

Statement on principal adverse impacts of investment decisions on sustainability factors

Reference period: January 1st, 2022 – December 31st, 2022

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

Disclaimer

As part of this first exercise, data were collected on a best-effort basis. Nevertheless, by the time this report was published, it had not been possible to obtain four data points for all PAIs as of March 31, June 30, September 30 and December 31. The exact data availability is explained in more detail in section 3.4. The impact values will be updated accordingly as soon as the four data points are available.

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

1. Summary

The present statement is the consolidated statement on PAI on sustainability factors of Banque Raiffeisen at entity level. This statement is an aggregation of the information of all products of the Bank’s discretionary management, regardless of the PAI consideration of those products. It covers the first reference period from 1 January to 31 December 2022. A PAI comparison to previous periods will be included on an annual basis as from 30 June 2024 and no later than 30 June each year.

Banque Raiffeisen is advised by an external provider (the “external Investment Adviser”). The selection of products in the discretionary management is limited to investment funds and ETFs. Banque Raiffeisen considers PAI for the investment instructions that are classified as Article 8* products (promoting environmental and/or social characteristics) and as Article 9* products (having a sustainable investment objective). The investment instruction R-Gestion Flexible that is classified as an Article 6* product does not consider PAI in the investment decision processes. Nonetheless, the data of the investment instruction R-Gestion Flexible is still included in this report.

The adverse impacts indicators* (“PAI indicators”) on sustainability factors that the Bank currently takes into consideration are the following ones:

- **For its Article 9 investment instruction (R-Gestion Sustainable):** as part of the Do Not Significantly Harm (DNSH) test, the set of mandatory PAI indicators that are applicable as well as two additional PAI indicators¹ taken from [the Annex 1](#) of the Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards are considered.
- **For its Article 8 investment instructions (R-Gestion Defensive, R-Gestion Balanced, R-Gestion Dynamic and R-Gestion Aggressive):**
 - o PAI 10 of Table 1 from the Annex 1 SFDR Level II*: violations of UN Global Compact Principles and Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
 - o PAI 14 of Table 1 from the Annex 1 SFDR Level II: exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)

¹ One additional climate and other environment-related indicator as set out in Table 2 Annex 1 (PAI 4: Investments in companies without carbon emission reduction initiatives) and one additional indicator from social and employee matters, respect for human rights, anti-corruption and anti-bribery matters, as set out in Table 3 Annex 1 (PAI 1: Investments in companies without workplace accident prevention policies).

- *In case, the product has a minimum proportion of sustainable investments:* for that sustainable investment portion only, all mandatory PAI indicators that are applicable as well as the two additional PAI indicators¹ from the Annex 1 are taken into consideration, as part of the DNSH test.

For more specific information on the consideration of principal adverse impacts at product level, please refer to the pre-contractual disclosures available on the Bank's [SFDR webpage](#).

A summary of PAI indicators considered by Banque Raiffeisen is presented in the below Table.

| Scope | Theme | PAI indicator | Annex table number | PAI Number | Mandatory/additional |
|--|--|---|--------------------|------------|----------------------|
| Investee companies | Climate and other environment-related indicators | GHG emissions | 1 | 1 | Mandatory |
| | | Carbon footprint | 1 | 2 | Mandatory |
| | | GHG intensity of investee companies | 1 | 3 | Mandatory |
| | | Exposure to companies active in the fossil fuel sector | 1 | 4 | Mandatory |
| | | Share of non-renewable energy consumption and production | 1 | 5 | Mandatory |
| | | Energy consumption intensity per high impact climate sector | 1 | 6 | Mandatory |
| | | Activities negatively affecting biodiversity-sensitive areas | 1 | 7 | Mandatory |
| | | Emissions to water | 1 | 8 | Mandatory |
| | | Hazardous waste and radioactive waste ratio | 1 | 9 | Mandatory |
| | | Investments in companies without carbon emission reduction initiatives | 2 | 4 | Additional |
| | Social and employee, respect for human rights, anti-corruption and anti-bribery matters indicators | Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises | 1 | 10 | Mandatory |
| | | Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises | 1 | 11 | Mandatory |
| | | Unadjusted gender pay gap | 1 | 12 | Mandatory |
| | | Board gender diversity | 1 | 13 | Mandatory |
| Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons) | | 1 | 14 | Mandatory | |
| Investments in companies without workplace accident prevention policies | | 3 | 1 | Additional | |
| Sovereigns and supranationals | Environment-related indicator | GHG intensity | 1 | 15 | Mandatory |
| | Social indicator | Investee countries subject to social violations | 1 | 16 | Mandatory |

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 | | | | | | |
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| CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS | | | | | | |
| Adverse sustainability indicator | Metric | Impact [year 2022] | Impact ² [information on impact compared to previous year] | Explanation ³ | Actions taken, and actions planned and targets set for the next reference period ⁴ | |
| Greenhouse gas emissions | 1. GHG emissions | Scope 1 GHG emissions [*] | 10'569.99 | Not applicable | Not applicable | <p>General approach The objective is to improve the negative impacts compared with the previous year. In principle, the aim is to achieve this by investing in funds who themselves achieve an improvement and thus contribute to an improvement at entity level. If it becomes apparent that the values are deteriorating significantly, alternatives will be examined. This may result in a reduction or sale of a fund.</p> <p>The investment instructions classified as Article 8 or 9 have as a binding element to have a lower carbon intensity of the equity allocation, measured as scope 1 & 2 tons of CO2 equivalents in relation to sales than of the broad market reference benchmark, measured on a look-through basis on the investment instruction level. Scope 3 emissions will be included as soon as the data is more reliable.</p> <p>Funds' selection The external Investment Adviser requests fund managers to fill out a proprietary Sustainability RfI ("Request for Information") that checks if PAI 1 to 6 are considered. If this is not the case, but the external Investment Adviser would consider it appropriate to consider one or more of these PAI in the context of the particular investment process, engagement is pursued. The engagement process is further described below.</p> |
| | | Scope 2 GHG emissions [*] | 2'429.30 | | | |
| | | Scope 3 GHG emissions [*] | 53'877.35 | | | |
| | | Total GHG emissions [†] | 66'847.68 | | | |
| | 2. Carbon footprint | Carbon footprint ⁱⁱ | 264.19 | Not applicable | Not applicable | |
| | 3. GHG intensity of investee companies | GHG intensity of investee companies ⁱⁱⁱ | 692.81 | Not applicable | Not applicable | |
| 4. Exposure to companies active in the fossil fuel sector | Share of investments in companies active in the fossil fuel sector | 3.69 % | Not applicable | Not applicable | | |
| 5. Share of non-renewable energy consumption and production | Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources | 58.04 % | Not applicable | Not applicable | | |

² 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" for the 2023 Statement.

³ This column will provide an explanation on the development of the specific adverse impact indicator against the different reference periods, in relation to the actions taken. Therefore, the entire column is "Not applicable" for the 2023 Statement.

⁴ 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.

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| | <p>6. Energy consumption intensity per high impact climate sector</p> | <p>Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector</p> | <p>NACE Code A 0.04 GWh/m EUR revenue NACE Code B 3.67 GWh/m EUR revenue NACE Code C 0.71 GWh/m EUR revenue NACE Code D 2.01 GWh/m EUR revenue NACE Code E 0.74 GWh/m EUR revenue NACE Code F 0.12 GWh/m EUR revenue NACE Code G 0.40 GWh/m EUR revenue NACE Code H 17.33 GWh/m EUR revenue NACE Code L 0.28 GWh/m EUR revenue</p> | <p>Not applicable</p> | <p>Not applicable</p> | <p>The consideration of PAI in the investment process is part of the qualitative assessment of every fund. The better and more credible a fund's PAI investment process, the more likely the fund will be selected.</p> <p>Monitoring & engagement Using data from MSCI ESG, the impacts on PAI 2 to 6 of the individual funds and at investment instruction level are monitored and also 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. MSCI is not able to provide data on PAI 1, this is why data for PAI 1 are directly collected from the fund managers. Funds identified as outliers or which have a high adverse impact are further investigated.</p> <p>In 2022, no shortcomings in the investment process or violations of binding criteria have been identified. Therefore no specific engagement was performed on PAI 1 to 6.</p> <p>Exclusions All selected funds in the Article 8 and 9 investment instructions exclude thermal coal (10% revenue threshold). Most selected funds also exclude companies that own 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>Details on the 2022 impact figures The coverage ratio for PAI 1 is 64%. As the PAI 1 data was collected individually from the fund managers, no look-through on the coverage ratio was applied. The other coverage ratios with MSCI ESG data are on a look-through basis. The coverage ratios for PAI 2 to 6 were:</p> <ul style="list-style-type: none"> - PAI 2 (Carbon footprint): 54% - PAI 3 (GHG intensity of investee companies): 56% - PAI 4 (Exposure to companies active in the fossil fuel sector): 59% - PAI 5 (Share of non-renewable energy consumption and production): 52% |
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| | | | | | | <ul style="list-style-type: none">- PAI 6 (Energy consumption intensity per high impact climate sector): 29% <p>Please be aware that PAI 1 to 6 only apply to companies and that the investment instructions may have a significant part of their allocation in cash, sovereign bonds, commodities and gold. Consequently, coverage ratios can be well below 100 %.</p> |
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| 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 | 0.01 % | Not applicable | Not applicable | <p>General approach The objective is to improve the negative impacts compared with the previous year. In principle, the aim is to achieve this by investing in funds who themselves achieve an improvement and thus contribute to an improvement at entity level. If it becomes apparent that the values are deteriorating significantly, alternatives will be examined. This may result in a reduction or sale of a fund.</p> <p>Funds' selection The external Investment Adviser requests fund managers to fill out a proprietary Sustainability RfI that checks if PAI 7 is considered. If this is not the case, but the external Investment Adviser would consider it appropriate to consider this PAI in the context of the particular investment process, engagement is pursued. The engagement process is further described below.</p> <p>The consideration of PAI in the investment process is part of the qualitative assessment of every fund. The better and more credible a fund's PAI investment process, the more likely the fund will be selected.</p> <p>Monitoring & engagement Using data from MSCI ESG, the impacts on PAI 7 of the individual funds and at investment instruction level are monitored and also 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 significant adverse impact are further investigated.</p> <p>In 2022, 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>Details on the 2022 impact figure The coverage ratio for PAI 7 was 59%. Please be aware that PAI 7 only applies to companies and that the investment instructions may have a significant part of their allocation in cash, sovereign bonds, commodities and gold. Consequently, coverage ratios can be well below 100 %.</p> <p>The Article 8 and 9 investment instructions had 0% exposure. Thus, all exposure comes from the Flexible investment instruction that does not consider PAI.</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 | 273.31 | Not applicable | Not applicable | <p>General approach The objective is to improve the negative impacts compared with the previous year. In principle, the aim is to achieve this by investing in funds who themselves achieve an improvement and thus contribute to an improvement at entity level. If it becomes apparent that the values are deteriorating significantly, alternatives will be examined. This may result in a reduction or sale of a fund.</p> <p>Funds' selection The external Investment Adviser requests fund managers to fill out a proprietary Sustainability RfI that checks if PAI 8 is considered. If this is not the case, but the external Investment Adviser would consider it appropriate to consider this PAI in the context of the particular investment process, engagement is pursued. The engagement process is further described below.</p> <p>The consideration of PAI in the investment process is part of the qualitative assessment of every fund. The better and more credible a fund's PAI investment process, the more likely the fund will be selected.</p> <p>Monitoring & engagement Using data from MSCI ESG, the impacts on PAI 8 of the individual funds and at investment instruction level are monitored and also 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 significant adverse impact are further investigated.</p> <p>In 2022, 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>Details on the 2022 impact figure The coverage ratio for PAI 8 was only 5%. Accordingly, the data point is not very robust.</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 | 7.73 | Not applicable | Not applicable | <p>General approach The objective is to improve the negative impacts compared with the previous year. In principle, the aim is to achieve this by investing in funds who themselves achieve an improvement and thus contribute to an improvement at entity level. If it becomes apparent that the values are deteriorating significantly, alternatives will be examined. This may result in a reduction or sale of a fund.</p> <p>Funds' selection The external Investment Adviser requests fund managers to fill out a proprietary Sustainability RfI that checks if PAI 9 is considered. If this is not the case, but the external Investment Adviser would consider it appropriate to consider this PAI in the context of the particular investment process, engagement is pursued. The engagement process is further described below.</p> <p>The consideration of PAI in the investment process is part of the qualitative assessment of every fund. The better and more credible a fund's PAI investment process, the more likely the fund will be selected.</p> <p>Monitoring & engagement Using data from MSCI ESG, the impacts on PAI 9 of the individual funds and at investment instruction level are monitored and also 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 2022, 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>Details on the 2022 impact figure The coverage ratio for PAI 9 was 21%. Please be aware that PAI 9 only applies to companies and that the investment instructions may have a significant part of their allocation in cash, sovereign bonds, commodities and gold. Consequently, coverage ratios can be well below 100 %.</p> |
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| INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS | | | | | | |
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| Adverse sustainability indicator | Metric | Impact [year 2022] | Impact ⁵ [information on impact compared to previous year] | Explanation ⁶ | Actions taken, and actions planned and targets set for the next reference period ⁷ | |
| 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 | 0.28 % | Not applicable | Not applicable | <p>General approach The objective is to improve the negative impacts compared with the previous year. In principle, the aim is to achieve this by investing in funds who themselves achieve an improvement and thus contribute to an improvement at entity level. If it becomes apparent that the values are deteriorating significantly, alternatives will be examined. This may result in a reduction or sale of a fund.</p> <p>The consideration of the UN Global Compact principals is a binding element in the selection of funds in the Article 8 and 9 investment instructions and monitored by the external Investment Adviser using MSCI ESG.</p> <p>At individual fund level, divergent assessments of different ESG data providers are taken into account.</p> <p>Funds' selection The external Investment Adviser requests fund managers to fill out a proprietary Sustainability Rfl that checks if PAI 10 is considered. If this is not the case for the investment instructions classified as Article 8 or 9, engagement is pursued. The engagement process is further described below.</p> <p>The consideration of PAI in the investment process is part of the qualitative assessment of every fund. The better and more credible a fund's PAI investment process, the more likely the fund will be selected.</p> |

⁵ 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" for the 2023 Statement.

⁶ This column will provide an explanation on the development of the specific adverse impact indicator against the different reference periods, in relation to the actions taken. Therefore, the entire column is "Not applicable" for the 2023 Statement.

⁷ 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.

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| | | | | | <p>Monitoring & engagement Using data from MSCI ESG, the impacts on PAI 10 of the individual funds and at investment instruction level are monitored. For the investment instructions classified as Article 8 or 9, an engagement process shall be undertaken with companies that have breaches of these principles and guidelines. If this engagement does not lead to the desired change in a period of two years from the start of the engagement, the fund must exclude a company from its investment universe. If this is not the case, the fund will be sold.</p> <p>The Article 8 and 9 investment instructions had in 2022 investments in companies classified as UNGC Violators by MSCI ESG. All these cases were clarified with the fund managers and in all but one case it was found out that they use other ESG data providers that do not share MSCI ESG's assessment. Where this was not the case, the fund was divested at the next opportunity on March 17th 2023.. Details can be found in the periodic reports.</p> <p>Details on the 2022 impact figure The coverage ratio for PAI 10 was 60%. Please be aware that PAI 10 only applies to companies and that the investment instructions may have a significant part of their allocation in cash, sovereign bonds, commodities and gold. Consequently, coverage ratios can be well below 100 %.</p> <p>The majority of the exposure comes from the Article 6 investment instruction.</p> |
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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>29.96 %</p> | <p>Not applicable</p> | <p>Not applicable</p> | <p>General approach The objective is to improve the negative impacts compared with the previous year. In principle, the aim is to achieve this by investing in funds who themselves achieve an improvement and thus contribute to an improvement at entity level. If it becomes apparent that the values are deteriorating significantly, alternatives will be examined. This may result in a reduction or sale of a fund.</p> <p>Funds' selection The external Investment Adviser requests fund managers to fill out a proprietary Sustainability Rfl that checks if PAI 11 is considered. If this is not the case, but the external Investment Adviser would consider it appropriate to consider this PAI in the context of the particular investment process, engagement is pursued. The engagement process is further described below.</p> <p>The consideration of PAI in the investment process is part of the qualitative assessment of every fund. The better and more credible a fund's PAI investment process, the more likely the fund will be selected.</p> <p>Monitoring & engagement Using data from MSCI ESG, the impacts on PAI 11 of the individual funds and at investment instruction level are monitored and also 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 significant adverse impact are further investigated.</p> <p>In 2022, 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>Details on the 2022 impact figure The coverage ratio for PAI 11 was 58%. Please be aware that PAI 11 only applies to companies and that the investment instructions may have a significant part of their allocation in cash, sovereign bonds, commodities and gold. Consequently, coverage ratios can be well below 100 %.</p> |
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| | 12. Unadjusted gender pay gap | Average unadjusted gender pay gap of investee companies ^{iv} | 10.85 % | Not applicable | Not applicable | <p>General approach The objective is to improve the negative impacts compared with the previous year. In principle, the aim is to achieve this by investing in funds who themselves achieve an improvement and thus contribute to an improvement at entity level. If it becomes apparent that the values are deteriorating significantly, alternatives will be examined. This may result in a reduction or sale of a fund.</p> <p>Funds' selection The external Investment Adviser requests fund managers to fill out a proprietary Sustainability RfI that checks if PAI 12 is considered. If this is not the case, but the external Investment Adviser would consider it appropriate to consider this PAI in the context of the particular investment process, engagement is pursued. The engagement process is further described below.</p> <p>The consideration of PAI in the investment process is part of the qualitative assessment of every fund. The better and more credible a fund's PAI investment process, the more likely the fund will be selected.</p> <p>Monitoring & engagement Using data from MSCI ESG, the impacts on PAI 12 of the individual funds and at investment instruction level are monitored and also 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 2022, 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>Details on the 2022 impact figure The coverage ratio for PAI 12 was 15%. Please be aware that PAI 12 only applies to companies and that the investment instructions may have a significant part of their allocation in cash, sovereign bonds, commodities and gold. Consequently, coverage ratios can be well below 100 %.</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>29.15 %</p> | <p>Not applicable</p> | <p>Not applicable</p> | <p>General approach The objective is to improve the negative impacts compared with the previous year. In principle, the aim is to achieve this by investing in funds who themselves achieve an improvement and thus contribute to an improvement at entity level. If it becomes apparent that the values are deteriorating significantly, alternatives will be examined. This may result in a reduction or sale of a fund.</p> <p>Funds' selection The external Investment Adviser requests fund managers to fill out a proprietary Sustainability Rfl that checks if PAI 13 is considered. If this is not the case, but the external Investment Adviser would consider it appropriate to consider this PAI in the context of the particular investment process, engagement is pursued. The engagement process is further described below.</p> <p>The consideration of PAI in the investment process is part of the qualitative assessment of every fund. The better and more credible a fund's PAI investment process, the more likely the fund will be selected.</p> <p>Monitoring & engagement Using data from MSCI ESG, the impacts on PAI 13 of the individual funds and at investment instruction level are monitored and also 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 significant adverse impact are further investigated.</p> <p>In 2022, 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>Details on the 2022 impact figure The coverage ratio for PAI 13 was 60%. Please be aware that PAI 13 only applies to companies and that the investment instructions may have a significant part of their allocation in cash, sovereign bonds, commodities and gold. Consequently, coverage ratios can be well below 100 %.</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>Not applicable</p> | <p>Not applicable</p> | <p>General approach The objective is to improve the negative impacts compared with the previous year. In principle, the aim is to achieve this by investing in funds who themselves achieve an improvement and thus contribute to an improvement at entity level. If it becomes apparent that the values are deteriorating significantly, alternatives will be examined. This may result in a reduction or sale of a fund.</p> <p>Funds' selection The external Investment Adviser requests fund managers to fill out a proprietary Sustainability Rfl that checks if PAI 14 is considered. If this is not the case for the investment instructions classified as Article 8 or 9, engagement is pursued. The engagement process is further described below.</p> <p>The consideration of PAI in the investment process is part of the qualitative assessment of every fund. The better and more credible a fund's PAI investment process, the more likely the fund will be selected.</p> <p>Exclusion The exclusion of controversial weapons (revenue limit 0%) is a binding element in the selection of funds for the Article 8 and 9 investment instructions and monitored by the external Investment Adviser using MSCI ESG. If a fund would show exposure, the manager would be asked to divest immediately or the fund would be sold within 3 months.</p> <p>Details on the 2022 impact figure The coverage ratio for PAI 14 was 59%. Please be aware that PAI 14 only applies to companies and that the investment instructions may have a significant part of their allocation in cash, sovereign bonds, commodities and gold. Consequently, coverage ratios can be well below 100 %.</p> <p>Funds used in the Article 8 and 9 investment instructions had no exposure. It mainly comes from using a MSCI World ETF in the Article 6 investment instruction.</p> |
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| Indicators applicable to investments in sovereigns and supranationals | | | | | |
|---|-------------------|--|---|--------------------------|---|
| Adverse sustainability indicator | Metric | Impact [year 2022] | Impact ⁸ [information on impact compared to previous year] | Explanation ⁹ | Actions taken, and actions planned and targets set for the next reference period ¹⁰ |
| Environmental | 15. GHG intensity | GHG intensity of investee countries ^v | 135.97 | Not applicable | <p>General approach The objective is to improve the negative impacts compared with the previous year. In principle, the aim is to achieve this by investing in funds who themselves achieve an improvement and thus contribute to an improvement at entity level. If it becomes apparent that the values are deteriorating significantly, alternatives will be examined. This may result in a reduction or sale of a fund.</p> <p>Funds' selection The external Investment Adviser requests fund managers to fill out a proprietary Sustainability RfI that checks if PAI 15 is considered. If this is not the case, but the external Investment Adviser would consider it appropriate to consider this PAI in the context of the particular investment process, engagement is pursued. The engagement process is further described below.</p> <p>The consideration of PAI in the investment process is part of the qualitative assessment of every fund. The better and more credible a fund's PAI investment process, the more likely the fund will be selected.</p> <p>Monitoring & engagement Using data from MSCI ESG, the impacts on PAI 15 of the individual funds and at investment instruction level are monitored and also 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 significant adverse impact are further investigated.</p> <p>In 2022, 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>Details on the 2022 impact figure The coverage ratio for PAI 15 was 12%. Please be aware that PAI 15 only applies to sovereign bonds.</p> |

⁸ 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" for the 2023 Statement.

⁹ This column will provide an explanation on the development of the specific adverse impact indicator against the different reference periods, in relation to the actions taken. Therefore, the entire column is "Not applicable" for the 2023 Statement.

¹⁰ 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.

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|--------|---|--|----------------------------------|----------------|----------------|---|
| 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 | 5 countries, 0.41% ^{vi} | Not applicable | Not applicable | <p>General approach The objective is to improve the negative impacts compared with the previous year. In principle, the aim is to achieve this by investing in funds who themselves achieve an improvement and thus contribute to an improvement at entity level. If it becomes apparent that the values are deteriorating significantly, alternatives will be examined. This may result in a reduction or sale of a fund.</p> <p>Funds' selection The external Investment Adviser requests fund managers to fill out a proprietary Sustainability RfI that checks if PAI 16 is considered. If this is not the case, but the external Investment Adviser would consider it appropriate to consider this PAI in the context of the particular investment process, engagement is pursued. The engagement process is further described below.</p> <p>The consideration of PAI in the investment process is part of the qualitative assessment of every fund. The better and more credible a fund's PAI investment process, the more likely the fund will be selected.</p> <p>Exclusion For the investment instructions classified as Article 8 or 9, fund managers are asked if they comply with the United Nations Security Council Sanctions and exclude those high risk jurisdictions subject to a "Call for Action"¹¹ identified by the Financial Action Task Force (FATF).</p> <p>Monitoring & engagement Using data from MSCI ESG, the impacts on PAI 16 of the individual funds and at investment instruction level are monitored and also 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 2022, no shortcomings in the investment process or violations of binding criteria have been identified. Therefore no specific engagement was performed on PAI 16.</p> <p>Details on the 2022 impact figure The coverage ratio for PAI 16 was 13%. Please be aware that PAI 16 only applies to sovereign bonds.</p> <p>R-Gestion Sustainable (Article 9 SFDR) had no exposure.</p> |
|--------|---|--|----------------------------------|----------------|----------------|---|

¹¹ [High-Risk Jurisdictions subject to a Call for Action - October 2021 \(fatf-gafi.org\)](https://www.fatf-gafi.org/publications/high-risk-jurisdictions-subject-to-a-call-for-action)

| Indicators applicable to investments in real estate assets | | | | | | |
|--|---|--|--------------------|--|---------------------------|--|
| Adverse sustainability indicator | | Metric | Impact [year 2022] | Impact ¹² [information on impact compared to previous year] | Explanation ¹³ | Actions taken, and actions planned and targets set for the next reference period ¹⁴ |
| 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 Banks considers two additional indicators aligned with Sustainable Development Goal* (SDG) 8 (Decent work and economic growth) and SDG 13 (Climate action), two of the seven SDGs on which the Bank has a significant impact.

The Bank considers an indicator relating to emissions. In regard to this indicator, the external Investment Adviser monitors the investments in companies without carbon emission reduction initiatives, using MSCI ESG. 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 Bank also considers an indicator relating to social and employee matters. In regard to this indicator, the external Investment Adviser monitors the investments in companies without workplace accident prevention policies, using MSCI ESG. This indicator is part of the set of additional indicators that 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).

Funds identified as outliers of any of the indicators or which exhibit high adverse impact across several indicators may be subject to further analysis and to the process described below.

¹² 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" for the 2023 Statement.

¹³ This column will provide an explanation on the development of the specific adverse impact indicator against the different reference periods, in relation to the actions taken. Therefore, the entire column is "Not applicable" for the 2023 Statement.

¹⁴ 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.

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 2022] | Impact ¹⁵ [information on impact compared to previous year] | Explanation ¹⁶ | Actions taken, and actions planned and targets set for the next reference period |
| 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 | 21.37 % | Not applicable | Not applicable | <p>General approach The objective is to improve the negative impacts compared with the previous year. In principle, the aim is to achieve this by investing in funds who themselves achieve an improvement and thus contribute to an improvement at entity level. If it becomes apparent that the values are deteriorating significantly, alternatives will be examined. This may result in a reduction or sale of a fund.</p> <p>Funds' selection The external Investment Adviser requests fund managers to fill out a proprietary Sustainability Rfl that checks which additional PAI are considered. If this particular is not considered, but the external Investment Adviser would consider it appropriate to consider this PAI in the context of the particular investment process, engagement is pursued. The engagement process is further described below.</p> <p>The consideration of PAI in the investment process is part of the qualitative assessment of every fund. The better and more credible a fund's PAI investment process, the more likely the fund will be selected.</p> <p>Monitoring & engagement Using data from MSCI ESG, the impacts on PAI 4 from table 2 of the individual funds and at investment instruction level are monitored and also compared with the values of either the respective sub-benchmark at fund level or the broad market reference benchmark at investment</p> |

¹⁵ 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".

¹⁶ This column will provide an explanation on the development of the specific adverse impact indicator against the different reference periods, in relation to the actions taken. Therefore, the entire column is "Not applicable".

| | | | | | |
|--|--|--|--|--|---|
| | | | | | <p>instruction level to gain further insights. Funds identified as outliers or which have a high adverse impact are further investigated.</p> <p>In 2022, 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>Exclusions All selected funds in the Article 8 and 9 investment instructions exclude thermal coal (10% revenue threshold). Most selected funds also exclude companies that own high impact fossil fuel reserves (10% revenue threshold) and coal power generation (10% revenue threshold). Funds that have an exposure exceeding the set maximum threshold of the exclusion criteria have to explain how they deal with the them.</p> <p>Details on the 2022 impact figures The coverage ratio for PAI 4 was 55%. Please be aware that PAI 4 only applies to companies and that the investment instructions may have a significant part of their allocation in cash, sovereign bonds, commodities and gold. Consequently, coverage ratios can be well below 100 %.</p> |
|--|--|--|--|--|---|

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 2022] | Impact ¹⁷ [information on impact compared to previous year] | Explanation ¹⁸ | 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 | 11.01 % | Not applicable | Not applicable | <p>General approach The objective is to improve the negative impacts compared with the previous year. In principle, the aim is to achieve this by investing in funds who themselves achieve an improvement and thus contribute to an improvement at entity level. If it becomes apparent that the values are deteriorating significantly, alternatives will be examined. This may result in a reduction or sale of a fund.</p> <p>Funds' selection The external Investment Adviser requests fund managers to fill out a proprietary Sustainability Rfl that checks which additional PAI are considered. If this particular is not considered, but the external Investment Adviser would consider it appropriate to consider this PAI in the context of the particular investment process, engagement is pursued. The engagement process is further described below.</p> <p>The consideration of PAI in the investment process is part of the qualitative assessment of every fund. The better and more credible a fund's PAI investment process, the more likely the fund will be selected.</p> <p>Monitoring & engagement Using data from MSCI ESG, the impacts on PAI 1 from table 3 of the individual funds and at investment instruction level are monitored and also 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> |

¹⁷ 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".

¹⁸ This column will provide an explanation on the development of the specific adverse impact indicator against the different reference periods, in relation to the actions taken. Therefore, the entire column is "Not applicable".

| | | | | | | |
|--|--|--|--|--|--|---|
| | | | | | | <p>In 2022, 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>Details on the 2022 impact figures The coverage ratio for PAI 1 was 57%. Please be aware that PAI 1 only applies to companies and that the investment instructions may have a significant part of their allocation in cash, sovereign bonds, commodities and gold. Consequently, coverage ratios can be well below 100 %.</p> |
|--|--|--|--|--|--|---|

Apart from the indicators mentioned above, no other indicators have been used to identify and assess the main additional adverse impacts on a sustainability factor.

3. Description of policies to identify and prioritise principal adverse impacts on sustainability factors

3.1. Policies and methodologies to identify and prioritise principal adverse impacts on sustainability factors

To identify and prioritise PAI and PAI indicators provided in the context of SFDR, the Bank relies on its external Investment Adviser's assessment and on its Sustainable Investing and Advisory Policy.

The external Investment Adviser has implemented certain safeguards to ensure that the investment instructions meet a minimum ESG standard and uses specific processes to identify and mitigate/manager PAI where possible. When applicable, the ESG safeguards include application of exclusion lists, norm-based screening, and integrating consideration of PAI in the investment-decision making process. By applying general screening criteria pre-investment, the Bank aims to limit investing into companies with negative impact on sustainability factors. Identification of significant adverse impact on environmental or social factors in further analysis may lead to engagement with fund managers, as a means to mitigate the impacts. Significant adverse impact on sustainability factors may ultimately lead to divestment. Monitoring of PAI is subject to data availability and quality.

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

Identifying PAI

Methodology to select the indicators

For its Article 9 investment instruction and for the sustainable investment pockets of its Article 8 investment instructions, the Bank selected, as part of the Do Not Significantly Harm (DNSH) test and as requested by the SFDR, the set of mandatory PAI indicators.

For its Article 8 investment instructions, the Bank selected PAI 10 of Table 1 from the Annex 1 SFDR Level II (violations of UN Global Compact Principles and Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises) and PAI 14 of Table 1 from the Annex 1 SFDR Level II (exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)) because they are considered to be particularly problematic and therefore are most often selected by the funds that are in the investment instructions.

The two additional indicators (PAI 4 of Table 2 from the Annex 1 SFDR Level II (investments in companies without carbon emission reduction initiatives) and PAI 1 of Table 3 from the Annex 1 SFDR Level II (investments in companies without workplace accident prevention policies) have been selected because they were aligned with two of the seven SDGs on which the Bank has a significant impact, SDG 8 (Decent work and economic growth) and SDG 13 (Climate action).

Methodology to identify and to assess the PAI

On a fund level, the monitoring of PAIs is based on data provided by third-party data provider MSCI ESG. The absolute and historical values (if available) are assessed and also compared with those of peers and their benchmark in order to get a better sense of how the values are to be evaluated. Funds identified by MSCI ESG as outliers on specific indicators that are considered or that exhibit high adverse impact across several indicators are further investigated by the external Investment Adviser's Manager Selection team. In minor cases the Manager Selection

team would check at the next meeting. When the case is more severe the Manager Selection team would check earlier.

The range of possible actions consists of:

- (1) **No action:** the PAI indicator level of the fund is deemed acceptable and no further action is needed at this point. The fund will continue to be assessed on an ongoing basis.
- (2) **Engagement:** funds that have been identified as having a significant adverse impact on one or across several indicators that are considered may be identified as candidate for an engagement case. Engagement may also be initiated due to other reasons such as low data coverage for the fund compared to peers and the customized benchmark. Reasons for and scope of engagement activities is further described in section “4. Engagement policies”. The external Investment Adviser engages with the fund and does a follow-up after the engagement.
- (3) **Exclusion:** exclusion of a fund may be due to the identification of significant adverse impacts on sustainability factors. Exclusion is typically the last option as the external Investment Adviser believes that engagement is more efficient to positively influence the fund to move in the right direction.

The severity and scope of individual adverse impacts, and the probability of occurrence and severity of adverse impacts are not yet considered in the methodologies to select the indicators. However, these points will be taken into account and integrated into our methodologies once the market is more mature and once the data are available.

As described below, as fund unit holders, the Bank cannot vote directly. This is why the external Investment Adviser is looking at the stewardship policy of the target funds as one point of the qualitative assessment.

Prioritizing PAI

At a fund level, PAIs are prioritized given the sustainable objectives or Environment and/or Social (E/S) characteristics of the investment instruction, provided that all minimum standards are met.

3.2. Margin of error

The methodology to identify PAI is always subject to data availability and quality. The external Investment Adviser is reliant on the quality of data received from e.g. funds and MSCI ESG. As a result, there exists a risk of incorrectly assessing a security or issuer, resulting in the incorrect inclusion or exclusion of a security. To properly understand the impact of critical ESG events, the external Investment Adviser may also conduct its own research to assess their impact on the relevant investment instruction and on wider stakeholders.

Where reported data is not available or of adequate quality, the external Investment Adviser looks on a best effort basis for alternative sources, typically with the fund providers directly. This may lead to the aggregation of numbers that were calculated differently from one provider to the other for certain PAI. For the time being, only the PAI number 1 is concerned and provided directly from the funds.

The Investment Adviser continuously strives to improve data coverage.

3.3. Governance

The Board of Directors has overall responsibility of defining the Banque Raiffeisen’s sustainability approach, including company-wide values, policies, initiatives and actions, also in the area of

climate change. The Board of Directors is supported in these tasks by the Executive Committee, which manages the daily operations of the Bank, including all matters related to sustainability and sustainable investing.

The Board of Directors has the authority to approve policies for the implementation of Banque Raiffeisen's sustainable investing strategy, that includes the approach to Principal Adverse Impact. The Executive Committee has the authority to approve the procedures related to sustainability and sustainable investing and to set practical guidelines for the implementation of those procedures.

The daily implementation of the sustainable investing strategy and procedures lies with the Private Banking Department's team.

On the external Investment Adviser'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. It formulates the sustainability strategy, and sets specific objectives based on the 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 accompany the sustainability activities with their respective operational heads. The CSC usually meets on a quarterly basis.

3.4.Data sources¹⁹

The main data source is MSCI ESG, a leading ESG data provider that has one of the widest coverage for funds with portfolio look-through data from Lipper (Refinitiv). For consistency reasons a single data source per indicator has been used.

The selection of the ESG data provider is the responsibility of the individual investment boutiques of the external Investment Adviser. The ESG analysts perform regular spot checks of the data. Should it become apparent in the future that the data quality is no longer considered satisfactory, alternative data sources would be examined.

For some PAIs, it was not possible to obtain four data points for 2022 from MSCI ESG. The affected PAIs are mentioned in the following table. If there is no specific mention, the four data points were available. The external investment adviser is in contact with MSCI ESG and is working to close the data gap as quickly as possible.

MSCI ESG is currently unable to provide data for PAI 1. Therefore, our external Investment Adviser has requested data from the fund companies themselves on a best-effort basis.

For PAI 1:

- 23% of the portfolio is out-of-scope because the funds do not hold any equities or corporate bonds at all. This includes cash, sovereign-only bond funds, Asset Backed Securities Fonds (ABS) / Mortgage Backed Securities Fonds (MBS) funds, commodity and gold funds.
- 13% of the portfolio could not provide any data. The reasons for this were twofold. Some could not respond to the request in the given timeframe because the systems are not yet set up accordingly. Others do not provide the data for SFDR Article 6 products in principle.
- 10% of the portfolio were unable to provide scope 3 data. In these cases, only scope 1 and 2 data were used for the calculation of total GHG emissions.

¹⁹ Data sources are still subject to change given developments in coverage and underlying methodologies.

- 5% of the portfolio could not distinguish between scope 1 and 2 emissions. In this one case, emissions were fully assigned to scope 1, as these are significantly higher than scope 2 emissions for comparable strategies.
- For 3% of the portfolio, the vendor was only able to provide Total GHG emissions. In this one case, the scope 1-3 mix was derived using a comparable product.
- 7% of the portfolio was unable to report emissions for all 4 quarters in 2022 because the data did not go back that far. In these cases, emissions were derived taking into account fund volume changes under the assumption that the portfolio composition has not changed from the oldest known data point.

Overview of data sources

| Scope | Theme | PAI indicator | Data source |
|--------------------|--|--|--|
| Investee companies | Climate and other environment-related indicators | 1. GHG emissions (mandatory) | Fund providers |
| | | 2. Carbon footprint (mandatory) | MSCI ESG Impact value: only Q3 and Q4 data available, average does only reflect those two data points |
| | | 3. GHG intensity of investee companies (mandatory) | MSCI ESG Impact value: only Q3 and Q4 data available, average does only reflect those two data points |
| | | 4. Exposure to companies active in the fossil fuel sector (mandatory) | MSCI ESG Coverage ratio: only Q3 and Q4 data available, even if MSCI provided the four exposure data points |
| | | 5. Share of non-renewable energy consumption and production (mandatory) | MSCI ESG |
| | | 6. Energy consumption intensity per high impact climate sector (mandatory) | MSCI ESG Impact value: only Q2, Q3 and Q4 data available, average does only reflect those three data points |
| | | 7. Activities negatively affecting biodiversity-sensitive areas (mandatory) | MSCI ESG Coverage ratio: only Q3 and Q4 data available, even if MSCI provided the four exposure data points |
| | | 8. Emissions to water (mandatory) | MSCI ESG |
| | | 9. Hazardous waste and radioactive waste ratio (mandatory) | MSCI ESG Impact value: for Q4 data, November data was used instead because December data had obvious data outliers |
| | | 4. Investments in companies without carbon emission reduction initiatives (additional) | MSCI ESG Impact value: only November Q4 data available |

| | | | |
|-------------------------------|---|---|--|
| | Social and employee, respect for human rights, anti corruption and anti bribery matters | 10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises (mandatory) | MSCI ESG Coverage ratio: only Q3 and Q4 data available, even if MSCI provided the four exposure data points |
| | | 11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises (mandatory) | MSCI ESG Coverage ratio: only Q3 and Q4 data available, even if MSCI provided the four exposure data points |
| | | 12. Unadjusted gender pay gap (mandatory) | MSCI ESG |
| | | 13. Board gender diversity (mandatory) | MSCI ESG Impact value: only Q2, Q3 and Q4 data available, average does only reflect those three data points |
| | | 14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons) (mandatory) | MSCI ESG Coverage ratio: only Q3 and Q4 data available, even if MSCI provided the four exposure data points |
| Social and employee matters | 1. Investments in companies without workplace accident prevention policies (additional) | MSCI ESG Impact value: only November Q4 data available | |
| Sovereigns and supranationals | Climate and other environment-related indicators | 15. GHG intensity (mandatory) | MSCI ESG |
| | Social and employee, respect for human rights, anti-corruption and anti-bribery matters | 16. Investee countries subject to social violations (mandatory) | MSCI ESG Impact value: only Q4 data available Coverage ratio: Q3 and Q4 data available, even if MSCI provided only one exposure data point |

More information about the external data sources is available upon request.

4. Engagement policies

Voting and engagement policies can strengthen a company's contribution to the transition to a more sustainable economy.

Banque Raiffeisen draws on the engagement efforts of its external Investment Adviser that takes place on a fund level.

Engagement with fund managers

The external Investment Adviser engages in the following way:

- **Proposing explicit rather than implicit exclusions where possible:** as part of their commitment to improving the ESG ecosystem, the external Investment Adviser will

propose explicit exclusions wherever possible. This means that they will encourage fund providers to materialize the exclusion of companies or industries that are clearly linked to activities that are harmful to the environment, society, or governance in their fund documentation or policies.

- **Encouraging fund providers to publish comprehensive and correct data:** they will also encourage fund providers to publish comprehensive and correct data on their ESG strategies and performance. This will enable to make informed decisions based on reliable information and increase transparency in the market.
- **Ensuring continuous improvement on reporting requirements:** reporting requirements play a critical role in ensuring that ESG factors are properly integrated into investment decisions. Therefore, they will continuously work to improve reporting requirements to ensure that they are comprehensive and meaningful.
- **Challenging the fund managers when shortcomings in the investment process are identified through open communication:** the external Investment Adviser will actively engage with fund managers and challenge them when shortcomings in their investment process are identified. Open communication and constructive criticism can help drive continuous improvement in ESG investing.

Engagement on PAIs is pursued when they are significant and do not improve over time. By documenting the engagement process, the external Investment Adviser keeps track and monitors the results of the engagement over time.

Voting rights

As fund unit holders, the Bank cannot vote directly. This is why the external Investment Adviser is looking at the stewardship policy of the target funds as one point of the qualitative assessment.

5. References to international standards section

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

In addition, Banque Raiffeisen adheres to voluntary due diligence and reporting standards to increase transparency. As an example, since 2021, Banque Raiffeisen has published a yearly extra-financial report that respects the GRI standards (Global Reporting Initiative - global standards for sustainability impacts).

To date, the Bank does not have portfolio decarbonization targets derived from the IPCC 1.5 degree-scenario. But, in the context of its discretionary management, the Bank uses two key performance indicators to compare the performance of the funds against the 1.5 degree scenario: these are the Carbon Intensity and the Implied Temperature Rise (ITR). The ITR model from MSCI may be considered as a forward-looking climate scenario. Currently no explicit target has been set up. The only carbon target applicable for the Article 8 and Article 9 investment instructions is to have a lower carbon intensity than the customized benchmark.

The internationally recognized standards are also linked to the PAIs that the Bank is monitoring:

| International standards | Link to sustainability indicators |
|-------------------------|---|
| Paris Agreement | PAI 1 to 6 Annex 1 Table 1 PAI 4 Annex 1 Table 2 |
| 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 |

For the Article 9 investment instruction (R-Gestion Sustainable) specifically, the Sustainable Development Goal (SDG) alignment is also monitored with a clear target on SDG 7 (Affordable and clean energy) and SDG 13 (Climate action).

6. Historical comparison

The earliest historical comparison will be provided in June 2024.

7. Glossary

| | |
|--|---|
| Level I SFDR | SFDR level I requires financial institutions within the EU to make principles-based disclosures on ESG-related activity. Level 1 SFDR does not disclose the technical detail on what has to be disclosed. |
| Level II SFDR | SFDR level II can basically be understood as the mandatory implementation of the SFDR's Regulatory Technical Standards (RTS). The RTS lays out the detailed annual reporting disclosure requirements that in-scope firms must comply with. Ultimately, the goal of making the RTS mandatory is to ensure the market gets all the information they need to make informed decisions, and that they understand the sustainability of financial products. |
| Sustainable investment | <ul style="list-style-type: none"> • an "investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, • or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, • or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance." |
| Sustainability factors | Environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. The inclusion of sustainability factors in the investment decision-making process can bring benefits beyond the financial markets. It can enhance the resilience of the real economy and the stability of the financial system. |
| Principal Adverse Impacts (PAI) | Any negative impacts, caused by an investment decision or investment advice, on the sustainability factors. |
| Adverse Impacts Indicators | Indicators used to measure an issuer's or investee company's negative impact on sustainability factors, to enable identification of the principal adverse impact of investments by a financial market participant. |
| Pre-contractual disclosure | The prospectus or offering documents for a fund and the investment management agreement or other terms and conditions for a portfolio management service. In the specific case of Banque Raiffeisen, pre-contractual disclosure means the R-Gestion mandate (for the discretionary management) and the Investor Guide (for the investment advice). |
| Article 6 product | A financial product that does not promote Environmental/Social (E/S) characteristics, that does not have as their objective sustainable |

| | |
|--|---|
| | investment and that does not meet the definition of Articles 8 and 9 SFDR. |
| Article 8 product | A financial product that promotes E/S characteristics. Those products integrate ESG into their strategy and process and promote environmental and/or social characteristics. If those products invest in companies, they must follow good governance practices. Such promotion may for example include screening out certain investments based on ESG criteria or considering ESG ratings when making investment decisions. While those products do not have a sustainable investment objective, they may have a pocket of sustainable investments. |
| Article 9 product | A financial product that has a sustainable investment objective. ESG considerations are a key element of the investment strategy and process. Furthermore, only sustainable investments are made (cf. definition of "sustainable investment"). An example of a sustainable strategy is impact investing, with the aim to have a measurable positive impact on society. |
| Sustainable Development Goals (SDG) | 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". |
| Scope 1 GHG emissions | Scope 1 covers emissions from sources that an organisation owns or controls directly – for example from burning fuel in our fleet of vehicles (if they're not electrically-powered). |
| Scope 2 GHG emissions | Scope 2 are emissions that a company causes indirectly when the energy it purchases and uses is produced. For example, for our electric fleet vehicles the emissions from the generation of the electricity they're powered by would fall into this category. |
| Scope 3 GHG emissions | Scope 3 encompasses emissions that are not produced by the company itself, and not the result of activities from assets owned or controlled by them, but by those that it's indirectly responsible for, up and down its value chain. An example of this is when we buy, use and dispose of products from suppliers. Scope 3 emissions include all sources not within the scope 1 and 2 boundaries. |

ⁱ Expressed in tCO₂e

ⁱⁱ Expressed in tCO₂e/EUR million invested

ⁱⁱⁱ Expressed in tCO₂e/EUR million revenue

^{iv} Difference between the average gross hourly earnings of male and female employees, as a percentage of male gross earnings

^v Expressed in tCO₂e/EUR million GDP

^{vi} 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