



ETHENEA

Statement

of ETHENEA Independent Investors S.A.
on adverse sustainability impacts

Principal Adverse Impacts, PAI-Statement
As of: June 2023

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant: ETHENEA Independent Investors S.A. (529900E235XZSGWI7P27)

Summary

ETHENEA Independent Investors S.A. (529900E235XZSGWI7P27) considers 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 ETHENEA Independent Investors S.A.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 April to 31 December 2022 (referred to as "year 2022" in the following tables).

Adverse sustainability impacts are those effects of investment decisions that have a negative impact on sustainability factors. Sustainability factors include, among others, environmental and social concerns, respect for human rights, sustainable corporate governance, and the fight against corruption. In order to make the most important adverse sustainability impacts measurable, indicators from the areas of environment, social affairs and proper governance are used.

The most important sustainability factors include environmental, climate, social and employee concerns, as well as aspects of good corporate governance, respect for human rights and the fight against corruption.

Adverse effects on these factors through investments can result, for example, from the co-financing of controversial business practices and controversial business areas. Controversial business practices are understood to include violations of International Labour Organization (ILO) standards, including child and forced labour, as well as serious violations in the areas of human rights, environmental protection and corruption.

Controversial business areas include the production of weapons such as anti-personnel mines ("Ottawa Convention"), cluster munitions ("Oslo Convention") as well as biological and chemical weapons according to the respective UN conventions ("Biological Weapons Convention" (BWC) and "Chemical Weapons Convention" (CWC)). Furthermore, companies with a designated business strategy on armaments (production, development and distribution) are considered a controversial business area. In addition to the general controversial business areas, our

portfolio management team may define additional criteria and controversial business areas that will be excluded. These currently include companies that focus on the production and/or distribution of fossil fuels (e.g. coal) and tobacco production.

To reduce the negative impact of investment decisions on sustainability factors, ETHENEA takes three main measures.

1. **ESG integration:**

By systematically integrating ESG criteria into the investment process, ETHENEA aims to ensure that sustainability aspects and thus also adverse sustainability impacts are fundamentally considered in all investment decisions.

2. **Exclusion criteria:**

Direct investments in companies that are active in controversial business areas are excluded company wide. The exclusions are supplemented by standards-based exclusions, e.g. if serious violations of the principles of the UN Global Compact are identified and there is no positive outlook. The same applies at the level of sovereign bonds, where investments in sovereign bonds of non-free countries are excluded (based on Freedom House analyses; www.freedomhouse.org).

3. **Engagement:**

ETHENEA understands engagement to be the active dialogue with the companies in its portfolios as well as their exercise of voting rights at general meetings. The aim of the engagement activities is to always actively influence the ESG profile of the companies over the investment period and thus to reduce negative impacts on sustainability factors.

Description of the principal adverse impacts on sustainability factors

Indicators applicable to investments in investee companies						
Adverse sustainability indicator	Metric	Impact [year 2022]	Impact [prior year]	Explanation	Actions taken, and actions planned and targets set for the next reference period	
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Green-house gas emissions	1. GHG emissions	Scope 1 GHG emissions	66,683.01	N/A	N/A	In our funds, the responsible portfolio managers take care to consider the greenhouse gas emissions of the companies in which investments are made, within the scope of data quality and availability. ETHENEA excludes companies that generate more than 25% of their revenue from the production and/or sale of coal or the generation of electricity from coal. Coal-fired power plants are undoubtedly major climate polluters. For example, according to the German Federal Environment Agency, about half of all CO ₂ emissions in Germany are caused by the energy industry - most of it by burning coal. On the other hand, coal-fired power generation is also a component of energy security. With the aforementioned limit, ETHENEA therefore still enables investment in companies that are active in coal-fired power generation but are developing in the direction of renewable energies. Furthermore, it is the responsibility of the portfolio managers, if necessary, to take further measures to improve the situation in individual companies, to define
		Scope 2 GHG emissions	9,869.01	N/A	N/A	
		Scope 3 GHG emissions	237,368.39	N/A	N/A	
		Total GHG emissions	313,920.42	N/A	N/A	
	2. Carbon footprint	Carbon footprint	122.04	N/A	N/A	
	3. GHG intensity of investee companies	GHG intensity of investee companies	308.41	N/A	N/A	
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	3.09	N/A	N/A		
5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	63.94 (Consumption) 39.15 (Production)	N/A	N/A		
6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector:					

		<ul style="list-style-type: none"> • Energy Consumption Intensity Agriculture, Forestry & Fishing-SFDR 	N/A	N/A	N/A	corresponding goals or to sell existing investments if there is no prospect of improvement.
		<ul style="list-style-type: none"> • Energy Consumption Intensity Construction-SFDR 	N/A	N/A	N/A	
		<ul style="list-style-type: none"> • Energy Consumption Intensity Electricity, Gas, Steam & Air Conditioning Supply-SFDR 	6.44	N/A	N/A	
		<ul style="list-style-type: none"> • Energy Consumption Intensity Manufacturing-SFDR 	0.20	N/A	N/A	
		<ul style="list-style-type: none"> • Energy Consumption Intensity Mining & Quarrying-SFDR 	1.79	N/A	N/A	
		<ul style="list-style-type: none"> • Energy Consumption Intensity Real Estate Activities-SFDR 	0.95	N/A	N/A	
		<ul style="list-style-type: none"> • Energy Consumption Intensity Transportation & Storage-SFDR 	1.21	N/A	N/A	
		<ul style="list-style-type: none"> • Energy Consumption Intensity Water Supply, Sewerage, Waste Management & Remediation Activities-SFDR 	0.45	N/A	N/A	
		<ul style="list-style-type: none"> • Energy Consumption Intensity Wholesale & Retail Trade & Repair of Motor Vehicles & Motorcycles-SFDR 	0.08	N/A	N/A	
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	5.13	N/A	N/A	In our funds, the responsible portfolio managers take care to consider, in the sense of ESG integration, possible negative impacts on biodiversity by the companies in which investments are made, within the framework of data quality and availability. Hard exclusion criteria are not yet provided for this indicator. It is up to the responsible

						portfolio managers, if necessary, to take further measures to improve the situation in individual companies, to define corresponding targets or to sell existing investments if there is no prospect of improvement.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.03	N/A	N/A	In our funds, the responsible portfolio managers take care to consider, in the sense of ESG integration, the water emissions caused by the companies in which investments are made, within the scope of data quality and availability. Hard exclusion criteria are not yet envisaged for this indicator. It is up to the responsible portfolio managers, if necessary, to take further measures to improve the situation in individual companies, to define corresponding targets or to sell existing investments if there is no prospect of improvement.
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0.55	N/A	N/A	In our funds, the responsible portfolio managers take care to consider the proportion of hazardous and radioactive waste generated by the companies in which investments are made, within the scope of data quality and availability. Hard exclusion criteria have not been provided for this indicator so far. It is up to the responsible portfolio managers, if necessary, to take further measures to improve the situation in individual companies, to define corresponding targets or to sell existing investments if there is no prospect of improvement.

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.00	N/A	N/A	In our funds, the responsible portfolio managers take care to consider violations of the UNGC principles and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises in the companies in which investments are made, within the scope of data quality and availability. ETHENEA excludes investments in companies if serious violations of the principles of the UN Global Compact have been identified and there is no convincing prospect of remedying the grievances. Furthermore, it is the responsibility of the portfolio managers, if necessary, to take further measures to improve the situation in individual companies, to define corresponding goals or to sell existing investments if there is no prospect of improvement.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	26.30	N/A	N/A	In our funds, the responsible portfolio managers take care to consider the lack of processes and compliance mechanisms to monitor compliance with the UNGC Principles and the OECD Guidelines for Multinational Enterprises in the companies in which investments are made, in each case within the framework of data quality and availability. Hard exclusion criteria are not yet provided for this indicator. It is up to the responsible portfolio managers, if necessary, to take further measures to improve the situation in individual companies, to define corresponding targets or to sell existing investments if there is no prospect of improvement.

	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	14.52	N/A	N/A	In our funds, the responsible portfolio managers take care to consider the unadjusted gender pay gap in the companies in which investments are made, within the scope of data quality and availability. Hard exclusion criteria are not yet envisaged for this indicator. It is up to the responsible portfolio managers, if necessary, to take further measures to improve the situation in individual companies, to define corresponding targets or to sell existing investments if there is no prospect of improvement.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	33.19	N/A	N/A	In our funds, the responsible portfolio managers take care to consider the gender diversity in the management and control bodies of the companies in which investments are made, within the scope of the data quality and availability. Hard exclusion criteria have not been provided for this indicator so far. It is up to the responsible portfolio managers, if necessary, to take further measures to improve the situation in individual companies, to define corresponding targets or to sell existing investments if there is no prospect of improvement.
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.00	N/A	N/A	In our funds, the responsible portfolio managers take care to consider the exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical and biological weapons) in the companies in which investments are made, within the framework of data quality and availability. ETHENEA excludes investments in companies or products issued by companies

						that violate the UN Conventions on Cluster Munitions, Chemical Weapons, and other Outlawed Weapons of Mass Destruction or that finance such companies/products.
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Indicators applicable to investments in sovereigns and supranationals						
Adverse sustainability indicator		Metric	Impact [year 2022]	Impact [prior year]	Explanation	Actions taken, and actions planned and targets set for the next reference period
Environmental	15. GHG intensity	GHG intensity of investee countries	0.23	N/A	N/A	In our funds, the responsible portfolio managers take care to consider the GHG emission intensity of the countries in which investments are made, within the scope of data quality and availability. Hard exclusion criteria are not yet provided for this indicator. However, ETHENEA invests mainly in OECD countries. The social pressure in these countries to reduce GHG emissions is evident, even if not every government always acts accordingly. It is up to the responsible portfolio managers, if necessary, to take further measures to improve the situation in individual countries, to define corresponding targets or to sell existing investments if there is no prospect of improvement.
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations	0.00	N/A	N/A	In our funds, the responsible portfolio managers take care to consider violations of social regulations in the countries in which investments are made, within the framework of data quality and availability. ETHENEA excludes investments in bonds of countries that are declared "unfree" in the

		principles and, where applicable, national law				annual analysis by Freedom House (www.freedomhouse.org).
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Indicators applicable to investments in real estate assets

Adverse sustainability indicator		Metric	Impact [year 2022]	Impact [prior year]	Explanation	Actions taken, and actions planned and targets set for the next reference period
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	N/A	N/A	N/A	N/A
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	N/A	N/A	N/A	N/A

Other indicators for principal adverse impacts on sustainability factors

Additional climate and other environment-related indicators

Adverse sustainability indicator		Metric	Impact [year 2022]	Impact [prior year]	Explanation	Actions taken, and actions planned and targets set for the next reference period
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	6.20	N/A	N/A	In our funds, the responsible portfolio managers take care to support, in the sense of ESG integration, initiatives to reduce CO ₂ emissions in the companies in which investments are made, in each case within the scope of availability, or even to initiate them themselves. Hard exclusion criteria are not yet envisaged for this indicator. It is up to the responsible portfolio managers, if necessary, to launch

						individual initiatives to improve the situation in individual companies and to define corresponding targets, to join joint initiatives or to sell existing investments if there is no prospect of improvement.
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Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

Adverse sustainability indicator	Metric	Impact [year 2022]	Impact [prior year]	Explanation	Actions taken, and actions planned and targets set for the next reference period	
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Anti-corruption and anti-bribery	15. Lack of anti-corruption and anti-bribery policies	Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption	0.00	N/A	N/A	In our funds, the responsible portfolio managers take care to support anti-corruption and anti-bribery measures in the companies in which investments are made, in each case within the scope of availability, in the interests of ESG integration. Hard exclusion criteria have not yet been provided for this indicator. It is up to the responsible portfolio managers, if necessary, to propose individual measures to improve the situation in individual companies and to define corresponding targets, to join joint initiatives or to sell existing investments if there is no prospect of improvement.

Description of policies to identify and prioritise principal adverse impacts on sustainability factors

The portfolio management team follows the principle of ESG integration. To this end, ESG risk indicators or sustainability factors are systematically considered in the investment process. Within this framework, the portfolio managers also analyse the most important adverse effects on sustainability factors. The portfolio managers draw on the external analyses of ESG agencies, public documents of the companies and notes from direct dialogues with company leaders to identify, measure and evaluate adverse sustainability impacts. The adverse sustainability impacts (e.g. greenhouse gas emissions, water intensity, frequency of occupational accidents, violations of the UN Global Compact, diversity on the supervisory board) can thus be analysed extensively and taken into account in investment decisions.

In principle, different sustainability aspects are weighted in the sustainability assessment of investments depending on their relevance for the respective business model. For example, the relevance of greenhouse gas emissions is significantly higher in particularly CO₂-intensive sectors than in less CO₂-intensive sectors.

The possibility of systematically considering the most important adverse sustainability impacts depends to a large extent on the available data quality. This varies depending on the asset class / investment universe. For example, not all data on the companies in which ETHENEA invests is available to a sufficient extent. ETHENEA is actively trying to work towards better data quality in the long term through engagement (e.g. via initiatives such as the Carbon Disclosure Project (CDP) or direct dialogue). In the coming years, we expect a gradual improvement of the data basis.

Engagement policies

The engagement policy is exercised in the form of voting rights. In order to safeguard the interests of the investors and to fulfil the associated responsibility, ETHENEA exercises the shareholder rights associated with the managed investment assets in the interests of the investors and good corporate governance.

In the case of bond investments, creditor rights are exercised in particular in connection with restructurings.

Furthermore, the portfolio manager is encouraged to actively engage in dialogue with the company's management to coordinate and critically question the sustainability goals and, if necessary, make suggestions for improvement. This can be done, for example, during roadshows, at press conferences and following the presentation of quarterly or annual results, at conferences, directly on site at the company, in meetings and dialogues with company representatives or ad-hoc via investor relations.

In addition, individual thresholds are defined for all funds, above which the investment must be accompanied by a targeted engagement process if the ESG risk assessment of an investment is too high. Individual adverse sustainability impacts can be the trigger for this excessive ESG risk assessment, so that the engagement process directly references this and pursues a concrete improvement of individual indicators as a goal. However, the ESG risk score being too high may also be due to other reasons that are not directly related to the adverse sustainability impacts identified in the context of this statement, so that the engagement process does not directly reference adverse sustainability impacts.

Reference to international standards

ETHENEA is obliged by its fiduciary function as a capital management company to give the interests of investors top priority. Beyond the application of the applicable laws and regulatory requirements, we pursue responsible investing with our investment approach and are guided by leading national and international standards, which are a benchmark for our sustainable investment decisions. These include, in particular, the "United Nations Principles of Responsible Investment" (PRI). With the commitment to comply with these principles, ETHENEA has now officially been acting from a sustainability perspective as part of its active portfolio management style since 2017. Our fund managers actively incorporate environmental, social and governance aspects, so-called ESG factors, into their investment analysis and decision-making process.

However, ETHENEA's compliance with international standards is not directly linked to individual PAI indicators. Consequently, there is no measurement of compliance with international standards based on individual PAI indicators. Therefore, no methods or data for measuring or aligning with these standards can be disclosed. A forward-looking climate scenario is also not used.

Historical comparison

A historical comparison of the reference period with the previous reference period will be possible for the first time with the declaration for the calendar year 2023, which will be published by 30 June 2024 at the latest.



ETHENEA

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