index in the lowest quintile.

In addition, the FERI minimum guideline contains exclusions that do not relate directly to PAI. Financial products that fulfil the exclusion criteria of the FERI Minimum Guideline and thus also take into account the above-mentioned PAI are classified by FERI AG as suitable for clients with sustainability preferences. Additional or other PAI are taken into account if requested by the client. FERI AG uses data from the leading sustainability data provider MSCI, which is

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obtained on a weekly basis, to measure the PAI. When selecting the data points, particular attention is paid to high data availability, even if data gaps cannot be ruled out. Due to the size of the advised investment universe, it is not possible to close data gaps through additional research. Data gaps do not lead to the exclusion of the respective financial instrument.

Data from financial market participants published in accordance with Regulation (EU) 2019/2088 is not used directly. However, the data from our sustainability data provider MSCI may be indirectly based on published information from financial market participants in accordance with the aforementioned regulation. FERI AG strives to continuously improve data coverage and quality. This statement is reviewed at least once a year and adapted to new regulatory requirements and market developments as necessary. Responsibility for preparing and updating this statement lies with the SDG Office of FERI AG, is carried out in close consultation with the relevant specialist departments and has been confirmed by the Management Board of FERI AG. The principles set out here on the consideration of PAI in investment advice are in line with the corresponding *Statement on principal adverse impacts of investment decisions on sustainability factors* of FERI AG.