

PAI Statement

Statement on the main adverse impacts of investment decisions on sustainability factors

Preamble

This publication serves the transparency of adverse effects on sustainability factors - the so-called PAIs (Principal Adverse Impacts) - at the level of our company and as financial market participant.

EB - Sustainable Investment Manager GmbH, hereinafter referred to as EB-SIM, is an asset manager for liquid and alternative assets.

The aggregation of data from these different business activities / portfolios misses, in our view, the goal of a transparent disclosure of adverse impacts on sustainability factors at the company level. Therefore, in this document, we disclose a PAI statement for liquid portfolio management and a PAI statement for portfolio management in illiquid, so-called alternative-assets.

Justification:

a. Even though we have decided to issue a statement on all mandatory PAIs for the business area of alternative assets, we do not combine the data from the two business units due to differences in data availability and quality. In some cases, no data is available for the PAIs of alternative assets, so that the data in the liquid area would be "diluted".

b. Data from the data provider ISS ESG¹ is used for liquid assets. Thus, the calculations are based on the assumptions / parameters of ISS ESG. For the alternative assets, own assumptions / parameters were defined. Thus, different assumptions / parameters can exist for a PAI.

We will review this procedure of separate presentation regularly, at least annually, before preparing our next PAI-Statement. This year's review did not reveal any need to change the procedure described above.

¹ ISS ESG is the sustainability agency of the Voting Rights Advisor ISS Institutional Shareholder Services Inc.

PAI Statement

Statement on the main adverse impacts of investment decisions on sustainability factors - Summary:

EB - Sustainable Investment Management GmbH (hereafter EB-SIM) considers as financial market participant the main adverse impacts of its investment decisions on sustainability factors.

We consider the main adverse impacts - the so-called PAIs (Principal Adverse Impacts) - at company level by measuring and monitoring the cumulative adverse impacts of the investments on the sustainability factors. In our investments, we take into account the indicators for the principal adverse impacts via exclusion criteria, consideration of sustainability risks in the company valuation and engagement dialogues focusing on a company's sustainability transformation.

Key adverse impacts on sustainability factors include all climate indicators and other environment-related indicators such as **greenhouse gas emissions, non-renewable energy consumption, adverse impacts on biodiversity, water, and through waste**:

By taking into account - for portfolios investing in **liquid asset classes - exclusion criteria**, such as more than 5% revenues in coal production, and **thematic engagement dialogues**, such as the "Net-Zero" engagement with ISS ESG, the negative impact due to **greenhouse gas emissions and non-renewable energy consumption** was considered.

On the one hand, this kept the exposure to critical companies low and, on the other hand, encouraged companies to transform to a more climate-neutral business model.

In addition, no investments were made in countries with **very poor climate protection**.

By specifically investing in renewable energies in the **alternative portfolios** (alternative assets) and through the use of exclusion criteria the **greenhouse gas emissions, including the associated PAIs**, were taken into account.

In addition, **adverse impacts on biodiversity and water as well as through waste** were included in the **liquid portfolios** by taking into account **exclusion criteria**. For example, companies with a strongly negative impact on the Sustainable Development Goals of the United Nations (SDGs) 14² and 15³ in combination with a below-average sustainability were excluded from the investment universe.

This kept the exposure to critical companies low.

In the area of **alternative assets**, the environmental permits of the alternative asset properties and the conditions contained therein, which take **biodiversity, water, and waste PAIs** into account, were reviewed.

Social and employment indicators were included in both **liquid portfolios** and **alternative portfolios**:

Companies with a proven record of very **serious and systematic violations** of the UN Global Compact or the OECD Guidelines for Multinational Enterprises were not eligible for investment. In this context, the **UN Global Compact** also works towards the elimination of discrimination in

² <https://sdgs.un.org/goals/goal14> - Conserve and sustainably use the oceans, seas and marine resources for sustainable development

³ <https://sdgs.un.org/goals/goal15> - Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

employment and occupation. In addition, **engagement dialogues to improve labour conditions** were initiated for some companies invested in portfolios focusing on **liquid asset classes**.

Companies producing **controversial weapons** were not eligible for investment.

States with **very low levels of human rights protection** were also not investable.

This statement on the main adverse impacts on the sustainability factors relates to the reference period from 1 January to 31 December 2023.

The complete PAI statements for liquid portfolios and for alternative assets as financial market participant can be found published in German on our homepage:

<link>.

EB - Sustainable Investment Management GmbH

Kassel, 28 June 2024