

## DESCRIPTION REGARDING PRINCIPAL ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS

Financial market participant: DJE Kapital AG, LEI: 635400VW8GWUK3WHPB45

**Summary:** An essential part of the sustainable earnings analysis consisted of measuring a group of currently eighteen indicators for each individual stock: the so-called PAI (“Principle Adverse Impacts”), which are also referred to as “adverse sustainability effects”. Sixteen of the PAIs relate to corporates and two PAIs relate to government bonds. They can be divided into the following subject groups:

- greenhouse gas emissions
- biodiversity
- water
- waste
- society and employment
- human rights

As there are no investments in real estate, the indicators for real estate investments are not considered.

The consideration of these PAIs in the investment process took place either through exclusion criteria, voting in the context of voting at general meetings, an adjustment of the portfolio allocation or engagement in the context of company discussions.

During the financial year the fulfilment of the exclusion criteria and the associated consideration of the most important adverse effects of invest-

ment decisions on sustainability factors was continuously monitored in the pre- and post-trade process. Any violations of the exclusion criteria that occurred due to data changes on the part of MSCI ESG Research LLC were examined and acted upon accordingly.

DJE Kapital AG considered the main adverse impacts of its investment decisions on sustainability factors for all products and funds managed by DJE Kapital AG. This statement is the consolidated statement on the most important adverse effects on the sustainability factors of DJE Kapital AG and DJE Investment S.A. When calculating the key figures presented below, DJE Kapital AG relies on the data from MSCI ESG Research LLC.

This statement on the main adverse impacts on the sustainability factors relates to the reference period from July 1<sup>st</sup>, 2022 to December 31<sup>st</sup>, 2022. The coverage describes the proportion of the volume that is covered by data in relation to the total volume of the portfolio. All assets (total volume including cash) is taken into account in the calculation. Values of the PAI indicators 2, 3, 5, 6, 8, 12, 13, 15 and 16 are presented in relation to the respective coverage.

**DESCRIPTION OF THE MAIN ADVERSE IMPACTS ON SUSTAINABILITY FACTORS**

Sustainability indicator for adverse impacts	Parameter	Impact 2022	Coverage	Impacts compared to the previous reporting period	Measures taken and targets planned for the next reference period	
<b>Indicators for investments in companies in which investments are made</b>						
<b>Greenhouse gas emissions</b>	1. GHG emissions	Scope-1-greenhouse gas emissions	1,381,752.43 tCO <sub>2</sub>	62.70 %	No data	<ul style="list-style-type: none"> <li>• exclusion criteria</li> <li>• voting rights</li> <li>• portfolio allocation</li> <li>• we are considering the introduction of thresholds for the future</li> </ul>
		Scope-2-greenhouse gas emissions	199,850.69 tCO <sub>2</sub>	62.70 %	No data	
		Scope-3-greenhouse gas emissions	6,608,557.17 tCO <sub>2</sub>	62.69 %	No data	
		Overall GHG emissions	8,143,229.98 tCO <sub>2</sub>	62.45 %	No data	
	2. Carbon footprint	Carbon footprint	800.57 tCO <sub>2</sub> /EUR million EVIC <sup>1</sup>	62.45 %	No data	<ul style="list-style-type: none"> <li>• exclusion criteria</li> <li>• portfolio allocation</li> <li>• we are considering the introduction of thresholds for the future</li> </ul>
3. GHG intensity of emissions of the companies in which we are invested	GHG intensity of emissions of the companies in which we are invested	1,157.97 tCO <sub>2</sub> /EUR millions turnover	61.53 %	No data	<ul style="list-style-type: none"> <li>• exclusion criteria</li> <li>• voting rights</li> <li>• portfolio allocation</li> <li>• we are considering the introduction of thresholds for the future</li> </ul>	
4. Engagement in companies active in the fossil fuel sector	Proportion of investments in companies active in the fossil fuel sector	8.78 %	64.40 %	No data	<ul style="list-style-type: none"> <li>• exclusion criteria</li> <li>• voting rights</li> <li>• we are considering the introduction of thresholds for the future</li> </ul>	
5. Share of energy consumption and generation 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	74.25 %	58.26 %	No data	<ul style="list-style-type: none"> <li>• engagement</li> <li>• exclusion criteria</li> <li>• voting rights</li> <li>• portfolio allocation</li> <li>• we are considering the introduction of thresholds for the future</li> </ul>	

1) EVIC: Current company value, including cash in million euros

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<b>Indicators for investments in companies in which investments are made</b>					
<b>Greenhouse gas emissions</b>	6. Intensity of energy consumption by climate-intensive sectors	Energy consumption in GWH per one million EUR turnover of companies invested in, broken down by climate-intensive sectors	In GWH/EUR million turnover a. Agriculture, forestry and fishing: 11.37 b. Mining and quarrying: 1.22 c. Manufacturing/ Production of goods: 0.61 d. Energy supply: 2.35 e. Water supply; sewerage, waste management and remediation activities: 4.36 f. Building and construction: 0.11 g. Wholesale and retail trade and repair of motor vehicles and motorcycles: 0.28 h. Transport and storage: 2.81 i. Real estate and housing: 0.85	35.94 % (aller klima-intensiven Sektoren)	No data <ul style="list-style-type: none"><li>• engagement</li><li>• voting rights</li><li>• we are considering the introduction of thresholds for the future</li></ul>
<b>Biodiversity</b>	7. Activities that adversely affect areas with biodiversity in need of protection	Proportion of investments in enterprises invested in with sites/ operations in or near areas of biodiversity in need of protection, where the activities of these enterprises adversely affect these areas	0.01 %	64.40 %	No data <ul style="list-style-type: none"><li>• exclusion criteria</li><li>• voting rights</li><li>• portfolio allocation</li><li>• we are considering the introduction of thresholds for the future</li></ul>
<b>Water</b>	8. Water emissions	Tonnes of water emissions generated by the companies invested in per million EUR invested, expressed as a weighted average.	134.20 t/millions invested EUR	7.91%	No data <ul style="list-style-type: none"><li>• exclusion criteria</li><li>• voting rights</li><li>• portfolio allocation</li><li>• we are considering the introduction of thresholds for the future</li></ul>
<b>Waste</b>	9. Proportion of hazardous and radioactive waste	Tonnes of hazardous and radioactive waste generated by the companies invested in per million EUR invested, expressed as a weighted average	0.81 t/millions invested EUR	24.60 %	No data <ul style="list-style-type: none"><li>• exclusion criteria</li><li>• voting rights</li><li>• portfolio allocation</li><li>• we are considering the introduction of thresholds for the future</li></ul>

Sustainability indicator for adverse impacts	Parameter	Impact 2022	Coverage	Impacts compared to the previous reporting period	Measures taken and targets planned for the next reference period	
<b>Indicators for investments in companies in which investments are made</b>						
<b>Social and employment</b>	10. Violations of the UNGC Principles and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.	Proportion of investments in companies that have been involved in violations of the UNGC Principles or the OECD Guidelines for Multinational Enterprises.	0.20 %	64.54%	No data	<ul style="list-style-type: none"> <li>• exclusion criteria</li> <li>• voting rights</li> <li>• we are considering the introduction of thresholds for the future</li> </ul>
	11. Lack of processes and compliance mechanisms to monitor compliance with the UNGC Principles and the OECD Guidelines for Multinational Enterprises.	Share of investments made in enterprises that do not have policies in place to monitor compliance with the UNGC Principles and the OECD Guidelines for Multinational Enterprises or procedures to deal with complaints about violations of the UNGC Principles and the OECD Guidelines for Multinational Enterprises.	22.65 %	63.57 %	No data	<ul style="list-style-type: none"> <li>• exclusion criteria</li> <li>• engagement</li> <li>• we are considering the introduction of thresholds for the future</li> </ul>
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap for investing enterprises	12.53 %	16.33 %	No data	<ul style="list-style-type: none"> <li>• engagement</li> <li>• voting rights</li> <li>• we are considering the introduction of thresholds for the future</li> </ul>
	13. Gender diversity in management and control bodies	Average ratio of women to men in the management and control bodies of the companies in which investments are made, expressed as a percentage of all members of the management and control bodies	56.25 %	63.69 %	No data	<ul style="list-style-type: none"> <li>• engagement</li> <li>• voting rights</li> <li>• we are considering the introduction of thresholds for the future</li> </ul>
	14. Engagement 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	0.09 %	64.40 %	No data	<ul style="list-style-type: none"> <li>• exclusion criteria</li> <li>• we are considering the introduction of thresholds for the future</li> </ul>

Sustainability indicator for adverse impacts	Parameter	Impact 2022	Coverage	Impacts compared to the previous reporting period	Measures taken and targets planned for the next reference period	
<b>Indicators for investments in states and supranational organisations</b>						
<b>Environment</b>	15. GHG intensity of emissions	GHG intensity of emissions of the companies in which we are invested	321.29 t/EUR millions	10.13 %	No data	<ul style="list-style-type: none"> <li>• exclusion criteria</li> <li>• portfolio allocation</li> <li>• we are considering the introduction of thresholds for the future</li> </ul>
<b>Social</b>	16. Countries in which investments are made that violate social provisions	Number of countries invested in that violate social provisions 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)	absolute: 0 percentage: 0	10.13 %	No data	<ul style="list-style-type: none"> <li>• exclusion criteria</li> <li>• we are considering the introduction of thresholds for the future</li> </ul>
<b>Indicators for investments in real estates</b>						
<b>Fossil fuels</b>	17. Engagement in fossil fuels through investments in real estates	Share of investments in real estate related to the extraction, storage, transport or production of fossil fuels	0 %	No data	No data	No data
<b>Energy efficiency</b>	18. Engagement in real estate with poor energy efficiency	Share of investments in real estate with poor energy efficiency	0 %	No data	No data	No data
<b>Additional indicators for the main adverse impacts on sustainability factors</b>						
	Investments in companies without initiatives to reduce CO <sub>2</sub> emissions (PAI E4)	Share of investments in companies that do not implement initiatives to reduce CO <sub>2</sub> emissions as defined by the Paris Agreement.	21.70 %	57.92 %	No data	<ul style="list-style-type: none"> <li>• engagement</li> <li>• voting rights</li> <li>• we are considering the introduction of thresholds for the future</li> </ul>
	Lack of due diligence (PAI S10)	Share of investments in companies that do not conduct due diligence to identify, prevent, mitigate and manage adverse impacts on human rights	19.90 %	58.16 %	No data	<ul style="list-style-type: none"> <li>• engagement</li> <li>• voting rights</li> <li>• we are considering the introduction of thresholds for the future</li> </ul>

### Description of strategies to identify and prioritise key adverse impacts on sustainability factors

DJE Kapital AG (hereinafter referred to as DJE) has been active in the capital market as an independent asset manager for over 45 years. DJE currently manages around 16.5 billion euros (as of 31 March 2022) with approximately 170 employees in the areas of individual asset management, institutional asset management and mutual funds. The core of the investment process is the FMM method (fundamental, monetary, market), which is based on in-house, independent research. DJE takes sustainability criteria into account when selecting financial instruments and is a signatory to the UN Principles for Responsible Investments.

Within the framework of the FMM method a scoring model is used that considers aspects such as liquidity & security, valuation, momentum, company discussion, individual analyst assessment and sustainability criteria of the portfolio company. Sustainability criteria are in this regard a central component of the DJE investment process. In the sustainability/ESG category the evaluation is carried out with the aid of the qualitative and quantitative results of MSCI ESG Research – the leading international provider of analyses and ratings in the area of environmental, social and responsible corporate governance.

PAI indicators are calculated independently at company level using data from MSCI ESG Research LLC.

In principle all PAI indicators are considered equally important. Consequently, no difference is made with regard to their weighting.

If incorrect elements are identified when using the data from MSCI ESG Research, these can be corrected on the basis of publicly available information and included in the analysis. The possibility of systematically considering the most important adverse sustainability impacts depends to a large extent on the available data quality. This can differ per asset class. In addition, data for an individual issuer may not be available to a sufficient extent. Furthermore these data may be based on estimates. In the absence of data required to calculate PAI indicators at the company level, these are not specifically estimated and supplemented. Furthermore a coverage ratio is provided for the issuers of securities to which the result of the analysis relates.

### Participation policy

As part of the engagement process, meetings of company representatives and board members are an opportunity to influence portfolio companies. ESG-relevant topics are now an integral part of every company meeting. Any controversies that may arise regarding the portfolio companies are generally addressed in discussions with the company concerned. On average DJE's analyst team has several hundred company meetings per year, the majority of which are at board level. In addition to discussing the current market environment and the current opportunities and challenges and chances, publicly known future investment plans and in some cases possible expansions into other markets are sometimes on the agenda here. Analysts can therefore raise both approval and dislike of the

management levels of the portfolio companies in such discussions about the strategic direction of the company. DJE analysts are encouraged to address and discuss ESG-relevant topics (opportunities and risks). Critical issues or issues that can be addressed from an ESG perspective are deliberately and consistently addressed. Furthermore the implementation of measures announced by companies is closely monitored and discussed in personal meetings. In addition the exercise of voting rights can be used to counteract adverse sustainability impacts.

If improvements at the company level fail to materialise, DJE reserves the right to exclude issuers of securities from its investment universe.

### Reference to internationally recognised standards

DJE has not made any commitments/implemented any procedures at company level.

### Historical comparison

The requirements of Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the Euro-

pean Parliament and of the Council came into force on 1 January 2023. A comparison with the previous financial year is therefore not possible.