

## ESG Policy

- ✓ At least 75% of the investments made in the fund must meet ESG characteristics according to our defined ESG strategy → ISS ESG Performance Score  $\geq 25$  (0-24 = "Poor")
- ✓ At least 51% of the target funds must meet ESG characteristics and be compatible with our defined ESG strategy (target funds are considered compatible if they have a dedicated ESG process. This includes in particular those target funds that, according to the requirements of the Disclosure Regulation, are either classified as Art. 8 or Art. 9).
- ✓ Defined exclusion criteria are applied (companies, states in the sense of government bonds)

Exclusion criteria for companies	Limit (% of revenue)
<b>Raw materials</b>	
Agricultural raw materials	0
<b>Industry Exclusions</b>	
Controversial Weapons	0
Military equipment and services (production, service and sales)	5
Nuclear Power Generation (Production and Service)	5
Uranium mining	5
Coal mining	5
Combination of coal mining and power generation from coal	25
Oil sands production and service	5
Hydraulic fracturing (fracking), production and service	5
Pornography	5
Gambling	5
Tobacco production and distribution	5
<b>Exclusions by Issuer</b>	
ESG-Rating D-	0
<b>Exclusions according to international standards</b>	
Unresolved violations of international standards	0

### Exclusion criteria for states (government bonds)

In a multi-stage process, we exclude unfree states, states with a high level of corruption and states that impede the free exercise of religion:

- ✓ Non-free states: Measured by status within the "Freedom in the World" list of [Freedom House](#)
- ✓ Corruption as measured by the Corruption Perceptions Index of [Transparency International](#) → CPI-Score  $< 25$ .
- ✓ Prevention of free exercise of religion measured on „Government Restriction Index“ of [Pew Forum](#) → GRI-Score  $\geq 6.6$

## Guidelines

At least 75% of the invested assets are invested in securities whose issuers have been selected based on ecological and social criteria as well as characteristics of responsible corporate governance (ESG strategy).

To check the ESG conformity of equities, corporate and covered bonds, individual issuers are evaluated using ESG criteria, which include ecological and social aspects as well as responsible corporate management (governance). For this purpose, ESG filters from ISS ESG are used in a two-stage process.

In a first step, filters are applied to take into account predefined exclusion criteria for issuers. Companies with violations of internationally recognized standards (e.g. UN Global Compact) and activities in many controversial business areas are excluded. Where it makes sense, controversial business areas work with upper sales limits, which then must not be exceeded. Issuers that have the lowest overall ESG rating according to ISS logic are generally not investable. The ISS ESG Overall ESG Rating is derived from the numerical ESG Performance Scores. Using the ESG Performance Score, companies are evaluated based on their environmental, social and corporate governance (ESG) data. The ESG Performance Score allows cross-sector comparisons using a standardized best-in-class threshold that applies to all sectors. The scores display the ratings on a scale from 0 to 100, with 100 being the best possible value. They can be translated accordingly into ratings, with each rating representing a range of ESG performance scores. The rating scale used ranges from D- to A+ (best rating) and measures absolute ESG performance. In the second step, the ESG conformity of the remaining possible investments is checked. The previously described ESG Performance Score from ISS ESG is also used for this purpose. Only if a company was not excluded via the exclusion criteria mentioned and achieves a minimum value in the ESG Performance Score is it classified as investable in terms of the ESG strategy.

A multi-stage process is also used to review the ESG criteria of government bonds. Bond issues from unfree states, states with a high level of corruption and states that impede the free exercise of religion are excluded. In addition, the states are subjected to an ESG minimum score check.

In the first step, non-free states are excluded from Freedom House's "Freedom in the World" list based on their determined status. In a second step, countries with a high level of corruption, as measured by Transparency International's Corruption Perceptions Index, are excluded. In a third step, states that restrict the free exercise of religion are excluded using the Pew Forum's "Government Restriction Index". In the last step, the ESG compatibility of the remaining possible investments is checked using the ESG minimum score. This evaluates the states based on their environmental, social and control or administrative (ESG) data. Only if a country was not excluded via the exclusion criteria mentioned and achieves a minimum value in the ESG Performance Score is it classified as investable in terms of the ESG strategy.



In addition, we aim to ensure that at least 51% of the target funds in the portfolio are classified as compatible with our ESG strategy. Target funds are considered compatible if they have a dedicated ESG process. In particular, this includes those target funds that have been classified as either Art. 8 or Art. 9 in accordance with the provisions of the Disclosure Ordinance.