Comparison of ESG Criteria as at October 30, 2023

As of October 30, 2023, the sustainability criteria of Bank Austria has been adjusted with regard to Regulation (EU) 2019/2088. The table below compares the sustainability criteria valid until October 29, 2023 with the new sustainability criteria (valid from October 30, 2023). Sustainability criteria that have not changed are not listed.

With the launch of the "VermögensManagement 5Invest nachhaltig" asset management product on October 30, 2023, the criteria for VermögensManagement 5Invest nachhaltig will be included in a separate sub-section (see point 2) in addition to the existing criteria for investment products (see point 1). These criteria for the VermögensManagement 5Invest nachhaltig product are presented separately, as the criteria differ significantly from the existing sustainability criteria. As there was previously no sustainable version of VermögensManagement 5Invest, it is not possible to compare the ESG criteria in the left-hand column.

Sustainability criteria (valid until October 29, 2023)	**New sustainability criteria (valid from October 30, 2023)**
	Point 1: Criteria for investment advisory products (excl. VermögensManagement 5Invest)
Criteria for equities and corporate bonds	**Criteria for equities and corporate bonds**
Compliance with the UN Global Compact	**Compliance with the UN Global Compact**
Companies that seriously violate the principles of the UN Global Compact are excluded from the sustainable investment universe (e.g. disregard for human rights, child labor, forced labor, etc.).	Companies with **very** serious violations of the principles of the UN Global Compact are excluded from the sustainable investment universe (e.g. disregard for human rights, child labor, forced labor, etc.).
	Criteria for government bonds
	In addition to the existing negative screening criteria (selection based on exclusion criteria) at the first stage, the best-in-class approach is used:
	In a second step, the issuers remaining in the selection process are subjected to a "positive screening" with regard to their social and environmental standards. In this second selection step, those issuers are excluded from the remaining investment universe that perform worse than issuers in the same sector in terms of sustainability factors (= best-in-class approach).

Sustainability criteria (valid until October 29, 2023)	New sustainability criteria (valid from October 30, 2023)

The following notice applies with immediate effect to equities, corporate bonds, government bonds, green bonds and OTC derivatives:

The approach described above on how sustainability risks are taken into account restricts the investable universe. This can have both positive and negative effects on the return of the financial products compared to the benchmark.

Point 2: Criteria for VermögensManagement 5Invest nachhaltig as of October 30, 2023

Environmental and social characteristics are promoted as part of sustainable asset management, but no sustainable investments are sought. In a two-stage review process, the environmental and social characteristics are determined at the first stage by means of mandatory exclusion criteria, which all securities (investment funds and ETFs) must comply with at all times. In the second stage, the remaining investment universe is assessed for its performance in terms of environmental and social characteristics using positive criteria.

The securities invested in asset management are not selected with explicit consideration of the adverse impact of investment decisions on sustainability factors (PAI factors as specified by the respective product manufacturer). The reason for this is that the securities invested in asset management are selected taking into account the sustainability approach listed below. This means that companies from controversial business areas are excluded as investments as soon as one of the criteria listed below is not met.

The following sustainability factors (i.e. ecological criteria, social criteria and criteria of responsible corporate governance) apply at UniCredit Bank Austria AG for the selection of sustainable financial products in asset management.

The product selection process in detail

The assessment of companies and countries according to sustainability factors (ESG factors) is based on data from research databases of an independent rating company.

Sustainability criteria (valid until October 29, 2023)

New sustainability criteria (valid from October 30, 2023)

Criteria for equities and corporate bonds

In the first stage, a so-called "negative screening" (selection based on exclusion criteria) is carried out. This means that companies from controversial business areas are excluded as investments.

Exclusion criteria

Companies that generate a significant proportion of their sales in the following sectors are generally excluded from the investment universe. Alternatively, the share of revenue can also be used as a criterion.

- Production and extraction of coal and energy generation from thermal coal (more than 5% of sales for investments in investment funds/ETFs, more than 2% of sales for investments in Schoellerbank Invest KAG funds).
- Companies involved in the production or distribution of controversial weapons, such as anti-personnel mines, cluster munitions, chemical and biological weapons (absolute ban of more than 0% of sales).
- Particularly problematic extraction methods for fossil fuels such as fracking, oil sands or Arctic oil (more than 5 % of sales).
- Production and promotion methods of tobacco products (more than 5% of sales).
- Power generation from nuclear fuels as well as extraction and processing of nuclear fuels (more than 5% of sales).

Companies that generate a significant proportion of their sales in the following sectors are also exclusion criteria for investments in Schoellerbank Invest KAG funds:

- Direct and indirect investments in food and agricultural commodities (e.g. commodity futures, certificates and commodity funds); investments in companies active in this business area are not excluded.
- Production and distribution of spirits (more than 5% of sales).
- Production and distribution of pornography (more than 5% of sales).
- Production and distribution of games of chance (more than 5% of turnover).
- Production and distribution of weapons and military-specific armaments (more than 5% of sales).

Sustainability criteria (valid until October 29, 2023)	New sustainability criteria (valid from October 30, 2023)

- Production and distribution of genetically engineered plants in agriculture (more than 5% of sales).

- Interventions in human germline therapy, human cloning procedures and human embryonic stem cell research (absolute ban from 0% of sales) are excluded.

- Performance of animal testing that is not required by law – outsourcing of animal testing to third parties is attributed to the outsourcing company (more than 5% of sales for products developed with the aid of animal testing).

Compliance with the UN Global Compact

- Companies with very serious violations (in the case of Schoellerbank Invest KAG funds, this already applies to a serious violation) of the principles of the UN Global Compact are excluded from the sustainable investment universe.

Exclusion criteria for government bonds

In the first stage, a so-called "negative screening" (selection according to exclusion criteria) is carried out.

- Countries that do not meet the minimum standards of the money laundering regulations (catalog of measures of the global Financial Action Task Force – FATF)

- Countries with insufficient efforts for climate protection (Climate Change Performance Index of German Watch e.V. less than 40; a comparable indicator can also be used for investment funds/ ETFs with the exception of funds of Schoellerbank Invest KAG).

- Countries in which the death penalty is applied.

- Countries with particularly high military budgets (more than 4% of GDP for investments in investment funds/ETFs, more than 3% of GDP for investments in Schoellerbank Invest KAG funds).

- Countries that violate democratic principles and fundamental/human rights. As soon as a country violates a criterion (controversy), no investment can be made in that country. Controversies are measured using the following indicators:

Sustainability criteria (valid until October 29, 2023)	New sustainability criteria (valid from October 30, 2023)

- Freedom House Index: If a country is classified as "not free" or "partly free" by the non-governmental organization Freedom House, this represents a controversy.
- Child labor: The widespread employment of children in a country is a controversy.
- Discrimination: If the legal and social equality of, for example, women, people with disabilities, ethnic or racial minorities and people who identify as "LGBTQI" is severely restricted in a country, this represents a controversy.
- Freedom of association: If freedom of association and the right to organize and bargain collectively are severely restricted in a country, this represents a controversy.
- Freedom of speech and the press: A massive restriction of freedom of speech and the press is seen as controversial.
- Human rights: If fundamental human rights are severely restricted in a country, this represents a controversy.
- Labor rights: If working conditions in a country are particularly poor, especially in terms of minimum wages, working hours and health and safety regulations, this represents a controversy.

- Countries that have not signed the Paris Climate Agreement.

- Countries with a primary nuclear power share of more than 10% and no scenario for a nuclear phase-out and no moratorium on nuclear power plants.

- Countries that have not ratified the UN Convention on Biological Diversity.

- Countries in which corruption in the public sector is perceived to be too high (Corruption Perception Index of Transparency International less than 50).

In a second step, the issuers remaining in the selection process are subjected to a "positive screening" with regard to their social and environmental standards. This second selection step excludes those issuers from the remaining investment universe that perform worse than issuers in the same sector in terms of sustainability factors (= best-in-class approach).

The approach described above on how sustainability risks are taken into account restricts the investable universe. This can have both positive and negative effects on the return of the financial products compared to the benchmark.