

## Statement on principal adverse impacts of investment decisions on sustainability factors\*

Reference period: January 1<sup>st</sup>, 2023 – December 31<sup>st</sup>, 2023

Please note that all the technical terms with an (\*) have been defined in section **"7. Glossary"**.

### Disclaimer

*For the previous reference period (January 1<sup>st</sup>, 2022 - December 31<sup>st</sup>, 2022), it was not possible to obtain all four quarterly data points for each PAI. In the current reference period, all four quarterly data points have been successfully collected for every PAI. This fact may affect the comparison, as seasonality in PAIs is possible (e.g. higher emissions during specific seasons).*

BANQUE RAIFFEISEN S.C., LUXEMBOURG (LEI: 549300F7FBD744MEP844, hereinafter referred to as the "**Bank**" or "**Banque Raiffeisen**") currently considers Principal Adverse Impacts\* ("PAI") of its investment decisions on sustainability factors\* only for its discretionary management but not for investment advice.

### 1. Summary

Banque Raiffeisen considers principal adverse impacts ("PAIs") of its investment decisions on sustainability factors. This document is the consolidated statement on PAIs for the Bank at the entity level. This statement aggregates information from all products under the Bank's discretionary management, irrespective of the PAI consideration for those products. It covers the reference period from January 1<sup>st</sup> to December 31<sup>st</sup>, 2023, including a comparison to the previous period from January 1<sup>st</sup> to December 31<sup>st</sup>, 2022.

Banque Raiffeisen considers the mandatory applicable PAIs and two additional indicators as defined by the SFDR level II\*. At the entity level, and subject to the availability and quality of data from our investment advisor's third-party data provider, MSCI ESG, the Bank measures and monitors the aggregated PAIs using a look-through approach.

The Bank relies on its investment advisor's assessment and their ESG Investing and advisory Policy. Banque Raiffeisen conducts an annual due diligence on the investment advisor, which includes an assessment of their methodologies related to PAIs.

The selection of products in discretionary management is limited to investment funds and ETFs (Exchange-Traded Funds). During the fund selection process (on product level; only for article 8\* or 9\* investment instructions), the investment advisor checks if and how every fund does take the applicable indicators into account. Safeguards are established to ensure that investment instructions meet a minimum ESG

standard. These ESG safeguards, only applicable for our article 8 and 9 investment instructions, include the application of exclusion lists, norms-based screening, and the integration of PAI considerations into the investment decision-making process. By applying general screening criteria both pre- and post-investment, the Bank aims to limit investments in companies with negative impacts on sustainability factors. If a PAI indicator is not considered, the investment advisor will engage with the concerned fund. The breach is only tolerated if the methodology and/or data used by the fund reasonably explains why the indicator is not taken into account. If the engagement does not lead to a reasonable explanation, the fund manager is required to rectify it in a reasonable time frame. If the fund manager remains uncooperative, the fund will be sold within three months. PAIs are monitored at least once a year based on last reported EET (European ESG Template) data, fund meetings and documentation. Monitoring of PAIs is subject to the fairness, correctness, accuracy, reasonableness, and completeness of the ESG research and data.

The Bank considers PAI at the entity level by measuring and monitoring the aggregated negative impact on adverse impact indicators of its investments.

Given the dynamic nature of data coverage in the industry, variations may arise from changes in data coverage. These changes of data coverage could as well be due to modifications in the calculation methodology of MSCI ESG rather than actual changes in the underlying investments of the funds. If methodologies for data collection change, additional time will be needed to evaluate and comment on the data's evolution over time. In case of a significant variation of exposure to PAIs due to one or several funds in the investment instructions, the investment advisor engages with the fund(s) to understand and, if needed, remedy to the situation or disinvest if no solution can be found.

Finally, this statement details the various actions taken, as well as the planned actions and targets for the next reference period, aimed at mitigating and reducing the Bank's negative impacts.

### Résumé – FR Version

Banque Raiffeisen considère les principales incidences négatives (communément appelées "PAIs" en anglais) de ses décisions d'investissement sur les facteurs de durabilité. Ce document est la déclaration consolidée sur les PAIs pour la Banque au niveau de l'entité. Cette déclaration agrège les informations de tous les produits sous la gestion discrétionnaire de la Banque, indépendamment de la prise en compte des PAIs pour ces produits. Elle couvre la deuxième période de référence du 1er janvier au 31 décembre 2023, incluant une comparaison avec la période précédente, du 1er janvier au 31 décembre 2022.

Banque Raiffeisen prend en compte les PAIs obligatoires applicables et deux indicateurs supplémentaires tels que définis par le Règlement Délégué (UE) 2022/1288 (SFDR niveau 2). Au niveau de l'entité, et sous réserve de la disponibilité et de la qualité des données fournies par le fournisseur de données tiers de notre conseiller en investissement, MSCI ESG, la Banque mesure et surveille les PAIs agrégés en utilisant une approche de transparence.

La Banque s'appuie sur l'évaluation de son conseiller en investissement et sur leur politique de conseil et d'investissement ESG. Banque Raiffeisen réalise une diligence raisonnable annuelle sur le conseiller en investissement, qui inclut une évaluation de leurs méthodologies liées aux PAIs.

La sélection des produits en gestion discrétionnaire est limitée aux fonds d'investissement et aux ETF. Lors du processus de sélection des fonds (au niveau des produits ; uniquement pour les instructions d'investissement des articles 8 ou 9), le conseiller en investissement vérifie si et comment chaque fonds prend en compte les indicateurs applicables. Des garanties sont mises en place pour s'assurer que les instructions d'investissement respectent une norme ESG minimale. Ces garanties ESG, uniquement applicables à nos instructions d'investissement des articles 8 et 9, incluent l'application de listes d'exclusion, le filtrage basé sur les normes et l'intégration des considérations PAI dans le processus de prise de décision d'investissement. En appliquant des critères de filtrage généraux avant et après l'investissement, la Banque vise à limiter les investissements dans les entreprises ayant des impacts négatifs sur les facteurs de durabilité. Si un indicateur PAI n'est pas pris en compte, le conseiller en investissement engage un dialogue avec le fonds concerné. La violation de ce dernier n'est tolérée que si la méthodologie et/ou les données utilisées par le fonds expliquent raisonnablement pourquoi l'indicateur PAI n'est pas pris en compte. Si l'engagement ne conduit pas à une explication raisonnable, le gestionnaire de fonds est tenu de rectifier la situation dans un délai raisonnable. Si le gestionnaire de fonds reste non coopératif, le fonds sera vendu dans un délai de trois mois. Les PAIs sont surveillés au moins une fois par an sur la base des dernières données EET rapportées, des réunions de fonds et de la documentation. La surveillance des PAIs est soumise à l'équité, la correction, la précision, la raisonnable et la complétude des recherches et des données ESG.

La Banque considère les PAIs au niveau de l'entité en mesurant et en surveillant l'impact négatif agrégé sur les indicateurs d'impact négatif de ses investissements.

Étant donné la nature dynamique de la couverture des données dans l'industrie, des variations peuvent résulter de changements dans la couverture des données. Ces variations de la couverture des données peuvent également être dues à des modifications de la méthodologie de calcul de MSCI ESG plutôt qu'à des changements réels dans les investissements sous-jacents des fonds. Si les méthodologies de collecte des données changent, un temps supplémentaire sera nécessaire pour évaluer et commenter l'évolution des données au fil du temps. En cas de variation significative de l'exposition aux PAIs due à un ou plusieurs fonds dans les instructions d'investissement, le conseiller en investissement engage un dialogue avec le(s) fonds pour comprendre et, si nécessaire, remédier à la situation ou désinvestir si aucune solution ne peut être trouvée.

Enfin, cette déclaration détaille les diverses actions menées, ainsi que les actions et objectifs prévus pour la prochaine période de référence, visant à atténuer et réduire les impacts négatifs de la Banque.

## 2. Description of the principal adverse impacts of investment decisions on sustainability factors

Table 1 from the Annex 1 SFDR Level II

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

Indicators applicable to investments in investee companies					
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS					
Adverse sustainability indicator	Metric	Impact [year 2023]	Impact <sup>1</sup> [year 2022]	Explanation <sup>2</sup>	Actions taken, and actions planned and targets set for the next reference period <sup>3</sup>
Greenhouse gas emissions	Scope 1 GHG emissions* <sup>4</sup>	8'171.58	10'569.99	The coverage ratio* for PAI 1 is 57% (2022: 64%). There has been an increased coverage specifically for Scope 3 emissions (please refer to the glossary for definition), which has contributed to a rise in total GHG emissions.  The methodology for calculating the coverage ratio has changed compared to last year. Last year, the coverage was based on the percentage of funds that reported the data. This year, the coverage is on a look-through basis, reflecting the percentage of reported data from the underlying investments within the funds.	The investment advisor uses MSCI ESG to collect data on PAIs. Currently, MSCI ESG cannot provide data on PAI 1; therefore, data for PAI 1 are directly collected from the fund managers.  As the measure of GHG intensity allows for better comparison across companies or industries of different sizes and scales by normalizing the data and providing a consistent basis for evaluation, the Bank focuses on PAI 3 rather than absolute emissions under this PAI.  GHG emissions will increase as our assets under management grow and as more assets flow into the article 6* investment instruction, which does not specifically consider PAI 1 and therefore tends to have higher GHG emissions compared to other investment instructions.  In 2023, no shortcomings in the investment process or violations of binding criteria have been identified. Therefore no specific engagement was performed on PAI 1.
	Scope 2 GHG emissions*	2'689.80	2'429.30		
	Scope 3 GHG emissions*	78'617.68	53'877.35		
	1. GHG emissions	Total GHG emissions	89'399.21		
2. Carbon footprint	Carbon footprint <sup>5</sup>	283.48	264.19	The coverage ratio for PAI 2 is 61% (2022: 54%).	<b>Monitoring &amp; engagement</b>

<sup>1</sup> 2022 was the first reference period for which PAI\* indicators were reported and covered the period from 1 January 2022 to 31 December 2022.

<sup>2</sup> This column provides an explanation on the development of the specific adverse impact indicator against the two reference periods 2023 and 2022, in relation to the actions taken.

<sup>3</sup> Description of measures taken and measures planned or targets set for the following period from January 1 to December 31 to avoid or reduce the PAI.

<sup>4</sup> Expressed in tCO<sub>2</sub>e

<sup>5</sup> Expressed in tCO<sub>2</sub>e/EUR million invested

					When examining the different data points in the portfolio (individual Scope 1, 2 and 3 footprints), there is an overall slight decrease in the results shared. However, the overall carbon footprint is higher than in 2022. It is important to note that last year, MSCI was only able to provide data points for Q3 and Q4.	<ul style="list-style-type: none"> <li>- <u>Product level</u>: The investment advisor requests fund managers to fill out a proprietary Sustainability RFI ("Request for Information") and then conducts qualitative checks based on fund meetings and documentations to analyse if and how PAIs are considered. Subsequent monitoring is conducted, at least on an annual basis.</li> <li>- <u>Entity level</u>: Using data from MSCI ESG, PAIs 2 to 6 of the individual funds and at investment instruction level are monitored and are compared with the values of either the respective sub-benchmark at fund level or the broad market reference benchmark at investment instruction level to gain further insights. Funds identified as outliers or which have a high adverse impact are further investigated.</li> </ul> <p>In 2023, no shortcomings in the investment process or violations of binding criteria have been identified. Therefore no specific engagement was performed on PAIs 2 to 6.</p> <p><b>Binding elements &amp; exclusions (product level)</b></p> <p>The Article 8 and 9 investment instructions have a hard exclusion policy for thermal coal (10% revenue threshold) and closely monitor (soft exclusion) the exposure of funds to high impact fossil fuel reserves (10% revenue threshold) and coal power generation (10% revenue threshold). Funds with an exposure exceeding the set maximum threshold of the exclusion criteria have to explain how they deal with them.</p> <p>For Article 8 and 9 products under SFDR, for the equity allocation only, and on a look-through basis for every investment directive, the investment advisor verifies that these products have a carbon intensity (measured as Scope 1 &amp; 2 tons of CO2 equivalents in relation to revenue) that is</p>
3.	GHG intensity of investee companies	GHG intensity of investee companies <sup>6</sup>	807.03	692.81	The coverage ratio for PAI 3 is 70% (2022: 56%)  The same observations as mentioned above apply here.	
4.	Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	4.97 %	3.69 %	The coverage ratio for PAI 4 is 74% (2022: 59%)  Although there is an increase in the share of investments in companies active in the fossil fuel sector, this is mainly explained by higher data coverage, providing a more precise percentage. However, no strong outliers could be identified.	
5.	Share of non-renewable energy consumption	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-	55.57 %	58.04 %	The coverage ratio for PAI 5 is 54% (2022: 52%)  The coverage ratio for this PAI has slightly increased,	

<sup>6</sup> Expressed in tCO2e/EUR million revenue (includes Scope 3 emissions as a new data field is available from MSCI ESG)

	and production	renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources			showcasing more representative information. The total percentage has decreased as the data is more specific, which is a positive sign.	at least 10% lower than that of their respective broad market reference benchmark.  <b>Targets and actions planned for the next reference period (2024)</b>
	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	<p>NACE Code A 0.05 GWh/m EUR revenue</p> <p>NACE Code B 0.61 GWh/m EUR revenue</p> <p>NACE Code C 0.84 GWh/m EUR revenue</p> <p>NACE Code D 1.89 GWh/m EUR revenue</p> <p>NACE Code E 0.71 GWh/m EUR revenue</p> <p>NACE Code F 0.10 GWh/m EUR revenue</p> <p>NACE Code G 0.23 GWh/m EUR revenue</p> <p>NACE Code H 0.91 GWh/m EUR revenue</p> <p>NACE Code L 0.22 GWh/m EUR revenue</p>	<p>NACE Code A 0.04 GWh/m EUR revenue</p> <p>NACE Code B 3.67 GWh/m EUR revenue</p> <p>NACE Code C 0.71 GWh/m EUR revenue</p> <p>NACE Code D 2.01 GWh/m EUR revenue</p> <p>NACE Code E 0.74 GWh/m EUR revenue</p> <p>NACE Code F 0.12 GWh/m EUR revenue</p> <p>NACE Code G 0.40 GWh/m EUR revenue</p> <p>NACE Code H 17.33 GWh/m EUR revenue</p> <p>NACE Code L 0.28 GWh/m EUR revenue</p>	<p>The average coverage ratio for PAI 6 is 3%. The detailed coverage ratio per high climate impact sector is as follows:</p> <ul style="list-style-type: none"> <li>– NACE code A is 0.07% (2022: 0.05%).</li> <li>– NACE code B is 1.1% (2022: 0.5%).</li> <li>– NACE code C is 20% (2022: 18%).</li> <li>– NACE code D is 2.7% (2022: 2%).</li> <li>– NACE code E is 0.6% (2022: 0.6%).</li> <li>– NACE code F is 0.6% (2022: 0.7%).</li> <li>– NACE code G is 2.3% (2022: 2%).</li> <li>– NACE code H is 1.5% (2022: 1%).</li> <li>– NACE code L is 2.3% (2022: 3%).</li> </ul> <p>In general, there is a better average coverage ratio, with no major movements or positive ones if any. The Bank aims to maintain this direction in the portfolio, provided that the methodology remains consistent.</p>	<p>The Bank aims to further engage with the investment advisor on a quarterly basis to monitor and discuss progress on the improvement of the PAI indicators, as well as the challenges faced for the calculation.</p> <p>The Bank also aims to define its priorities in terms of PAIs and an exclusion list at entity level that will further reinforce its engagement in reducing its negative impacts.</p>

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	0.1 %	0.01 %	<p>The coverage ratio for PAI 7 is 75% (2022: 59%).</p> <p>MSCI has become more stringent in its definition of biodiversity and now includes additional elements. As a result, alongside higher data coverage, this has led to an increase in the percentage for 2023.</p>	<p><b>Monitoring &amp; engagement</b></p> <ul style="list-style-type: none"> <li>- <u>Product level</u>: The investment advisor requests fund managers to fill out a proprietary Sustainability RFI ("Request for Information") and then conducts qualitative checks based on fund meetings and documentations to analyse if and how PAIs are considered. Subsequent monitoring is conducted, at least on an annual basis.</li> <li>- <u>Entity level</u>: Using data from MSCI ESG, PAI 7 of the individual funds and at investment instruction level is monitored and is compared with the values of either the respective sub-benchmark at fund level or the broad market reference benchmark at investment instruction level to gain further insights. Funds identified as outliers or which have a high adverse impact are further investigated.</li> </ul> <p>In 2023, no shortcomings in the investment process or violations of binding criteria have been identified. Therefore no specific engagement was performed on PAI 7.</p> <p><b>Targets and actions planned for the next reference period (2024)</b></p> <p>Same as above</p>
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Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.35	273.31	<p>The coverage ratio for PAI 8 is 0.6% (2022: 5%).</p> <p>Major data issues are faced with this indicator by MSCI, as they rely on the emissions to water data as reported by companies. Reporting levels are still very low and even fell over the last year.</p> <p>The decrease in emissions value is due to strong outliers in 2022. In 2023, most companies did not report this data, making it very difficult to have a representative number. This has created significant gaps in both data coverage and the difference in results between 2022 and 2023. However, the Bank does not consider these changes as representative due to data uncertainty.</p> <p>Due to the low coverage, this data point is considered not very robust.</p>	<p><b>Monitoring &amp; engagement</b></p> <ul style="list-style-type: none"> <li>- <u>Product level</u>: The investment advisor requests fund managers to fill out a proprietary Sustainability RFI ("Request for Information") and then conducts qualitative checks based on fund meetings and documentations to analyse if and how PAIs are considered. Subsequent monitoring is conducted, at least on an annual basis.</li> <li>- <u>Entity level</u>: Using data from MSCI ESG, PAI 8 of the individual funds and at investment instruction level is monitored and is compared with the values of either the respective sub-benchmark at fund level or the broad market reference benchmark at investment instruction level to gain further insights. Funds identified as outliers or which have a high adverse impact are further investigated.</li> </ul> <p>In 2023, no shortcomings in the investment process or violations of binding criteria have been identified. Therefore no specific engagement was performed on PAI 8.</p> <p><b>Targets and actions planned for the next reference period (2024)</b></p> <p>Same as above</p>
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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	1.75	7.73	<p>The coverage ratio for PAI 9 is 22% (2022: 21%).</p> <p>For this PAI, coverage ratios are slightly similar. The decrease can be explained by the reduced exposures in the portfolio, which indicates a positive sign.</p>	<p><b>Monitoring &amp; engagement</b></p> <ul style="list-style-type: none"> <li>- <u>Product level</u>: The investment advisor requests fund managers to fill out a proprietary Sustainability RFI ("Request for Information") and then conducts qualitative checks based on fund meetings and documentations to analyse if and how PAIs are considered. Subsequent monitoring is conducted, at least on an annual basis.</li> <li>- <u>Entity level</u>: Using data from MSCI ESG, PAI 9 of the individual funds and at investment instruction level is monitored and is compared with the values of either the respective sub-benchmark at fund level or the broad market reference benchmark at investment instruction level to gain further insights. Funds identified as outliers or which have a high adverse impact are further investigated.</li> </ul> <p>In 2023, no shortcomings in the investment process or violations of binding criteria have been identified. Therefore no specific engagement was performed on PAI 9.</p> <p><b>Targets and actions planned for the next reference period (2024)</b></p> <p>Same as above</p>
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INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Adverse sustainability indicator		Metric	Impact [year 2023]	Impact <sup>7</sup> [year 2022]	Explanation <sup>8</sup>	Actions taken, and actions planned and targets set for the next reference period <sup>9</sup>
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	0.42 %	0.28 %	<p>The coverage ratio for PAI 10 is 75% (2022: 60%).</p> <p>Although there is an increase in the share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises (e.g. Volkswagen), this is mainly explained by higher data coverage, providing a more precise percentage.</p> <p>The investment advisor engaged with the identified outliers.</p>	<p><b>Monitoring &amp; engagement</b></p> <ul style="list-style-type: none"> <li>- <u>Product level</u>: The investment advisor requests fund managers to fill out a proprietary Sustainability RFI ("Request for Information") and then conducts qualitative checks based on fund meetings and documentations to analyse if and how PAIs are considered. Subsequent monitoring is conducted, at least on an annual basis.</li> <li>- <u>Entity level</u>: Using data from MSCI ESG, PAI 10 of the individual funds and at investment instruction level is monitored and is compared with the values of either the respective sub-benchmark at fund level or the broad market reference benchmark at investment instruction level to gain further insights. Funds identified as outliers or which have a high adverse impact are further investigated.</li> </ul> <p>Based on MSCI ESG's assessment of a UN Global Compact "fail," the Article 8 and Article 9 mandates had minor exposure to UN Global Compact violators. The companies identified as violators were Volkswagen and Glencore, with four funds holding positions in these companies.</p> <p>Volkswagen was accused of hiring ethnic minorities through labor-transfer programs at the SAIC Volkswagen (Xinjiang) Automotive plant and within its supply chain.</p>

<sup>7</sup> 2022 was the first reference period for which PAI indicators were reported and covered the period from 1 January 2022 to 31 December 2022.

<sup>8</sup> This column provides an explanation on the development of the specific adverse impact indicator against the two reference periods 2023 and 2022, in relation to the actions taken.

<sup>9</sup> Description of measures taken, and measures planned or targets set for the following period from January 1 to December 31 to avoid or reduce the PAI.

						<p>The JPM Global Bond Opportunities Sustainable fund had exposure to Volkswagen. Although JP Morgan explicitly excludes UN Global Compact violators, it relies on the assessment of ISS, which does not share MSCI ESG's assessment. Additionally, BNP Paribas Social Bond and BNP Paribas JPM ESG GSS IG EUR Bd UCITS ETF both had exposure to Volkswagen. These funds use a best-in-class approach, with Volkswagen scoring 6. Companies with ratings from 8 to 10 are excluded, as are UN Global Compact violators as defined by Sustainalytics, which does not classify Volkswagen as a violator.</p> <p>Glencore, which owns the independently operated Cerrejon coal mine in Colombia, has faced intense criticism from NGOs and indigenous communities over access to limited water resources in the La Guajira department. The Vontobel Fund Global Corporate had exposure to Glencore. However, the UN Global Compact violator status is not confirmed by other ESG data providers; in this case, Vontobel uses Sustainalytics data.</p> <p>Based on MSCI ESG's assessment of an OECD Guidelines for Multinational Enterprises "fail," the Article 8 and Article 9 mandates had minor exposure to violators. The company identified as a violator was Philips, due to product safety concerns. Two funds had exposure: AXA WF Global Green Bond and BNP Paribas JPM ESG GSS IG EUR Bd UCITS ETF. Both use Sustainalytics as their data source, which does not classify Philips as a violator.</p> <p><b>Binding elements &amp; exclusions (product level)</b></p> <p>The consideration of the UN Global Compact principals is a binding element for funds in the Article 8 and 9 investment instructions. The breaches were only tolerated because the methodology and/or data used by the funds reasonably explained the opposing view of the breach (different data provider or methodology than MSCI ESG is used).</p>
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						<b>Targets and actions planned for the next reference period (2024)</b> Same as above
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	<p>11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises</p>	<p>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</p>	<p>36.28 %</p>	<p>29.96 %</p>	<p>The coverage ratio for PAI 11 is 74% (2022: 58%).</p> <p>Although there is an increase in the share of investments in investee companies without policies to monitor compliance, this is mainly explained by higher data coverage, providing a more precise percentage. However, no strong outliers could be observed in the portfolios.</p>	<p><b>Monitoring &amp; engagement</b></p> <ul style="list-style-type: none"> <li>- <u>Product level</u>: The investment advisor requests fund managers to fill out a proprietary Sustainability RFI (“Request for Information”) and then conducts qualitative checks based on fund meetings and documentations to analyse if and how PAIs are considered. Subsequent monitoring is conducted, at least on an annual basis.</li> <li>- <u>Entity level</u>: Using data from MSCI ESG, PAI 11 of the individual funds and at investment instruction level is monitored and is compared with the values of either the respective sub-benchmark at fund level or the broad market reference benchmark at investment instruction level to gain further insights. Funds identified as outliers or which have a high adverse impact are further investigated.</li> </ul> <p>In 2023, no shortcomings in the investment process or violations of binding criteria have been identified. Therefore no specific engagement was performed on PAI 11.</p> <p><b>Targets and actions planned for the next reference period (2024)</b></p> <p>Same as above</p>
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	<p>12. Unadjusted gender pay gap</p>	<p>Average unadjusted gender pay gap of investee companies <i>(Difference between the average gross hourly earnings of male and female employees, as a percentage of male gross earnings)</i></p>	<p>10.84 %</p>	<p>10.85 %</p>	<p>The coverage ratio for PAI 12 is 17% (2022: 15%).  Compared to 2022, the coverage ratio is slightly higher, resulting in similar percentages.</p>	<p><b>Monitoring &amp; engagement</b></p> <ul style="list-style-type: none"> <li>- <u>Product level</u>: The investment advisor requests fund managers to fill out a proprietary Sustainability RFI (“Request for Information”) and then conducts qualitative checks based on fund meetings and documentations to analyse if and how PAIs are considered. Subsequent monitoring is conducted, at least on an annual basis.</li> <li>- <u>Entity level</u>: Using data from MSCI ESG, PAI 12 of the individual funds and at investment instruction level is monitored and is compared with the values of either the respective sub-benchmark at fund level or the broad market reference benchmark at investment instruction level to gain further insights. Funds identified as outliers or which have a high adverse impact are further investigated.</li> </ul> <p>In 2023, no shortcomings in the investment process or violations of binding criteria have been identified. Therefore no specific engagement was performed on PAI 12.</p> <p><b>Targets and actions planned for the next reference period (2024)</b></p> <p>Same as above</p>
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	<p>13. Board gender diversity</p>	<p>Average ratio of female to male board members in investee companies, expressed as a percentage of all board members</p>	<p>28.30 %</p>	<p>29.15 %</p>	<p>The coverage ratio for PAI 13 is 68% (2022: 60%).</p> <p>Compared to 2022, the coverage ratio is higher, but there has been a slight decrease in the average ratio of female to male board members in investee companies.</p>	<p><b>Monitoring &amp; engagement</b></p> <ul style="list-style-type: none"> <li>- <u>Product level</u>: The investment advisor requests fund managers to fill out a proprietary Sustainability RFI (“Request for Information”) and then conducts qualitative checks based on fund meetings and documentations to analyse if and how PAIs are considered. Subsequent monitoring is conducted, at least on an annual basis.</li> <li>- <u>Entity level</u>: Using data from MSCI ESG, PAI 13 of the individual funds and at investment instruction level is monitored and is compared with the values of either the respective sub-benchmark at fund level or the broad market reference benchmark at investment instruction level to gain further insights. Funds identified as outliers or which have a high adverse impact are further investigated.</li> </ul> <p>In 2023, no shortcomings in the investment process or violations of binding criteria have been identified. Therefore no specific engagement was performed on PAI 13.</p> <p><b>Targets and actions planned for the next reference period (2024)</b></p> <p>Same as above</p>
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	<p>14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)</p>	<p>Share of investments in investee companies involved in the manufacture or selling of controversial weapons</p>	<p>0.02 %</p>	<p>0.02 %</p>	<p>The coverage ratio for PAI 14 is 75% (2022: 59%).</p> <p>Despite the higher data coverage, the Bank has managed to maintain a very low percentage. Although the Bank aims for a target of 0%, and the funds used in the Article 8 and Article 9 investment instructions had no exposure, the low percentage is due to the use of an MSCI World ETF and Bloomberg Global Aggregate Bond ETF in the Article 6 investment instruction.</p>	<p><b>Monitoring &amp; engagement</b></p> <ul style="list-style-type: none"> <li>- <u>Product level</u>: The investment advisor requests fund managers to fill out a proprietary Sustainability RFI ("Request for Information") and then conducts qualitative checks based on fund meetings and documentations to analyse if and how PAIs are considered. Subsequent monitoring is conducted, at least on an annual basis.</li> <li>- <u>Entity level</u>: Using data from MSCI ESG, PAI 14 of the individual funds and at investment instruction level is monitored and is compared with the values of either the respective sub-benchmark at fund level or the broad market reference benchmark at investment instruction level to gain further insights. Funds identified as outliers or which have a high adverse impact are further investigated.</li> </ul> <p><b>Binding elements &amp; exclusions (product level)</b> The exclusion of controversial weapons (revenue limit 0%) is a binding element for funds for the Article 8 and 9 investment instructions and monitored by the investment advisor using MSCI ESG.</p> <p><b>Targets and actions planned for the next reference period (2024)</b></p> <p>Same as above</p>
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Indicators applicable to investments in sovereigns and suprationals						
Adverse sustainability indicator		Metric	Impact [year 2023]	Impact <sup>10</sup> [year 2022]	Explanation <sup>11</sup>	Actions taken, and actions planned and targets set for the next reference period <sup>12</sup>
Environmental	15. GHG intensity	GHG intensity of investee countries <sup>13</sup>	149.00	135.97	<p>The coverage ratio for PAI 15 is 33% (2022: 12%).</p> <p>The coverage ratio in 2022 was low. As it increased, it now provides a better representation of the GHG intensity of investee countries, which can explain the higher result in 2023. However, no strong outliers could be observed in the portfolios.</p>	<p><b>Monitoring &amp; engagement</b></p> <ul style="list-style-type: none"> <li>- <u>Product level</u>: The investment advisor requests fund managers to fill out a proprietary Sustainability RFI ("Request for Information") and then conducts qualitative checks based on fund meetings and documentations to analyse if and how PAIs are considered. Subsequent monitoring is conducted, at least on an annual basis.</li> <li>- <u>Entity level</u>: Using data from MSCI ESG, PAI 15 of the individual funds and at investment instruction level is monitored and is compared with the values of either the respective sub-benchmark at fund level or the broad market reference benchmark at investment instruction level to gain further insights. Funds identified as outliers or which have a high adverse impact are further investigated.</li> </ul> <p>In 2023, no shortcomings in the investment process or violations of binding criteria have been identified. Therefore no specific engagement was performed on PAI 15.</p> <p><b>Details on the 2023 impact figure and coverage</b></p> <p>Please be aware that PAI 15 only applies to sovereign bonds.</p> <p><b>Targets and actions planned for the next reference period (2024)</b></p>

<sup>10</sup> 2022 was the first reference period for which PAI indicators were reported and covered the period from 1 January 2022 to 31 December 2022.

<sup>11</sup> This column provides an explanation on the development of the specific adverse impact indicator against the two reference periods 2023 and 2022, in relation to the actions taken.

<sup>12</sup> Description of measures taken and measures planned or targets set for the following period from January 1 to December 31 to avoid or reduce the PAI.

<sup>13</sup> Expressed in tCO2e/EUR million GDP

						Same as above
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 countries, 0% <sup>14</sup>	5 countries, 0.41% <sup>15</sup>	The coverage ratio for PAI 16 is 33% (2022: 13%).  Compared to 2022, the coverage ratio is higher, but the Bank has managed to lower its level to 0% through its commitment.	<p><b>Monitoring &amp; engagement</b></p> <ul style="list-style-type: none"> <li>- <u>Product level</u>: The investment advisor requests fund managers to fill out a proprietary Sustainability RFI ("Request for Information") and then conducts qualitative checks based on fund meetings and documentations to analyse if and how PAIs are considered. Subsequent monitoring is conducted, at least on an annual basis.</li> <li>- <u>Entity level</u>: Using data from MSCI ESG, PAI 16 of the individual funds and at investment instruction level is monitored and is compared with the values of either the respective sub-benchmark at fund level or the broad market reference benchmark at investment instruction level to gain further insights. Funds identified as outliers or which have a high adverse impact are further investigated.</li> </ul> <p><b>Binding elements &amp; exclusions (product level)</b> For the investment instructions classified as Article 8 or 9, fund managers should comply with the United Nations Security Council Sanctions and exclude those UN Security Council Sanctions &amp; High Risk Jurisdictions subject to a "Call for Action"<sup>16</sup> identified by the Financial Action Task Force (FATF).</p> <p>In 2023, no shortcomings in the investment process or violations of binding criteria have been identified. Therefore no specific engagement was performed on PAI 16.</p>

<sup>14</sup> The weighted average of all the fund's percentage of unique countries with European External Action Service (EEAS) restrictive measures (sanctions) on imports and exports

<sup>15</sup> The weighted average of all the fund's percentage of unique countries with European External Action Service (EEAS) restrictive measures (sanctions) on imports and exports

<sup>16</sup> [High-Risk Jurisdictions subject to a Call for Action - October 2021 \(fatf-gafi.org\)](https://www.fatf-gafi.org/en/publications/High-Risk-Jurisdictions-subject-to-a-Call-for-Action-October-2021.html)

						<b>Details on the 2023 impact figure and coverage</b>
						Please be aware that PAI 16 only applies to sovereign bonds.
						<b>Targets and actions planned for the next reference period (2024)</b>
						Same as above
<b>Indicators applicable to investments in real estate assets</b>						
<b>Adverse sustainability indicator</b>		<b>Metric</b>	<b>Impact [year 2023]</b>	<b>Impact<sup>17</sup> [year 2022]</b>	<b>Explanation<sup>18</sup></b>	<b>Actions taken, and actions planned and targets set for the next reference period<sup>19</sup></b>
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	Not applicable	Not applicable	Not applicable	Not applicable given investment universe of the investment instructions.
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	Not applicable	Not applicable	Not applicable	Not applicable given investment universe of the investment instructions.

### Other indicators for principal adverse impacts on sustainability factors

In addition to the set of mandatory indicators above, the Bank considers two additional indicators.

The first one relates to Investments in companies without carbon emission reduction initiatives. This indicator is part of the set of additional indicators that relate to climate and the environment, set out in Table 2 below (Table 2, indicator 4).

The second one relates to Investments in companies without workplace accident prevention policies and is considered aligned with the Sustainable Development Goal (SDG) 8 – “Decent work and economic growth”. This indicator is part of the set of additional indicators that

<sup>17</sup> 2022 was the first reference period for which PAI indicators were reported and covered the period from 1 January 2022 to 31 December 2022.

<sup>18</sup> This column provides an explanation on the development of the specific adverse impact indicator against the two reference periods 2023 and 2022, in relation to the actions taken.

<sup>19</sup> Description of measures taken and measures planned or targets set for the following period from January 1 to December 31 to avoid or reduce the PAI.

relate to social and employee, respect for human rights, anti-corruption and anti-bribery matters, set out in Table 3 below (Table 3, indicator 1).

Table 2 from the Annex 1 SFDR Level II  
**Additional climate and other environment-related indicators**

Indicators applicable to investments in investee companies						
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Adverse sustainability indicator		Metric	Impact [year 2023]	Impact <sup>20</sup> [year 2022]	Explanation <sup>21</sup>	Actions taken, and actions planned and targets set for the next reference period <sup>22</sup>
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	24.53%	21.37 %	<p>The coverage ratio for PAI 4 is 71% (2022: 55%).</p> <p>Although there is an increase in the percentage of companies without carbon emission reduction initiatives, this is mainly explained by higher data coverage, providing a more precise percentage. However, no strong outliers could be observed in the portfolios.</p>	<p><b>Monitoring &amp; engagement</b></p> <ul style="list-style-type: none"> <li>- <u>Product level</u>: The investment advisor requests fund managers to fill out a proprietary Sustainability RFI ("Request for Information") and then conducts qualitative checks based on fund meetings and documentations to analyse if and how PAIs are considered. Subsequent monitoring is conducted, at least on an annual basis.</li> <li>- <u>Entity level</u>: Using data from MSCI ESG, PAI "Investments in companies without carbon emission reduction initiatives" of the individual funds and at investment instruction level is monitored and is compared with the values of either the respective sub-benchmark at fund level or the broad market reference benchmark at investment instruction level to gain further insights. Funds identified as outliers or which</li> </ul>

<sup>20</sup> 2022 was the first reference period for which PAI indicators were reported and covered the period from 1 January 2022 to 31 December 2022.

<sup>21</sup> This column provides an explanation on the development of the specific adverse impact indicator against the two reference periods 2023 and 2022, in relation to the actions taken.

<sup>22</sup> Description of measures taken and measures planned or targets set for the following period from January 1 to December 31 to avoid or reduce the PAI.

						<p>have a high adverse impact are further investigated.</p> <p>In 2023, no shortcomings in the investment process or violations of binding criteria have been identified. Therefore no specific engagement was performed on this PAI.</p> <p><b>Targets and actions planned for the next reference period (2024)</b></p> <p>Same as above</p>
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Table 3 from the Annex 1 SFDR Level II

**Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters**

Indicators applicable to investments in investee companies						
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Adverse sustainability indicator	Metric	Impact [year 2023]	Impact <sup>23</sup> [year 2022]	Explanation <sup>24</sup>	Actions taken, and actions planned and targets set for the next reference period	
Social and employee matters	1. Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy	13.67 %	11.01 %	<p>The coverage ratio for PAI 1 is 77% (2022: 57%).</p> <p>The increase in the percentage of shares of investments in investee companies without a workplace accident prevention policy can be explained by the higher coverage ratio in terms of data available.</p>	<p><b>Monitoring &amp; engagement</b></p> <ul style="list-style-type: none"> <li>- <u>Product level</u>: The investment advisor requests fund managers to fill out a proprietary Sustainability RFI ("Request for Information") and then conducts qualitative checks based on fund meetings and documentations to analyse if and how PAIs are considered. Subsequent monitoring is conducted, at least on an annual basis.</li> </ul>

<sup>23</sup> 2024 will be the first year reflecting a comparison to previous year. Information on impact compared to previous year will therefore be reported by 30 June 2024, and continuously on an annual basis. Therefore, the entire column is "Not applicable".

<sup>24</sup> This column will provide an explanation on the development of the specific adverse impact indicator against the SDe different reference periods, in relation to the actions taken. Therefore, the entire column is "Not applicable".

					<p>- <u>Entity level</u>: Using data from MSCI ESG, PAI “<i>Investments in companies without workplace accident prevention policies</i>” of the individual funds and at investment instruction level is monitored and is compared with the values of either the respective sub-benchmark at fund level or the broad market reference benchmark at investment instruction level to gain further insights. Funds identified as outliers or which have a high adverse impact are further investigated.</p> <p>In 2023, no shortcomings in the investment process or violations of binding criteria have been identified. Therefore no specific engagement was performed on this PAI.</p> <p><b>Targets and actions planned for the next reference period (2024)</b></p> <p>Same as above</p>
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### 3. Description of policies to identify and prioritise principal adverse impacts on sustainability factors

#### 1. Governing bodies and responsibilities for implementation of policies related to the identification and prioritisation of principal adverse impacts

The Board of Directors has overall responsibility for defining the Bank's sustainability approach, including company-wide values, policies, initiatives, and actions, particularly in the area of climate change. The Board is supported by the Executive Committee, which manages the Bank's daily operations, including all sustainability and sustainable investing matters.

The Board of Directors has the authority to approve policies for implementing Banque Raiffeisen's sustainable investing strategy, which includes the approach to the PAIs. The Executive Committee is authorized to approve the procedures related to sustainability and sustainable investing and to set practical guidelines for implementing those procedures.

The daily implementation of the sustainable investing strategy and procedures is carried out by the Private Banking Department's team in collaboration with the ESG Department.

On the investment advisor's side, the Corporate Sustainability Committee (CSC) is chaired by the Chief Financial Officer (CFO), who oversees the implementation of the Sustainable Investing and Advisory Policy. The CSC formulates the sustainability strategy and sets specific objectives based on sustainability principles. Members of the committee include representatives from the Client Units (CUs) (Asset Management and Wealth Management), and from the so-called 'Centers of Excellence (CoE)' (Investments, Structured Solutions & Treasury, Technology & Services, Finance & Risk, and Human Resources). They initiate and support sustainability activities within their respective operational areas. The CSC typically meets on a quarterly basis.

#### 2. Methodologies to select, identify and assess the principal adverse impacts

##### *Identification and selection of PAIs*

For its article 9 investment instruction and the sustainable investments of its article 8 investment instructions, the Bank selected all mandatory applicable PAI indicators as part of the Do No Significant Harm (DNSH) test, as required by the SFDR.

For its article 8 investment instructions promoting environmental and/or social characteristics, the Bank selected PAI 10 from Table 1 of Annex 1 SFDR Level II (violations of UN Global Compact Principles and OECD Guidelines for Multinational Enterprises) and PAI 14 from Table 1 of Annex 1 SFDR Level II (exposure to controversial weapons, including anti-personnel mines, cluster munitions, chemical weapons, and

biological weapons). These indicators are considered to have significant impact and are therefore commonly selected by the funds included in the investment instructions.

The two additional indicators, PAI 4 from Table 2 of Annex 1 SFDR Level II (investments in companies without carbon emission reduction initiatives) and PAI 1 from Table 3 of Annex 1 SFDR Level II (investments in companies without workplace accident prevention policies), were selected because these are indicators that the Bank feels it has the capacity to monitor and on the longer-term to improve.

The changes in data coverage and methodologies for certain PAIs by MSCI ESG have made it particularly challenging to navigate and interpret different value fluctuations. However, in 2023, increased data availability provided the investment advisor with a better overview of the various PAIs. Currently, the investment advisor engages with fund managers when outliers are identified during monitoring. Moving forward, depending on data availability and quality, and aligning with the Bank's sustainability strategy, the objective for the next reporting year is to identify key PAIs and to further integrate the severity of PAIs into the overall methodology.

#### *Assessment and monitoring of PAIs*

The monitoring of PAIs is based on data provided by the third-party data provider MSCI ESG. The absolute and historical values (if available) are assessed and compared with those of peers and their benchmarks to better evaluate the values. Funds identified by MSCI ESG as outliers on specific indicators or those exhibiting high adverse impacts across several indicators are further investigated by the investment advisor's Manager Selection team, based on fund meetings and documentation. For minor cases, the Manager Selection team will review the fund at the next scheduled meeting. For more severe cases, the review will be conducted earlier.

The range of possible actions consists of:

- (1) **No Action:** If the level of the PAI of the fund is deemed acceptable, no further action is needed at this point. The fund will continue to be assessed on an ongoing basis.
- (2) **Engagement:** Funds identified as having significant adverse impacts on one or several sustainability factors may be candidates for engagement. Engagement may also be initiated due to other reasons, such as low data coverage for the fund compared to peers or the broad market reference benchmark. The reasons for and scope of engagement activities are further described in section "4. *Engagement Policies.*" The investment advisor engages with the fund and conducts a follow-up after the engagement.



- (3) **Exclusion or disinvestment:** Exclusion or disinvestment of a fund may occur due to the identification of significant adverse impacts on sustainability factors. This step is typically considered a last resort, as we believe that engagement from our investment advisor is more effective in positively influencing the fund to move in the right direction.

### *Prioritizing PAI*

At the fund level, PAIs are prioritized based on the sustainable objectives or environmental and/or social (E/S) characteristics of the investment instruction, as long as all minimum standards are met.

### **3. Margin of error within the methodologies**

The methodology for identifying PAIs is always subject to the availability and quality of data. The investment advisor relies on the quality of data received from sources such as funds and MSCI ESG. Consequently, there is a risk of incorrectly assessing a security or issuer, which may lead to the erroneous inclusion or exclusion of a security. To accurately understand the impact of critical ESG events, the investment advisor may also conduct independent research to evaluate their effects on the relevant investment instructions and broader stakeholders.

In cases where reported data is unavailable or of inadequate quality, the investment advisor makes a best effort to find alternative sources, typically by directly engaging with fund providers. This approach may result in aggregating numbers calculated differently by various providers for certain PAIs. Currently, only PAI 1 is affected and provided directly by the funds.

Monitoring of PAIs is contingent upon the fairness, correctness, accuracy, reasonableness, and completeness of the ESG research and data.

### **4. Data sources<sup>25</sup>**

The primary data source is MSCI ESG, a leading provider of ESG data, known for its extensive coverage of funds with portfolio look-through data from Lipper (LSEG). To maintain consistency, a single data source per indicator has been used.

The selection of the ESG data provider is the responsibility of the individual investment boutiques within the investment advisor. ESG analysts perform regular spot checks on the data. If it becomes evident that the data quality is no longer satisfactory, alternative data sources will be considered.

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<sup>25</sup> Data sources are still subject to change given developments in coverage and underlying methodologies.

MSCI ESG has been used for every PAI indicator but is unable to provide data for PAI 1. Consequently, our investment advisor has requested data directly from the fund companies on a best-effort basis.

For PAI 1:

- 22% of the portfolio is Out-of-Scope: This portion includes funds that do not hold any equities or corporate bonds, such as cash, sovereign-only bond funds, Asset-Backed Securities (ABS) funds, Mortgage-Backed Securities (MBS) funds, commodity funds, and gold funds.
- 3% of the portfolio could not provide data: The reasons for this are twofold: some funds could not respond to the request within the given timeframe due to system limitations, while others do not provide data for SFDR Article 6 products as a matter of principle.
- 6% of the portfolio lacks scope 3 data: In these cases, only scope 1 and scope 2 data were used to calculate total GHG emissions.
- 10% of the portfolio lacks complete data for 2023: These funds were unable to report emissions for all four quarters of 2023 because the data did not extend that far back. Emissions were derived by considering fund volume changes, assuming that the portfolio composition remained unchanged from the oldest known data point.

#### 4. Engagement policies

Voting and engagement policies play a crucial role in enhancing a company's contribution to the transition toward a more sustainable economy.

Banque Raiffeisen leverages the engagement efforts of its investment advisor, which are conducted at the fund level. Since the Bank, as a fund unit holder, does not have the ability to vote directly, the investment advisor examines the stewardship policies of the target funds as part of their qualitative assessment.

The following questions may be addressed to evaluate whether funds have adequate policies:

- Who is responsible for voting and engagement?
- How is the engagement & voting documented?
- How are engagement matters prioritized?
- What are the steps or consequences if companies do not respond to engagement?
- Are the managers part of industry initiatives?

By focusing on the stewardship policies, the investment advisor can verify that the funds they invest in are committed to engaging with companies on key ESG issues, thereby reinforcing the Bank's commitment to sustainability through indirect influence and collaboration.

Some examples of topics on which the investment advisor may engage include:

- **Proposing explicit exclusions:** As part of their commitment to improving the ESG ecosystem, the investment advisor will propose explicit exclusions wherever possible. This involves encouraging fund providers to clearly exclude companies or industries associated with activities harmful to the environment, society, or governance in their fund documentation and policies.
- **Encouraging comprehensive and accurate data:** The investment advisor will encourage fund providers to publish comprehensive and accurate data on their ESG strategies and performance. This enables informed decision-making based on reliable information and increases transparency in the market.
- **Ensuring continuous improvement in reporting:** Recognizing the critical role of reporting requirements in integrating ESG factors into investment decisions, the investment advisor will continuously work to improve these requirements, ensuring they are comprehensive and meaningful.
- **Challenging fund managers on identified shortcomings:** The investment advisor will actively engage with fund managers and challenge them when shortcomings in their investment process are identified. Open communication and constructive criticism can drive continuous improvement in ESG investing.

Engagement on PAIs is pursued when they are significant and do not improve over time. These engagements apply to all PAIs considered by the investment advisor for the products classified as Article 8 and Article 9 under SFDR. By documenting the engagement process, the investment advisor tracks and monitors the results of the engagement over time.

Despite the engagements, if a PAI decreases over more than one period and if the fund manager cannot provide a reasonable explanation, the fund manager will be required to rectify it in a reasonable time frame, that needs to be agreed upon between the investment advisor and the fund manager. If the fund manager remains uncooperative, the fund will be sold within three months.

## 5. References to international standards

Banque Raiffeisen is a signatory to the UNEP FI (UN Environment Programme Finance Initiative) Principles for Responsible Banking. This membership reflects the Bank's commitment to contributing through its management and activities to the SDGs as part of the United Nations 2030 Agenda.

In addition, Banque Raiffeisen adheres to voluntary due diligence. In terms of reference period, between 2020 and 2022, Banque Raiffeisen has published a yearly extra-financial report that respects the GRI standards (Global Reporting Initiative - global standards for sustainability impacts). Since 2023, the Bank voluntarily implements the European Sustainability Reporting Standards (ESRS).

To date, the Bank does not have portfolio decarbonization targets derived from the IPCC 1.5-degree scenario. However, within its discretionary management, the Bank uses two key performance indicators to compare the performance of the funds against the 1.5-degree scenario: Carbon Intensity and Implied Temperature Rise (ITR) (designed on September 14<sup>th</sup>, 2021). The ITR model from MSCI serves as a forward-looking climate scenario. Currently, no explicit target has been set. The only carbon target applicable for the Article 8 and Article 9 investment instructions is to maintain a lower carbon intensity than the broad market reference benchmark.

The Bank uses the same methodology than described in the rest of this document to monitor its adherence and/or alignment to international standards. The following PAIs are used:

International standards	Link to sustainability indicators
UN Global Compact	PAI 10 Annex 1 Table 1
OECD Guidelines for Multinational Enterprises	PAI 10 Annex 1 Table 1 PAI 11 Annex 1 Table 1
UN Guiding Principles on Business and Human Rights	PAI 10 Annex 1 Table 1 PAI 11 Annex 1 Table 1
Universal Declaration of Human Rights	PAI 10 Annex 1 Table 1
Children's Rights and Business Principles	PAI 10 Annex 1 Table 1
ILO conventions on labour standards	PAI 10 Annex 1 Table 1
Rio Declaration on Environment and Development	PAI 10 Annex 1 Table 1
UN Convention on Corruption	PAI 10 Annex 1 Table 1
Convention on Cluster Munitions	PAI 14 Annex 1 Table 1

Despite the efforts made in the data collection process this year, the Bank was not able to showcase its degree of alignment with the objectives of the Paris Agreement. Therefore, in an effort to remain transparent, compared to 2022, the Paris Agreement, as an international standard, has been removed from the table above. However, the Bank aims to improve on this aspect for the next reporting period.

## 6. Historical comparison

Overall, the data coverage has improved, leading to higher figures in various PAIs. This year, all data points have been collected, effectively removing seasonality effects for the concerned PAIs. Importantly, no strong outliers have been identified across the portfolios.

Below is a summary of the key points that can be highlighted:

- **Improved data coverage:** The increase in data coverage has provided a more precise percentage, often explaining the higher figures observed in 2023.
- **PAI 7:** The methodology for this indicator has changed and became more stringent, resulting in more comprehensive data and higher values.
- **PAI 8:** The data for this indicator is considered not robust due to low coverage, impacting its reliability.
- **PAI 10:** Exposure under PAI 10 showed no violations. The differences in assessment were due to the use of various data providers, which did not share the same conclusions regarding violations.
- **PAI 14:** Exposure exclusively comes from the Article 6 investment instruction, with no explicit exclusions.

Despite challenges in the availability, coverage, and quality of data, we observe a slight improvement compared to last year. Consequently, the monitoring of PAIs will become more accurate over time, enabling a more reliable assessment and improved decision-making in line with sustainability goals.

## 7. Glossary

<b>Level I SFDR (Sustainable Finance Disclosure Regulation)</b>	SFDR Level I refers to the Regulation (EU) 2019/2088 of the European Parliament and of the Council. It requires financial institutions within the EU to make principles-based disclosures on ESG-related activities. Level I does not specify the technical details on what must be disclosed.
<b>Level II SFDR (Sustainable Finance Disclosure Regulation)</b>	SFDR Level II refers to the Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council. It involves the mandatory implementation of the SFDR's Regulatory Technical Standards (RTS). The RTS outlines detailed annual reporting disclosure requirements that in-scope firms must comply with. The goal of making the RTS mandatory is to ensure the market gets all the information needed to make informed decisions and to understand the sustainability of financial products.
<b>Sustainable investment</b>	<ul style="list-style-type: none"> <li>• An investment in an economic activity that contributes to an environmental objective, measured by key resource efficiency indicators on the use of energy, renewable energy,</li> </ul>

	<p>raw materials, water, and land, on the production of waste, and greenhouse gas emissions, or its impact on biodiversity and the circular economy.</p> <ul style="list-style-type: none"> <li>• An investment in an economic activity that contributes to a social objective, particularly in tackling inequality, fostering social cohesion, social integration, and labour relations.</li> <li>• An investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of these objectives and that the investee companies follow good governance practices, particularly with respect to sound management structures, employee relations, remuneration of staff, and tax compliance.</li> </ul>
<b>Sustainability factors</b>	Environmental, social, and employee matters, respect for human rights, anti-corruption, and anti-bribery matters. Including sustainability factors in the investment decision-making process can enhance the resilience of the real economy and the stability of the financial system.
<b>Principal Adverse Impacts (PAI)</b>	Any negative impacts caused by an investment decision or investment advice on sustainability factors.
<b>Adverse Impacts Indicators</b>	Indicators used to measure an issuer's or investee company's negative impact on sustainability factors, enabling the identification of the principal adverse impacts of investments by a financial market participant.
<b>Pre-contractual disclosure</b>	The prospectus or offering documents for a fund and the investment management agreement or other terms and conditions for a portfolio management service. For Banque Raiffeisen, pre-contractual disclosure includes the R-Gestion mandate (for discretionary management) and the Investor Guide (for investment advice).
<b>Article 6 product</b>	A financial product that does not promote Environmental/Social (E/S) characteristics, does not have sustainable investment as its objective, and does not meet the definitions of Articles 8 and 9 SFDR.
<b>Article 8 product</b>	A financial product that promotes E/S characteristics. These products integrate ESG into their strategy and process and promote environmental and/or social characteristics. If these products invest in companies, they must follow good governance practices. This may include screening out certain investments based on ESG criteria or considering ESG ratings when making investment decisions. While these products do not have a sustainable investment objective, they may include a pocket of sustainable investments.
<b>Article 9 product</b>	A financial product with a sustainable investment objective. ESG considerations are key elements of the investment strategy and process. Only sustainable investments are made (cf. definition of "sustainable investment"). An example of a sustainable strategy is impact investing, which aims to have a measurable positive impact on society.
<b>Sustainable Development Goals (SDG)</b>	The Sustainable Development Goals or Global Goals are a collection of seventeen interlinked objectives designed to serve as a "shared blueprint for peace and prosperity for people and the planet, now and into the future."

<b>Scope 1 GHG emissions</b>	Emissions from sources that an organization owns or controls directly, such as emissions from burning fuel in a company's fleet of vehicles.
<b>Scope 2 GHG emissions</b>	Emissions a company causes indirectly when the energy it purchases and uses is produced, such as emissions from the generation of electricity used to power electric vehicles.
<b>Scope 3 GHG emissions</b>	Emissions not produced by the company itself or from assets owned or controlled by it, but by those for which it is indirectly responsible, up and down its value chain. Examples include emissions from the production and disposal of products used by the company.
<b>Coverage ratio</b>	In the context of Environmental, Social, and Governance (ESG) data, the coverage ratio refers to the proportion of assets or investments within a portfolio for which ESG data is available and reported. This ratio is expressed as a percentage and indicates the extent to which the portfolio's holdings are covered by ESG metrics. Investment instructions may allocate significantly to cash, sovereign bonds, commodities, and gold, which can result in coverage ratios being well below 100%.