



FERI PAI Statement

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Consideration of adverse impacts on sustainability factors in the investment process

1 Summary

FERI Trust GmbH (LEI: 391200RAQYPENJJ4QB64) and FERI Trust (Luxembourg) S.A. (LEI: 529900CD0UXCIK52V042) (hereinafter collectively referred to as "FERI") consider the main adverse impacts of their investment decisions on sustainability factors. This statement is a consolidated statement of FERI Trust GmbH and FERI Trust (Luxembourg) S.A.

This statement on the main adverse effects on the sustainability factors relates to the reference period from 1 January 1st to 31 December 31st, 2022.

Investment decisions can cause, contribute to or be directly associated with adverse impacts on the sustainability drivers (adverse impacts). A distinction is made between "adverse impacts" and the "main adverse impacts", the so-called Principal Adverse Impacts ("PAI"). PAIs are to be considered material due to their adverse impact and thus to be taken into account in the investment decisions of the financial market participant. Adverse impacts are, on the one hand, impacts of investment decisions on the climate and other environmental adverse aspects and, on the other hand, impacts in the areas of social affairs and employment, respect for human rights and the fight against corruption and bribery. At FERI, the consideration of PAI in the context of investment decisions for assets under management depends on the type of target investment.

ESG data from the data provider MSCI is used to calculate the PAI indicators. FERI aims to select PAIs where data coverage is high for the investments made to ensure comparability over time, but also PAIs that are or are likely to be most relevant to the sustainability factors underlying investment decisions. Where relevant data is available, the selected PAI indicators are collected on a quarterly basis. In this statement, FERI reports the PAI indicators for assets in FERI-managed investment strategies with environmental and social characteristics. PAIs are taken into account through exclusions in the investment strategy. In the case of direct investments in individual securities, environmental and social aspects are also taken into account in the stewardship activities of FERI Trust (Luxembourg) S.A. funds.

2 Description of the main adverse impacts on sustainability factors

[Article 7 information in the format below].

Sustainability indicator for adverse impacts	Measured variable	Impact [2022]	Explanation	Actions taken and objectives planned for the next reference period	
Indicators for investments in companies in which investments are made					
CLIMATE INDICATORS AND OTHER ENVIRONMENT-RELATED INDICATORS					
Greenhouse gas emissions (GHG)	1. GHG emissions	Scope-1-THG	16.293	Data in thousands of tonnes of CO ₂ . This indicator was measured with a data coverage of 97.5%.	As PAI indicators were measured for the first time for the calendar year 2022, the results of these measurements also serve as an inventory and basis for the development of possible measures to reduce negative impacts in coming measurement periods.
		Scope-2-THG	5.342	Data in thousands of tonnes of CO ₂ . This indicator was measured with a data coverage of 97.5%.	
		Scope-3-THG	166.557	Data in thousands of tonnes of CO ₂ . Estimated data was used for this indicator. These estimates were also used to calculate other GHG indicators.	

				This indicator was measured with a data coverage of 96.5%.
		Total GHG	188,020	Data in thousands of tonnes of CO ₂ . This indicator was measured with a data coverage of 96.4%.
	2. carbon footprint	carbon footprint	332,77	In thousands of tonnes of CO ₂ per million EUR invested. This indicator was measured with a data coverage of 96.4%.
	3. GHG emission intensity of the companies in which investments are made.	GHG emission intensity of the companies in which investments are made	816,68	Data in thousand tonnes of CO ₂ per one million EUR turnover of the invested companies. This indicator was measured with a data coverage of 97.9%.
	4. engagement in companies active in the fossil fuel sector.	Proportion of investments in companies active in the fossil fuel sector	8,2%	This indicator was measured with a data coverage of 93.5%.
	5. share of energy consumption and generation from non-renewable energy sources.	Share of energy consumption and production of the companies invested in from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	73,0%	This indicator was measured with a data coverage of 84.1%.

	6. intensity of energy consumption by climate-intensive sectors	Energy consumption in GWh per one million EUR turnover of companies invested in, broken down by climate-intensive sectors		These indicators were measured with a data coverage of 85.7%.
		Agriculture, forestry and fisheries	No investment in this sector with data coverage	
		Mining and quarrying	3,52	
		Manufacturing industry/production of goods	0,77	
		Energy supply	3,49	
		Water supply; sewerage, waste management and remediation services	0,97	
		Building trade/construction	0,22	
		Wholesale and retail trade; repair of motor vehicles and motorcycles	0,09	
		Transport and storage	1,20	
		Real estate and housing	0,56	
Biodiversity	7. activities that adversely affect areas with biodiversity in need of protection.	Proportion of investments in companies with sites/operations in or near areas of biodiversity in need of protection, where the activities of these companies adversely affect these areas	0,0%	This indicator was measured with a data coverage of 93.5%.
Water	8. emissions to water	Number of tonnes of emissions in water caused by the companies invested in per million EUR invested, expressed as a weighted average	140,90	This indicator was measured with a data coverage of 11.0%.

Waste	9. proportion of hazardous and radioactive waste	Number of tonnes of hazardous and radioactive waste generated by the companies invested in per million EUR invested, expressed as a weighted average	31,20	This indicator was measured with a data coverage of 37.7%.	
INDICATORS IN THE AREAS OF SOCIAL AFFAIRS AND EMPLOYMENT, RESPECT FOR HUMAN RIGHTS, AND THE FIGHT AGAINST CORRUPTION AND CORRUPTION-RELATED CRIME CERTIFICATION					
Social affairs and employment	10. violations of the UNGC Principles and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.	Proportion of investments in companies that have been involved in violations of the UNGC Principles or the OECD Guidelines for Multinational Enterprises	0,06%	This indicator was measured with a data coverage of 97.5%.	As PAI indicators were measured for the first time for the calendar year 2022, the results of these measurements also serve as an inventory and basis for the development of possible measures to reduce negative impacts in coming measurement periods.
	11. lack of processes and compliance mechanisms to monitor compliance with the UNGC Principles and the OECD Guidelines for Multinational Enterprises.	Proportion of investments made in enterprises that do not have policies in place to monitor compliance with the UNGC Principles and the OECD Guidelines for Multinational Enterprises or procedures in place to address complaints of non-compliance with the UNGC Principles and OECD Guidelines for Multinational Enterprises	47,34%	This indicator was measured with a data coverage of 92.8%.	
	12. unadjusted gender pay gap	Average unadjusted gender pay gap for investing companies	9,38%	This indicator was measured with a data coverage of 24.9%.	
	13. gender diversity in the management and control bodies	Average ratio of women to men in the management and control bodies of the companies in which investments are made,	35,25%	This indicator was measured with a data coverage of 98.1%.	

		expressed as a percentage of all members of the management and control bodies			
	14. engagement in controversial weapons (anti-personnel mines, cluster munitions, chemical and biological weapons).	Proportion of investments in companies involved in the production or sale of controversial weapons	0,00%	This indicator was measured with a data coverage of 93.5%.	
Indicators for investments in states and supranational organisations					
Environment	15. greenhouse gas emission intensity	Greenhouse gas -emission intensity of the countries in which investments are made	284,80	GHG in tonnes per million EUR GDP. This indicator was measured with a data coverage of 98.7%.	As PAI indicators were measured for the first time for the calendar year 2022, the results of these measurements also serve as an inventory and basis for the development of possible measures to reduce negative impacts in coming measurement periods.
Social	16. countries in which investments are made that violate social provisions	Number of countries invested in that violate social provisions according to international treaties and conventions, United Nations principles or, if applicable, national legislation (absolute number and relative number divided by all countries invested in) - Absolute number	0,75	This indicator was measured with a data coverage of 99.2%. The decimal number comes from the calculation of the average.	
		- Relative number	1,90%		
Further indicators for the main adverse effects on sustainability factors					
Water, waste and material emissions	13. share of non-recovered waste (PAI 13, Table 2)	Number of tonnes of non-recovered waste generated by the companies invested in per million EUR invested, expressed as a weighted average	72,82	This indicator was measured with a data coverage of 34.8%.	As PAI indicators were measured for the first time for the calendar year 2022, the results of these

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Social affairs and employment	7. cases of discrimination (PAI 7, Table 3)	1. number of reported discrimination cases in the companies invested in, expressed as a weighted average.	0	This indicator was measured with a data coverage of 97%.	measurements also serve as an inventory and basis for the development of possible measures to reduce negative impacts in future measurement periods.
		2. number of discrimination cases resulting in sanctions in the companies invested in, expressed as a weighted average.	N.A.	No figures could be collected for this data point due to the lack of data.	

3 Description of the strategies for identifying and weighting the main adverse impacts of investment decisions on sustainability factors

FERI measures PAI for funds and mandates that disclose according to Art. 8 or 9 SFDR and reports the measurement results in this statement. These funds and mandates pursue an investment strategy that also pursues a reduction of PAI. Different PAIs can be a component of the investment strategy. At a minimum, however, a reduction of the following PAIs is aimed for through defined exclusions:

- PAI 3: GHG emission intensity of the companies invested in
- PAI 4: Exposure to fossil fuel companies
- PAI 10: Violations of the UNGC Principles and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises
- PAI 14: Engagement in Controversial Weapons (Anti-Personnel Mines, Cluster Munitions, Chemical and Biological Weapons)
- PAI 16: Countries invested in that violate social regulations

The consideration of these PAIs constituted a component of the investment strategy in the reporting period and was thus also monitored within the scope of the investment limit audit. This procedure was decided with effect from March 1st, 2022. This strategy will be evaluated on the basis of the measurements for the 2022 calendar year. This will include an analysis of whether the measures taken are sufficient and, if necessary, adjustments will be made. When selecting the PAIs, various factors such as the type and degree of negative impact and the availability and nature of the data will be taken into account.

FERI further discloses in this statement the measurements of the following PAIs:

- PAI 13, Table 2: Proportion of non-recycled waste
- PAI 7, Table 3: Cases of discrimination

These PAI indicators were selected because of their thematic complementarity to the other PAIs reported. From FERI's point of view, reducing the share of non-recycled waste is a contribution towards the circular economy. Vice versa, non-recycled waste represents an irreversible delay of environmental goals. For FERI, combating discrimination in companies is an important aspect of strengthening workers' rights and thus also of respecting human rights.

For the calculation of the PAI indicators shown here, the PAIs were measured at the four quarter ends and a market value-weighted value for the calendar year was calculated from this. FERI uses data from the leading sustainability data provider MSCI to measure PAI due to the data coverage. Due to the size of the investment universe, it is not possible to close data gaps through additional research. The margins of error of the individual PAI indicators are shown in the table in Chapter 2 in the form of data coverage.

4 Participation policy

FERI is convinced that advocating for environmental and social concerns through the exercise of shareholder rights can have a positive impact on investment results and society. As a long-term investor, FERI is therefore committed to actively representing client interests with the invested companies, target funds and target fund managers.

With regard to the participation policy, a distinction must be made between how FERI invests in each case.

a) Investments in target funds

Responsibility as a shareholder applies to both passive and active fund strategies as well as to various asset classes. FERI uses its central role for clear dialogue and sets important impulses for the promotion of sustainability and PAI reduction, both within the asset management industry and with pension funds and pension schemes. In this way, through critical dialogue and targeted "*agenda setting*", FERI has a unique opportunity for "positive engagement".

Direct exercise of shareholder and voting rights is not possible in the case of investments in target funds, as FERI is not a direct shareholder in the target companies, but the target fund manager exercises this role.

b) Investments in single issuers (equities and corporate bonds)

FERI understands the active exercise of shareholder rights to mean in particular the exercise of voting rights at general meetings and active corporate dialogue. In this way, FERI seeks to bring about and reduce the adverse impact on the most important sustainability factors in corporate practice. As a matter of principle, the exercise of voting rights and the corresponding proxy voting is only carried out by FERI Trust (Luxembourg) S.A. ("FTL") for direct equity investments of the funds it manages.

In this regard, FTL has published the FTL Stewardship Policy, which sets out the principles for exercising shareholder rights. Further information on the FTL Stewardship Policy can be found here: <https://www.feri.lu/policies/>

5 Reference to internationally recognised standards

FERI Group is a signatory to the Principles for Responsible Investment (UN PRI). The signatories of the UN PRI have to confirm annually that they implement the guidelines and objectives for responsible investment and promote their further development. FERI has thus voluntarily committed itself to taking ESG criteria into account in the investment decision-making process and to integrating an active participation policy and the exercise of voting rights as a shareholder.

FERI does not currently consider a future-oriented climate scenario, but intends to integrate such a scenario into the processes.