

Table 1:

## Statement on the principal adverse impacts of investment decisions on sustainability factors

### Financial market participant (UniCredit Bank Austria AG / LEI: D1HEB8VEU6D9M8ZUXG17)

#### Summary

UniCredit Bank Austria AG is currently partially considering the 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 UniCredit Bank Austria AG.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2022 to 31 December 2022. The information on sustainability factors is based on data as of 31 December 2022.

#### Description of the principal adverse impacts on sustainability factors

For the purposes of calculating the principal adverse indicators (PAIs), all investments in UniCredit Bank Austria AG's asset management products for which plausible data on sustainability factors were available as of the reporting date were considered. Investments are considered to be securities - i.e. equities, bonds and fund units - but not deposits with banks.

The individual PAIs are calculated by selecting the items relevant for the specific indicator. Equities and bond issues of companies including banks and international organizations were relevant for the PAIs 1 to 14 in Table 1 and PAI 4 in Table 2 and PAI 9 in Table 3. Sovereign bonds were included as relevant investments for PAI 15 and 16 in Table 1. PAI 17 and 18 in Table 1 were not considered due to the absence of real estate investments.

Calculations were only made for investments for which data were available as of the reporting date. This means that every PAI amount was determined on the basis of items which are relevant for the PAI and for which data were available.

Data availability was still low in some areas. For the items Share of non-renewable energy consumption and production (PAI 5), Energy consumption intensity per high impact climate sector (PAI 6), Emissions to water (PAI 8) and Unadjusted gender pay gap (PAI 12) data was available for only a small number of investee companies. So far, no reporting data whatsoever has been available for Hazardous waste and radioactive waste ratio (PAI 9). For this reason, the explanations given in the aforementioned data fields are not meaningful.

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

In Article 8 Asset management products of UniCredit Bank Austria AG, which is planned for 2023, the PAI indicators which are relevant for the specific asset class and issuer, and for which adequate data coverage is available, will be considered. Such indicators involve environmental factors in the areas of climate and biodiversity as well as social indicators in the areas of human rights, the UN Global Compact principles and board gender diversity.

In addition, there are requirements which are decisive for all investments in asset management products, such as the exclusion of controversial weapons and avoiding investment in thermal coal.

#### Engagement policies

UniCredit Bank Austria AG does not exercise voting rights in respect of shares on behalf of its customers when performing its asset management functions.

#### Implementation of internationally accepted standards

In using exclusion criteria, UniCredit Bank Austria AG has embraced the goals and requirements of international standards (net zero alliance). These include the UN Global Compact, the Paris Climate Agreement, a number of international conventions on controversial and disreputable weapons, and the requirements of the Financial Action Task Force to combat money laundering and terrorist financing. UniCredit Group complied with the reporting standards of the Global Reporting Initiative when preparing its sustainability reports.

#### Historical comparison

The statement on the principal adverse impacts of investment decisions on sustainability factors was published for 2022 for the first time. A historical comparison of sustainability factors with previous years is not yet possible.

## Description of the main adverse impacts on sustainability factors

### Indicators for investments in companies in which investments are made

#### CLIMATE INDICATORS AND OTHER ENVIRONMENTAL INDICATORS

Sustainability indicator for adverse impacts	Measured variable	Effects in 2022	Explanation	Measures taken and planned and targets for the next reference period	
Greenhouse gas emissions	1. GHG emissions	Scope 1- Greenhouse gas emissions	1,760.42	Measured in CO2-equivalent tons per EUR 1 million. Enterprise value	<p>The plan is to reduce greenhouse gas emissions in sustainable asset management mandates by not investing in companies that have a particularly negative impact on greenhouse gas emissions due to their business activities (e.g. in companies that generate more than 15 % of their turnover from the production of thermal coal).</p> <p>In non-sustainable asset management mandates, these indicators are currently not included in the investment decision.</p>
		Scope 2 greenhouse gas emissions	831.25	Measured in CO2-equivalent tons per EUR 1 million. Enterprise value	
		Scope 3- Greenhouse gas emissions	26,079.39	Measured in CO2-equivalent tons per EUR 1 million. Enterprise value	
		Total GHG emissions	28,671.06	Measured in CO2-equivalent tons per EUR 1 million. Enterprise value	
	2. CO2 footprint	CO2 footprint	340.37	Weighted average of Scope 1, 2 and 3 emissions in tons per EUR 1 million Enterprise value	
3. GHG emission intensity of the Companies in which investments are made	GHG emission intensity of the companies in which investments are made	807.98	Weighted average of Scope 1, 2 and 3 emissions in tons per EUR 1 million Total sales		
4. Involvements in companies operating in the fossil fuels sector	Share of investments in companies operating in the fossil fuels sector	6.00	Expressed as a percentage of the portfolio value of all companies included in the calculation	<p>The plan is to reduce exposure to companies operating in the fossil fuel sector in sustainable asset management mandates. These mandates do not invest in companies that are involved in the production of thermal coal or that use controversial extraction methods for fossil fuels (e.g. generate more than 10% of sales from fracking). This indicator is not currently used in non-sustainable asset management mandates. included in the investment decision.</p>	
5. Share of energy consumption and generation from non-renewable energy sources	Share of energy consumption and energy production of the companies in which investments are made from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of the total energy consumption. total energy sources	55.42	Expressed as the weighted average of all companies included in the calculation	This indicator is not yet taken into account in the investment process.	

	6. Intensity of energy consumption by climate-intensive sectors	Energy consumption in GWh per EUR 1 million turnover of the companies in which investments are made, broken down by climate-intensive sectors	0.34	Energy consumption in GWh per EUR 1 million turnover of the companies in which investments are made, broken down by climate-intensive sectors	This indicator is not yet taken into account in the investment process.
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Sustainability indicator for adverse impacts		Measured variable	Effects in 2022	Explanation	Measures and targets taken and planned for the next reference period
Biodiversity	7. Activities that have a negative impact on areas with biodiversity in need of protection	Proportion of investments in companies invested in with sites/operations in or near areas of biodiversity conservation concern where the activities of these companies have an adverse impact on these areas	0.00	Expressed as a percentage of the portfolio value of all companies included in the calculation	This indicator is not yet taken into account in the investment process.  It is planned not to invest in government bonds from countries that have not signed the UN Convention on International Trade in Endangered Species of Wild Fauna and Flora in sustainable asset management mandates.
Water	8. Emissions to water	Tons of water emissions caused by the companies in which investments are made per EUR million invested, expressed as a weighted average	8,730.86	Expressed as a weighted average in tons of water per EUR 1 million invested.	This indicator is not yet taken into account in the investment process.
Waste	9. Share of hazardous and radioactive waste	Tons of hazardous and radioactive waste generated by the investee companies per million EUR invested, expressed as a weighted average	No correct data available	Expressed as a weighted average in tons of hazardous and radioactive waste per invested EUR 1 million	There are no plausible data available to calculate the proportion of "hazardous waste" within the meaning of Article 3(2) of Directive 2008/98/EC of the European Parliament and of the Council and of "radioactive waste" within the meaning of Article 3(7) of Council Directive 2011/70/Euratom for the year 2022.  It is planned not to invest in companies involved in the production of nuclear energy in sustainable asset management mandates (greater than 15 % of sales).

## Indicators for investments in companies in which investments are made

### INDICATORS IN THE AREAS OF SOCIAL AFFAIRS AND EMPLOYMENT, RESPECT FOR HUMAN RIGHTS AND COMBATING CORRUPTION AND BRIBERY

Sustainability indicator for adverse impacts		Measured variable	Effects in 2022	Explanation	Measures taken and planned and targets for the next reference period
Social affairs and employment	10. Violations of the UNGC principles and of the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises (MNEs).	Percentage of investments in companies involved in violations of the UNGC principles or the OECD Guidelines for Multinational Enterprises	4.00	Expressed as a percentage of the portfolio value of all companies included in the calculation	UniCredit Bank Austria AG avoids investments in companies where very serious violations of the UNGC principles have occurred.
	11. Lack of processes and compliance mechanisms to monitor adherence to the UNGC principles and the OECD Guidelines for Multinational Enterprises	Percentage of investments in companies that do not have policies in place to monitor compliance with the UNGC Principles and the OECD Guidelines for Multinational Enterprises or procedures to address complaints of non-compliance with the UNGC Principles and the OECD Guidelines for Multinational Enterprises	14.92	Expressed as a percentage of the portfolio value of all companies included in the calculation	
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap for the companies in which investments are made	1.89	Difference between the average hourly salaries of male and female employees in percent	This indicator is not yet taken into account in the investment process.
	13. Gender diversity in the management and supervisory bodies	Average ratio of women to men in the management and supervisory bodies of the companies in which investments are made, expressed as a percentage of all members of the management and supervisory bodies.	62.28	Expressed as the percentage of female members in relation to all members	This indicator is not yet taken into account in the investment process.
	14. Involvement in controversial weapons (anti-personnel mines, cluster munitions, chemical and biological weapons)	Proportion of investments in companies involved in the production or sale of controversial weapons	0.00	Expressed as a percentage of the portfolio value of all companies included in the calculation	Investments in controversial weapons are not permitted at UniCredit Bank Austria AG.

## Indicators for investments in countries and supranational organizations

Sustainability indicator for adverse impacts		Measured variable	Effects in 2022	Explanation	Measures taken and planned and targets for the next reference period
Environment	15. GHG emission intensity	GHG emission intensity of the countries in which investments are made	No data available	GHG emission intensity of the countries in which investments are made given as a weighted average of total greenhouse gas emissions per 1 million inhabitants	This indicator is not yet taken into account in the investment process. The plan is not to invest in sustainable asset management mandates in countries with insufficient efforts to protect the climate (e.g. Climate Change Performance Index of Germanwatch e.V. less than 40 or comparable indicator).
Social affairs	16. Countries in which investments are made that violate social regulations	Number of countries invested in that violate social regulations 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).	No correct data available	Absolute number of countries that violate social regulations violated	This indicator is not yet taken into account in the investment process.
			No correct data available	Expressed as a percentage of the portfolio value of all countries included in the calculation	

## Indicators for investments in real estate

Sustainability indicator for adverse impacts		Measured variable	Effects in 2022	Explanation	Measures taken and planned and targets for the next reference period
Fossil fuels	17. Exposure to fossil fuels through investment in Real estate	Share of investments in real estate related to the extraction, storage, transportation or production of fossil fuels.	No data available	%	No investments are made in real estate.
Energy efficiency	18. Commitment to real estate with poor Energy efficiency	Proportion of investments in real estate with poor energy efficiency	No data available	%	No investments are made in real estate.

**Further indicators for the main adverse impacts on sustainability factors**

*Table 2:*

**Additional climate indicators and other environmental indicators  
Indicators for investments in companies in which investments are made**

**CLIMATE INDICATORS AND OTHER ENVIRONMENTAL INDICATORS**

Sustainability indicator for adverse impacts		Measured variable	Effects in 2022	Explanation	Measures taken and planned and targets for the next reference period
emissions	4. Investments in companies without initiatives to reduce CO2 emissions	Proportion of investments in companies that do not implement initiatives to reduce CO2 emissions in line with the Paris Agreement	37.95	Expressed as a percentage of the portfolio value of all companies included in the calculation	This indicator is not yet taken into account in the investment process.

*Table 3:*

**Additional indicators for the areas of social affairs, respect for human rights and combating corruption and bribery**

**Indicators in the areas of social affairs and employment, respect for human rights and combating corruption and bribery**

**Indicators for investments in companies in which investments are made**

**CLIMATE INDICATORS AND OTHER ENVIRONMENTAL INDICATORS**

Sustainability indicator for adverse impacts		Measured variable	Effects in 2022	Explanation	Measures taken and planned and targets for the next reference period
Human rights	9. Lack of human rights policy	Share of investments in companies without a human rights policy	18.92	Expressed as a percentage of the portfolio value of all companies included in the calculation	UniCredit Bank Austria AG avoids investments in companies where very serious violations of the principles the UNGC principles have occurred.

## Description of the strategies for identifying and weighting the main adverse impacts on sustainability factors

Sustainability factors are aspects that must be taken into account in order to enable and promote sustainable business practices. These include social, ecological and economic factors. These factors can be taken into account in the development of products, services, processes and strategies. These factors can originate from the areas of the environment, society, the economy and technology, for example. They can also be applied to the various areas of sustainability such as energy, water, waste, mobility, agriculture, food, jobs, education, health and social justice.

As part of the planned sustainable investment strategy, the following environmental and/or social characteristics are taken into account for Art. 8 asset management products:

In the ecological area, climate protection and the protection of natural ecosystems are important investment principles. Investments in economic activities that are particularly harmful to these ecological goals, such as the extraction of coal and the generation of energy therefrom and the extraction of oil and gas using problematic methods (e.g. fracking) or in particularly sensitive ecosystems (e.g. Arctic oil), are avoided. On the other hand, companies that are working to improve their greenhouse gas footprint and do not endanger biodiversity in their sphere of influence are to be supported. Investments are also made in bonds issued by countries that are committed to climate protection and the preservation of biodiversity. Additional ecological factors that are taken into account are the phasing out of nuclear power, the avoidance of genetically manipulated organisms in food production and the ban on animal testing if there is no legal necessity for it.

In the social area, investments are made to promote democracy, respect for human rights, the fight against corruption, gender equality and overcoming discrimination. This is to be achieved through a catalog of criteria based on the Universal Declaration of Human Rights and the principles of the UN Global Compact. This also includes avoiding investments in companies that produce weapons and in countries with particularly high military spending (more than 4% of GDP). Investments in the following controversial business areas are also avoided: alcohol, tobacco, pornography and games of chance.

### The following PAI indicators for Art. 8 products are taken into account:

- **CLIMATE INDICATORS AND OTHER ENVIRONMENTAL INDICATORS**

Companies and countries with a below-average greenhouse gas emissions intensity - PAI indicator 3 from Table 1 for companies and PAI indicator 15 from Table 1 for countries set the total greenhouse gas emissions (tons of CO<sub>2</sub> equivalents) in relation to turnover (companies) or the number of inhabitants (countries). This indicator is compared with a reference value, which corresponds to the mean value of the investment universe. If the reference value is undercut, then this criterion is fulfilled. Companies that take initiatives to reduce CO<sub>2</sub> emissions in line with the Paris Agreement - PAI indicator 4 from Table 2 evaluates companies based on the targets they have set in terms of reducing greenhouse gas emissions to achieve climate targets.

Companies that are not active in the fossil fuels sector - PAI indicator 4 from Table 1 refers to extraction, Processing and marketing of fossil fuels and energy production from coal, oil or natural gas. Companies whose activities do not adversely affect areas of biodiversity conservation concern - PAI indicator 7 from Table 1 measures the proportion of companies with sites or operations in or near areas of biodiversity conservation concern where the activities of these companies adversely affect these areas.

- **INDICATORS IN THE AREAS OF SOCIAL AFFAIRS AND EMPLOYMENT, RESPECT FOR HUMAN RIGHTS AND COMBATING CORRUPTION AND BRIBERY**

Companies with internal processes for respecting human rights - PAI indicator 9 from Table 3 Companies that have at least one third of their supervisory board made up of women - PAI indicator 13 from Table 1 Companies that have established procedures and mechanisms for monitoring compliance with the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises - PAI indicator 11 from Table 1 Countries where, in the opinion of ISS ESG does not have any relevant violations of established social norms in accordance with international treaties and conventions, United Nations principles or, where applicable, national legislation - PAI indicator 16 from Table 1.

Furthermore, there are defined minimum protection requirements for all securities investments of UniCredit Bank Austria AG with regard to companies, countries and supranational issuers (compliance with the UN Global Compact, no controversial weapons, reduction of thermal coal, combating money laundering and participation in the Paris Climate Protection Agreement).

## External rating partners: ISS ESG

In order to assess the environmental and social characteristics of an investment, UniCredit Bank Austria AG relies on data from ISS ESG, a company with internationally recognized expertise in all areas relating to sustainable and responsible investment. ISS ESG provides UniCredit Bank Austria AG with extensive expertise and data on companies, countries and supranational entities as part of sustainability analyses, sustainability ratings, sustainability and climate-related data and advisory services. ISS ESG also covers topics such as climate change, the impact on achieving the UN Sustainable Development Goals, human rights, labor standards, corruption, controversial weapons and much more. In this way, we combine the expertise of two specialists - and thus offer added value to the sustainable investor. UniCredit Bank Austria AG randomly checks the data provided by ISS ESG - including estimated values - for plausibility within the scope of available possibilities.

## Participation policy

UniCredit Bank Austria AG provides portfolio management services for investors. As part of the investment process - i.e. how and according to which criteria shares are acquired, held and sold for the respective securities portfolio - all shares and the companies behind them are monitored on an ongoing basis. The analysis of the companies in which UniCredit Bank Austria AG invests as part of its asset management operations relates to their strategy, their financial and non-financial results, their capital structure, their social and environmental impact, their valuation and their corporate governance.

For the following reasons, UniCredit Bank Austria AG does not consider it appropriate to represent the interests of investors at Annual General Meetings as part of its individual asset management and therefore generally refrains from exercising voting rights:

- Taking into account the cost-benefit ratio, UniCredit Bank Austria AG does not exercise the voting rights at the respective Annual General Meetings, as the proportion of voting rights of all shares in the portfolios managed by UniCredit Bank Austria AG as part of individual asset management - i.e. consolidated across all mandates - does not reach a significant proportion of the voting rights of all shareholders of the respective companies and is therefore insignificant.
- UniCredit Bank Austria AG's individual asset management agreements do not provide for any explicit authorization to exercise the voting rights associated with the shareholdings in the portfolios. The processes required to enable the representation and exercise of voting rights at the Annual General Meeting, whereby each customer would have to individually issue a corresponding power of attorney, have also contributed to UniCredit Bank Austria AG's decision to generally oppose the representation and exercise of voting rights and other rights associated with shares.
- As a shareholder, each customer may exercise voting rights and other rights associated with shares at their own discretion, as the shares held as part of individual asset management are held in customer safe custody accounts. If shares are acquired for the portfolio in the name of the client as a shareholder as part of individual asset management, UniCredit Bank Austria AG will generally not exercise the voting rights associated with these shares.

## Reference to internationally recognized standards

### UN Global Compact:

UniCredit is an active member of the UN Global Compact, the world's largest initiative for responsible corporate governance. The 10 universal principles of the UN Global Compact cover the areas of labor standards, human rights, environmental protection and anti-corruption. UniCredit is continuously developing measures for all these areas, which also apply to the Group's affiliated legal entities such as UniCredit Bank Austria AG. Wherever possible, UniCredit Bank Austria AG avoids investing in issuers that have very serious violations of the principles of the UN Global Compact.

### Controversial weapons:

Outlawed weapons of war are laid down in several international conventions (e.g. Nuclear Non-Proliferation Treaty, Biological Weapons Convention of 1972, Chemical Weapons Convention of 1993, Anti-Personnel Mines Convention of 1997, Cluster Bombs Convention of 2010).

UniCredit Bank Austria AG does not invest in issuers that produce or trade in cluster munitions, nuclear, chemical or biological weapons, uranium munitions and landmines.

#### Paris Agreement:

In 2015, 195 countries committed to defined climate protection targets. In its asset management, UniCredit Bank Austria AG only invests in countries that have signed the Paris Agreement. In addition, UniCredit Bank Austria AG does not invest in companies that generate more than a quarter of their revenues from the production of thermal coal.

#### Financial Action Task Force:

The Financial Action Task Force (FATF) is the global supervisory authority for money laundering and terrorist financing. The intergovernmental body sets international standards aimed at preventing these illegal activities and the damage they cause to society. UniCredit Bank Austria AG does not invest in countries that are identified on the FATF's gray and black lists as particularly susceptible to money laundering and terrorist financing.

#### GRI (Global Reporting Initiative) Sustainability Reporting Standards:

In preparing the Integrated Report, UniCredit complies with the GRI Sustainability Reports and the Financial Services Sector Disclosures, both published by the GRI.

## **Historical comparison**

The statement on the main adverse effects of investment decisions on sustainability factors was published for the first time for the 2022 the calendar year. A historical comparison of sustainability factors with previous calendar years is not yet possible.