



Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors V1.1

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1 Summary

FERI AG (LEI: 391200RAQYPENJJ4QB64) and FERI (Luxembourg) S.A. (LEI: 529900CD0UXCIK52V042) (hereinafter jointly referred to as “FERI”) consider principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of FERI AG and FERI (Luxembourg) S.A.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to December 2023.

Principal adverse impacts (“PAI”) include, on the one hand, the impact of investment decisions on the climate and other environmentally adverse aspects and, on the other hand, impacts in the areas of social and employment, respect for human rights and combating 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 with high data coverage 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 the investment decisions. Where data is available, the selected PAI indicators are collected on a quarterly basis. In this statement, FERI reports the PAI indicators for assets in investment strategies managed by FERI with environmental and social characteristics. PAI are considered through exclusions in the investment strategy. In the case of direct investments in individual securities, FERI (Luxembourg) S.A. funds also take environmental and social aspects into account as part of their stewardship activities.

This reporting period is characterized by an expansion of the investment strategies managed and thus also of the assets on which this report is based. The assets managed in investment strategies with environmental and social characteristics have increased by more than 2 billion EUR as a result. FERI attributes many of the positive and negative developments (particularly with regard to data coverage) to this fact as a significant factor.

The consolidation of data coverage will be the focus of further analyses for future reporting periods.

2 Description of the main adverse impacts on sustainability factors

Indicators for investments in companies in which investments are made						
Sustainability indicator for principal adverse impacts	Measured variable	Effects 2023	Effects 2022	Explanation	Measures taken and planned and targets for the next reference period	
KLIMAINDIKATOREN UND ANDERE UMWELTBEZOGENE INDIKATOREN						
Greenhouse gas emissions (GHG)	1. GHG emissions	Scope-1-GHG	8,687 Data coverage: 90.9%	16,293 Data coverage: 97.5%	In tonnes* of CO ₂ . We attribute the reduction in data coverage to changes in the data provider and changes in the underlying portfolios. (*all following data points are in metric tonne equal to 1,000 kg)	FERI has developed an internal methodology for incorporating environmental and social aspects into the investment process for the products on which this report is based. The methodology is based, among other things, on the exclusion of certain sectors or issuers that exceed predefined turnover thresholds in certain business areas. Another important component is the use of direct
		Scope-2-GHG	3,385 Data coverage: 90.9%	5,342 Data coverage: 97.5%	In tonnes of CO ₂ . We attribute the reduction in data coverage to changes in the data provider and changes in the underlying portfolios.	

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		Scope-3-GHG	100,660 Data coverage: 90.3%	166,557 Data coverage: 96.5%	In tonnes of CO ₂ . Estimated data was used for this indicator. These estimates were also used to calculate other GHG indicators. We attribute the reduction in data coverage to changes in the data provider and changes in the underlying portfolios.	communication with issuers as part of the engagement process (more information on engagement can be found in section 4 “Engagement policy” or in a separate stewardship report - available online). For the next reporting period, FERI plans to further consolidate the quality of the information provided, in particular the data coverage.
		Total GHG emissions	111,607 Data coverage: 90.0%	188,020 Data coverage: 96.4%	In tonnes of CO ₂ . We attribute the reduction in data coverage to changes in the data provider and changes in the underlying portfolios.	
	2. CO ₂ footprint	CO ₂ footprint	262,65 Data coverage: 90.0%	332,77 Data coverage: 96.4%	In tonnes of CO ₂ per million EUR invested. We attribute the reduction in data coverage to changes in the data provider and changes in the underlying portfolios. We attribute the reduction in value to the investment activity on the one hand and	

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					the reduced data coverage on the other.
	3. GHG emission intensity of the companies in which investments are made	GHG emission intensity of the companies in which investments are made	664,93 Data coverage: 92.87%	816,68 Data coverage: 97.9%	<p>Figures in tonnes of CO₂ per EUR 1 million turnover of the invested companies.</p> <p>We attribute the reduction in data coverage to changes in the data provider and changes in the underlying portfolios.</p> <p>We attribute the reduction in the value to the investment activity on the one hand and the reduced data coverage on the other.</p>
	4. Involvement in companies operating in the fossil fuels sector	Share of investments in companies operating in the fossil fuels sector	5.92% Data coverage: 95.25%	8.2% Data coverage: 93.5%	We attribute the reduction in value to the investment activity.
	5. Share of energy consumption and energy production 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.	66.72% Data coverage: 77.75%	73.0% Data coverage: 84.1%	We attribute the reduction in data coverage to changes in the data provider and changes in the underlying portfolios.
	6. Intensity of energy consumption by climate-intensive sectors	Energy consumption in gigawatt hours (GWh) per EUR 1 million turnover of the companies in which investments are made, broken down by climate-intensive sectors.			For reasons of transparency, we have decided this year to provide data coverage for

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		Agriculture, forestry and fishing	1.56 Data coverage: 0.01%	No investment in this sector with data coverage	<p>each sector. This year's figures are therefore not comparable with last year's figures.</p> <p>The relatively low data coverage for the indicators listed results from the small share of the individual sectors in the overall portfolios of the investment strategies under review.</p>	
		Mining and quarrying	2.29 Data coverage: 1.55%	3.52		
		Manufacturing/production of goods	0.47 Data coverage: 32.66%	0.77		
		Energy supply	2.37 Data coverage: 1.49%	3.49		
		Water supply; wastewater and waste disposal and removal of environmental pollution	1.76 Data coverage: 0.58%	0.97		
		Building industry/construction	0.18 Data coverage: 0.68%	0.22		
		Wholesale and retail trade; repair of motor vehicles and motorcycles	0.23 Data coverage: 4.24%	0.09		
		Transportation and warehousing	1.18 Data coverage: 1.58%	1.20		
		Real estate and housing	0.26 Data coverage: 1.06%	0.56		

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Biodiversity	7. Activities that have a negative impact on areas with biodiversity in need of protection	Percentage of investments in companies with sites/operations in or near areas of biodiversity conservation concern where the activities of these companies adversely affect these areas.	0.05% Data coverage: 95.35%	0.0% Data coverage: 93.5%	
Water	8. Emissions in water	Tons of emissions in water generated by the investee companies per million EUR invested, expressed as a weighted average	7.96 Data coverage: 0.68%	140.90 Data coverage: 11.0%	<p>We attribute the reduction in data coverage to changes in the data provider and changes in the underlying portfolios.</p> <p>The low data coverage for the indicator results from the low proportion of invested companies in the total portfolios of the investment strategies under review.</p> <p>We attribute the reduction in the value on the one hand to the investment activity and on the other to the reduced data coverage.</p>
Waste	9. Proportion of hazardous and radioactive waste	Tons of hazardous and radioactive waste generated by the investee companies per million EUR invested, expressed as a weighted average	0.49 Data coverage: 32.21%	31.20 Data coverage: 37.7%	<p>We attribute the reduction in data coverage to changes in the data provider and changes in the underlying portfolios.</p> <p>We attribute the reduction in value to investment activity on the one hand and</p>

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					reduced data coverage on the other.	
INDICATORS IN THE AREAS OF SOCIAL AFFAIRS AND EMPLOYMENT, RESPECT FOR HUMAN RIGHTS AND COMBATING CORRUPTION AND BRIBERY						
Social affairs and employment	10. Violations of the UNGC principles and the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Percentage of investments in companies involved in violations of the UNGC principles or the OECD Guidelines for Multinational Enterprises	0.00% Data coverage: 95.51%	0.06% Data coverage: 97.5%	We attribute the reduction in data coverage to changes in the data provider and changes in the underlying portfolios.	FERI has developed an internal methodology for incorporating environmental and social aspects into the investment process for the products on which this report is based. The methodology is based, among other things, on the exclusion of certain sectors or issuers that exceed predefined turnover thresholds in certain business areas. Another important component is the use
	11. Lack of processes and compliance mechanisms to monitor adherence to the UNGC principles and the OECD Guidelines for Multinational Enterprises.	Percentage of investments in companies that do not have policies in place to monitor compliance with the UNGC Principles and the OECD Guidelines for Multinational Enterprises or procedures to address complaints of non-compliance with the UNGC Principles and the OECD Guidelines for Multinational Enterprises.	38.86% Data coverage: 95.19%	47.34% Data coverage: 92.8%	We attribute the reduction in value to the investment activity.	
	12. Unbereinigtes geschlechtsspezifisches Verdienstgefälle	Durchschnittliches unbereinigtes geschlechtsspezifisches Verdienstgefälle bei den Unternehmen, in die investiert wird	13.15% Data coverage: 27.11%	9.38% Data coverage: 24.9%		

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	13. Gender diversity in the management and supervisory bodies	Average ratio of women to men in the management and supervisory bodies of the companies in which investments are made, expressed as a percentage of all members of the management and supervisory bodies	35.49% Data coverage: 94.27%	35.25% Data coverage: 98.1%	We attribute the reduction in data coverage to changes in the data provider and changes in the underlying portfolios.	of direct communication with issuers as part of the engagement process (more information on engagement can be found in section 4 “Engagement policy” or in a separate stewardship report - available online).
	14. Involvement in controversial weapons (anti-personnel mines, cluster munitions, chemical and biological weapons)	Share of investments in companies involved in the production or sale of controversial weapons	0.00% Data coverage: 95.35%	0.00% Data coverage: 93.5%		For the next reporting period, FERI plans to further consolidate the quality of the information provided, in particular the data coverage.

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Environment	15. GHG emission intensity	GHG emission intensity of the countries in which investments are made	113.9 Data coverage: 45.73%	284.80 Data coverage: 98.7%	Specification of GHG in tonnes per million EUR GDP. We attribute the reduction in data coverage to changes in the data provider and changes in the underlying portfolios.	<p>FERI has developed an internal methodology for incorporating environmental and social aspects into the investment process for the products on which this report is based. The methodology is based, among other things, on the exclusion of certain sectors or issuers that exceed predefined turnover thresholds in certain business areas. Another important component is the use of direct communication with issuers as part of the engagement process (more information on engagement can be found in section 4 “Engagement policy” or in a separate stewardship report - available online). For the next reporting period, FERI plans to further consolidate the quality of the</p>
Social affairs	16. Countries in which investments are made that violate social regulations	<p>Number of countries invested in that violate social regulations 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).</p> <p>- Relative figure</p>	<p>2.08 Data coverage: 45.73%</p> <p>3.37% Data coverage: 45.73%</p>	<p>0.75 Data coverage: 99.2%</p> <p>1.90% Data coverage: 99.2%</p>	<p>The decimal figure is the result of the average calculation.</p> <p>We attribute the reduction in data coverage to changes in the data provider and changes in the underlying portfolios.</p>	

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						information provided, in particular the data coverage.
Further indicators for the main adverse impacts on sustainability factors						
Water, waste and material emissions	13. Share of non-recycled waste (PAI 13, Table 2)	Tonnes of non-recycled waste generated by the investee companies per million EUR invested, expressed as a weighted average	37.26 Data coverage: 23.81%	72.82 Data coverage: 34.8%	We attribute the reduction in data coverage to changes in the data provider and changes in the underlying portfolios. We attribute the reduction in value to the investment activity on the one hand and the reduced data coverage on the other.	FERI has developed an internal methodology for incorporating environmental and social aspects into the investment process for the products on which this report is based. The methodology is based, among other things, on the exclusion of certain sectors or issuers that exceed predefined turnover thresholds in certain business areas.
Social affairs and employment	7. Cases of discrimination (PAI 7, Table 3)	1. Number of reported cases of discrimination in the companies in which investments are made, expressed as a weighted average	0 Data coverage: 93.60%	0 Data coverage: 97.0%	We attribute the reduction in data coverage to changes in the data provider and changes in the underlying portfolios.	Another important component is the perception of direct communication with issuers as part of the engagement process (more information on engagement can be found in section 4 "Engagement policy" or in a separate
		2. Number of discrimination cases that led to sanctions in the companies invested in, expressed as a weighted average	0 Data coverage: 93.60%	N.A.		

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						<p>stewardship report - available online).</p> <p>For the next reporting period, FERI plans to further consolidate the quality of the information provided, in particular the data coverage.</p>
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3 Description of the strategies for identifying and weighting the main adverse impacts on sustainability factors

The FERI Sustainability Policy sets out strategies to identify and assess the main adverse impacts of investment decisions on sustainability factors. Version 4.0 of this policy was approved and published by the Executive Board in June 2023. Responsibility for the strategies lies with FERI's SDG Office, which implements them in cooperation with other departments.

FERI measures PAI for funds and mandates that disclose in accordance with Art. 8 or 9 of Regulation (EU) 2019/2088 and reports the measurement results in this statement. These funds and mandates pursue an investment strategy that also takes PAI into account in the investment selection. Different PAIs can be a component of the investment strategy. In principle, however, the aim is to reduce the following PAI through defined exclusions:

- PAI 3: GHG emission intensity of the companies in which investments are made
- PAI 4: Exposure to companies operating in the fossil fuel sector
- PAI 10: Violations of the UNGC principles and the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises
- PAI 14: Involvement in controversial weapons (anti-personnel mines, cluster munitions, chemical and biological weapons)
- PAI 16: Countries in which investments are made that violate social regulations

The consideration of these PAIs was a component of the investment strategy in the reporting period and was therefore also monitored as part of the investment limit review. FERI analyzes at least once a year as part of a review of the underlying methodology whether the measures taken are sufficient and, if necessary, adjustments are made to the methodology. When selecting the PAI, various factors such as the type and degree of negative impact and the availability and quality of the data are taken into account.

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

- PAI 13, Table 2: Percentage of waste not recycled
- PAI 7, Table 3: Cases of discrimination

These two additional indicators were selected based on the thematic complementarity, the severity of the adverse impacts and the likelihood of occurrence. Unrecycled waste is highly likely to occur in industrial processes and can have an irreversible impact on environmental goals. From FERI's perspective, reducing the amount of non-recycled waste contributes to the circular economy. Cases of discrimination still occur in many companies and can have irreversible consequences for those affected. For FERI, combating discrimination in companies is an important aspect of strengthening employee rights and respecting human rights. The methods used to select the above indicators and to identify and assess the main adverse impacts of investment decisions therefore take into account the likelihood of occurrence and the severity of the adverse impacts, including their potentially irreparable nature.

To calculate the PAI indicators shown here, the PAI was measured at the end of the four quarters 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 the PAI. Due to the size of the investment universe, it is not possible to close data gaps through additional research. The data coverage of the individual PAI indicators is shown in the table in section 2 in the form of data coverage.

4 Participation policy

FERI is convinced that standing up for environmental and social issues by exercising shareholder rights can have a positive impact on investment results and society. As a long-term investor, FERI is therefore committed to actively representing the interests of its clients in the companies, target funds and target fund managers it invests in.

Regarding 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 dialog and sets important impulses for the promotion of sustainability and PAI reduction, both within the asset management industry and with pension schemes and pension funds. In this way, through critical dialog and targeted “agenda setting”, FERI has a unique opportunity for “positive engagement”.

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

b) Investments in individual 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 dialog. In this way, FERI attempts to bring about and reduce the adverse impact on the most important sustainability factors in corporate practice. The exercise of voting rights and the corresponding proxy voting is generally only carried out by FERI (Luxembourg) S.A. (“FLX”) for direct equity investments of the funds it manages.

In this respect, FLX has published a separate stewardship policy in which the principles for exercising shareholder rights are set out. Further information on the FLX Stewardship Policy can be found here:

<https://www.feri.lu/policies/>

If FERI does not observe any improvement at issuer level over a longer period of time in the issues identified and addressed in the participation policy, FERI reserves the right to exclude the issuers concerned (at least temporarily) in the future.

5 Reference to internationally recognized standards

FERI is a signatory to the Principles for Responsible Investment (PRI), a UN financial initiative launched with the aim of developing principles for responsible securities management. The signatories of the PRI confirm annually that they implement the guidelines and objectives for responsible investment and promote their further development. FERI is thus voluntarily committed to taking ESG criteria into account in the investment decision-making process and to integrating a responsible participation policy and the exercise of voting rights as a shareholder.

The implementation, observance and measurement of the principles is not carried out through specific indicators used to consider the main adverse impacts on sustainability factors in accordance with Article 6(1) of Regulation (EU) 2019/2088, but through comprehensive reporting on FERI's sustainability policies and practices.

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

6 Historical comparison

In 2022, the information on the adverse effects on sustainability factors was collected by FERI for the first time and presented in a report published on June 30, 2023.

With this report, a comparison between the individual reference periods is possible for the first time. However, due to the calculation methodologies of individual indicators, a direct comparison of the two reference periods is only possible to a limited extent.

For example, FERI recorded a decline in the indicators for all relative indicators in relation to the assets under review. This decline is primarily due to the expansion of the investment strategies considered. On the other hand, it can be seen that data coverage for some indicators has fallen. FERI currently attributes this to the provision of indicators by issuers and changes on the part of data providers.

FERI is therefore focusing on consolidating the reported information in future reporting periods.

FERI hopes that both the planned consolidation and further regulatory clarification will lead to a further increase in transparency for investors.