

## Statement on principal adverse impacts of investment advice on sustainability factors

We - EB - Sustainable Investment Management GmbH (hereinafter: EB-SIM) - are financial market participants and financial advisors within the meaning of Art. 2 No. 1b) of the Sustainable Finance Disclosure Regulation (hereinafter: SFDR).

### I. Our sustainable finance strategy

EB-SIM pursues an ethically sustainable approach aligned with the value-oriented, sustainable business strategy of the Evangelische Bank group. EB-SIM conducts its business activities in accordance with the 17 Sustainable Development Goals (SDGs). Additionally, EB-SIM considers the goals of the Paris Climate Agreement in its business operations.

We aim to fulfill our responsibility in the investment business and to this end have established strategies to consider sustainability risks for our clients and address the principal adverse impacts of our clients' investment decisions on sustainability factors.

The following strategies are disclosed to meet the regulation on Sustainability-related Disclosure Requirements in the financial sector (Regulation EU 2019/2088 - "SFDR" for short).

Our statements relate exclusively to investment advice on financial products as defined in the SFDR. This includes mutual fund products in particular.

An overview of the implementation of sustainability at EB-SIM can be found at the following link: [Sustainable Finance - the anchor of our actions - EB-SIM](#).

### II Our strategies for considering the principal adverse impacts on sustainability risks

EB-SIM offers its clients investment solutions that reflect their special responsibility to preserve creation. In order to meet our client's specific sustainability interests, EB-SIM uses a multi-stage selection process, incorporating both our own and client-aligned ESG standards to cater to individual sustainability needs. This sustainability advice along with comprehensive examination of environmental, social and corporate governance aspects complements traditional financial analysis and can, for example, minimize default and reputational risks of companies in an investment portfolio. Unless otherwise requested by the client, at least the exclusion criteria of the Guidelines for Ethically Sustainable Investments from the Evangelische Kirche in Deutschland are implemented for each investment portfolio. This includes exclusion criteria relating to controversial business areas such as weapons, pornography, gambling and tobacco.

An overview of the exclusion criteria used can be found on the EB-SIM website: <https://www.eb-sim.de/nachhaltigkeit/werte.html>.

All EB-SIM managed fund solutions are established based on the investment decision process according to the strategies described above for incorporating sustainability risks into investment decision-making (Art. 3 Para. 1 of the SFDR) and are subject to regular review.

The education and training of EB-SIM employees also contributes to the inclusion of sustainability risks in the context of financial portfolio management and investment advice. The training and development in financial portfolio management and investment advice enables employees to understand and assess the investment universe and the respective investment strategies and products.

### **Information on sustainability aspects considered by EB-SIM when making recommendations on financial instruments**

In line with the sustainability preferences specified by our clients, EB-SIM considers ecological aspects, social aspects, and good governance criteria in its recommendations on financial instruments.

To this end, the client's sustainability preferences are collected prior to investment advice. This information is voluntary but serves to provide appropriate information and advice and is therefore in the client's interest.

EB-SIM considers the impact of the following sustainability indicators to assess the sustainability factors as part of the exclusion criteria anchored in the EB sustainability filter:

- *Environmental issues*: nuclear energy, fossil fuels, green genetic engineering, controversial environmental behavior
- *Social issues*: alcohol, gambling, tobacco, controversial economic practices
- *Employee matters*: violations of ILO labor law standards, child labor
- *Respect for human rights*: embryo research, pornography, weapons, violations of human rights

By considering the principal adverse impacts on sustainability, the potential negative influence of our investment decisions on sustainability factors can be minimized or limited. As part of the strategies for incorporating sustainability risks into our investment decision-making process (see above), which consists of exclusions, analysis and engagement strategy, we comprehensively fulfil our due diligence obligations.

## Product selection process

EB-SIM only advises its own products that have undergone the investment process described above.

EB-SIM considers the most important adverse impacts on sustainability factors (principal adverse impacts, PAIs) in its investment advice:

- Greenhouse gas emissions,
- Biodiversity,
- Water,
- Waste,
- Social issues/employee concerns.

EB-SIM is highly committed to generating "investments for a better world" for its clients and realizing their sustainability requirements with every investment. For this reason, issues relating to sustainability - the sustainability preferences of our clients - are an integral part of every consultation.

As part of the investment advisory process, the parties intensively analyze the most important sustainability factors and risks in the investment. Based on EB-SIM's values and alignment with client preferences, the principal adverse impacts on sustainability factors are discussed and the sustainability preferences regarding the PAIs are recorded.

If our clients indicate that they have no sustainability preferences, we may or may not recommend financial products that take sustainability aspects into account (such as the avoidance of material adverse impacts on sustainability (PAI)). In this case, only other client details are binding for our recommendations.

Regardless of the client's sustainability preferences, a minimum standard applies to all financial products recommended by us in our investment advice. Accordingly, these financial products may not contain certain insufficiently sustainable securities or only up to a specified limit. These minimum exclusions ensure that these financial products only invest in insufficiently sustainable activities to a minor extent. Securities that violate exclusion criteria are no longer included in the current investment universe, for example of an mutual fund. The exclusions include, for example, shares or bonds issued by companies that generate significant revenue from coal mining.

The described method of considering the principal adverse impacts on sustainability factors is mapped in our internal (advisory) processes. Compliance with these processes is monitored and reviewed by independent bodies within our organization (Compliance and Internal Audit) and by our external auditors on a regular basis or as required.