



STATEMENT OF MAINFIRST

ON ADVERSE SUSTAINABILITY IMPACTS

Principal Adverse Impacts, PAI-Statement

Observation period:

1st January to 31st December 2024

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant: MainFirst Affiliated Fund Managers (Deutschland) GmbH¹
(529900366M1RI8SRXO59) (in short: MainFirst)

Summary

MainFirst 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 MainFirst.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2023 and applies to all products that comply at least with the sustainability standard Article 8 of the EU Disclosure Regulation.

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.

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.

¹ With effect from 1 January 2024, the management company has been changed for business policy reasons. The receiving management company, ETHENEA Independent Investors S.A., has taken over this function from the transferring management company, MainFirst Affiliated Fund Managers S.A. The change of management company does not entail any other changes in other service providers. ETHENEA publishes a PAI statement and this PAI statement is published on behalf of MainFirst in addition.

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)) and other weapons of mass destruction. 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, MainFirst takes three main measures.

- **ESG integration:**

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

- **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).

- **Engagement:**

MainFirst 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 2024]	Impact [year 2023]	Explanation	Actions taken, and actions planned and targets set for the next reference period	
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Green-house gas emissions (GHG)	1. GHG emissions	Scope 1 GHG emissions	17,845.96	71,784.59	N/A	In our funds, the responsible portfolio managers are encouraged, in the spirit of ESG integration, to consider the greenhouse gas emissions by the companies in which investments are made, in each case within the framework of data quality and availability. MainFirst 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. Furthermore, it is up to the responsible portfolio managers to take further measures to improve the situation in individual companies, if necessary, to define corresponding targets or also to sell existing investments if there is no prospect of improvement.
		Scope 2 GHG emissions	10,253.32	19,210.54	N/A	
		Scope 3 GHG emissions	156,372.05	769,780.88	N/A	
		Total GHG emissions	184,471.33	860,776.01	N/A	
	2. Carbon footprint	Carbon footprint	153.40	480.48	N/A	
	3. GHG intensity of investee companies	GHG intensity of investee companies	345.24	525.92	N/A	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0.70	1.50	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	57.38 (Consumption) 16.1- (Production)	59.9 (Consumption) 17.98 (Production)	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: ²		10,66	N/A	
		<ul style="list-style-type: none"> Energy Consumption Intensity Agriculture, Forestry & Fishing-SFDR 	-	0.0	N/A	

² In our 2022 report, the value for agriculture, forestry and fishing was reported as N/A, however, this has now been reported as 0.0.

		<ul style="list-style-type: none"> Energy Consumption Intensity Construction-SFDR 	-	0.15	N/A	
		<ul style="list-style-type: none"> Energy Consumption Intensity Electricity, Gas, Steam & Air Conditioning Supply-SFDR 	-	6.22	N/A	
		<ul style="list-style-type: none"> Energy Consumption Intensity Manufacturing-SFDR 	0.24	0.37	N/A	
		<ul style="list-style-type: none"> Energy Consumption Intensity Mining & Quarrying-SFDR 	1.14	1.22	N/A	
		<ul style="list-style-type: none"> Energy Consumption Intensity Real Estate Activities-SFDR 	0.52	0.29	N/A	
		<ul style="list-style-type: none"> Energy Consumption Intensity Transportation & Storage-SFDR 	2.06	2.14	N/A	
		<ul style="list-style-type: none"> Energy Consumption Intensity Water Supply, Sewerage, Waste Management & Remediation Activities-SFDR 	2.09	0.26	N/A	
		<ul style="list-style-type: none"> Energy Consumption Intensity Wholesale & Retail Trade & Repair of Motor Vehicles-SFDR 	0.04	0.01	N/A	
Bio-diversity	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	2.74	2.84	N/A	<p>In our funds, the responsible portfolio managers are required, in the sense of ESG integration, to take into account possible negative impacts on biodiversity by the companies in which investments are made, in each case within the framework of data quality and availability.</p> <p>Hard exclusion criteria are not yet provided for this indicator. It is up to the responsible portfolio managers to take further measures to improve the situation in individual companies, if necessary, to define corresponding targets or to sell existing investments if there is no prospect of improvement.</p>

Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.00	0.08	N/A	In our funds, the responsible portfolio managers are required, in the sense of ESG integration, to take into account the water emissions caused by 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 to take further measures to improve the situation in individual companies, if necessary, to define corresponding targets or also 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	45.67	25.00	N/A	In our funds, the responsible portfolio managers are required, in the sense of ESG integration, to take into account the proportion of hazardous and radioactive waste generated by 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 to take further measures to improve the situation in individual companies, if necessary, to define corresponding targets or also 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	0.00	N/A	In our funds, the responsible portfolio managers are required, in the sense of ESG integration, to take into account the 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, in each case within the framework of data quality and availability. MainFirst excludes investments in companies if serious violations of the principles of the UN Global Compact have been identified.

						Furthermore, it is the responsibility of the responsible portfolio managers to take further measures to improve the situation in individual companies, if necessary, to define corresponding targets 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	46.96	43.11	N/A		In our funds, the responsible portfolio managers are required, in the sense of ESG integration, to take into account the lack of processes and compliance mechanisms for monitoring 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 to take further measures to improve the situation in individual companies, if necessary, 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	22.37	23.48	N/A		In our funds, the responsible portfolio managers are required to take into account the unadjusted gender pay gap in 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 to take further measures to improve the situation in individual companies, if necessary, 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	32.42	32.30	N/A		In our funds, the responsible portfolio managers are required, in the sense of ESG integration, to take into account the gender diversity in the management and control bodies 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 to take further measures to improve the situation in individual companies, if necessary, 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	0.00	N/A	In our funds, the responsible portfolio managers are encouraged to consider the exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical and biological weapons) in the companies in which investments are made, in each case within the framework of data quality and availability, in the interests of ESG integration. MainFirst 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.

Indicators applicable to investments in sovereigns and supranationals

Adverse sustainability indicator		Metric	Impact [year 2024]	Impact [year 2023]	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	0.27	N/A	In our funds, the responsible portfolio managers are encouraged to take into account the GHG emission intensity of the countries in which investments are made, within the framework of data quality and availability. Hard exclusion criteria are not yet provided for this indicator. However, MainFirst invests predominantly 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 to take

						further measures to improve the situation in individual countries, if necessary, to define corresponding targets or even 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 principles and, where applicable, national law	0.00	0.00	N/A	In our funds, the responsible portfolio managers are encouraged to take into account violations of social regulations in the countries in which investments are made, within the framework of data quality and availability. MainFirst excludes investments in bonds from countries that are declared "unfree" in the annual analysis by Freedom House (www.freedomhouse.org).

Indicators applicable to investments in real estate assets

Adverse sustainability indicator	Metric	Impact [year 2024]	Impact [year 2023]	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	MainFirst does not invest directly in real estate.
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	MainFirst does not invest directly in real estate.

Other indicators for principal adverse impacts on sustainability factors

Additional climates and other environment-related indicators						
Adverse sustainability indicator		Metric	Impact [year 2024]	Impact [year 2023]	Explanation	Actions taken, and actions planned and targets set for the next reference period
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Emissions	<ul style="list-style-type: none"> 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	39.24	36,26	N/A	In our funds, the responsible portfolio managers are required, in the sense of ESG integration, to support 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 provided for this indicator. It is up to the responsible portfolio managers 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.

Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters						
Adverse sustainability indicator		Metric	Impact [year 2024]	Impact [year 2023]	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						
Social and employee issues ³	8. Excessive ratio of executive remuneration	Average ratio between the annual total remuneration of the highest-paid employee and the median of the annual total remuneration of all employees (excluding the highest-paid employee) in the companies in which investments are made	1,902.56	1,715.70	N/A	In our funds, our portfolio managers are required, in alignment with ESG integration, to support measures against excessive board remuneration in the companies in which investments are made, in each case within the scope of availability. Hard exclusion criteria are not yet provided for this indicator. It is up to the responsible portfolio managers to launch

³ In our report for the 2022 financial year, we did not report the criterion of proportionality of Executive board remuneration. We are now including this criterion in the report and supplement the figures for 2022 and 2023.

						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.
Anti-corruption and anti-bribery ⁴	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		N/A	N/A	

⁴ In our report for the 2022 financial year, we had reported a value for this criterion. However, as the criterion is not considered, we are correcting the value.

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 taken into account 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 external analyses by ESG agencies, publicly available information from the companies and insights from direct dialogues with company leaders to identify, measure and evaluate adverse sustainability impacts. The adverse sustainability impacts (e.g. greenhouse gas emissions, water use, frequency of occupational accidents, violations of the UN Global Compact, diversity on the supervisory board) can thus be comprehensively analysed 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 or investment universe. For example, not all data on the companies in which MainFirst invests is available to a sufficient extent. MainFirst is actively trying to improve 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

MainFirst's commitment is exercised in the form of voting rights. In order to safeguard the interests of investors and to fulfil the associated responsibility, MainFirst exercises the shareholder rights associated with the managed investment assets in the interests of investors and good corporate governance.

Furthermore, the portfolio manager is required to actively enter into dialogue with the company's management - or Supervisory body - in order 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 the respective investor relations of the companies.

In addition, MainFirst uses investor initiatives such as the Carbon Disclosure Project (CDP) or IIGCC (The Institutional Investors Group on Climate Change) to enter into dialogue with companies together with other investors in order to achieve a greater impact.

Reference to international standards

MainFirst 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 for Responsible Investment (PRI). With a commitment to comply with these principles, MainFirst has already been acting from a sustainability perspective since 2015 as part of its active portfolio management style. Our fund managers actively incorporate environmental, social and governance (ESG) factors into their investment analysis and decision-making process.

However, MainFirst'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.



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