Table 1

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant Lupus alpha Asset Management AG (LEI: 529900JRIM4CXFEUZK50) & Lupus alpha Investment GmbH (LEI: 529900LLSMQFUXDP9I10)
Summary Lupus alpha Asset Management AG (LEI: 529900JRIM4CXFEUZK50) and Lupus alpha Investment GmbH (LEI: 529900LLSMQFUXDP9I10) consider principal adverse impacts of their investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Lupus alpha Asset Management AG and Lupus alpha Investment GmbH, in which the indicators applicable to investments in investee companies, indicators applicable to investments in sovereigns and supranationals as well as other indicators refer exclusively to Lupus alpha Investment GmbH. This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2023 to 31 December 2023. As a matter of principle, we take into account or at least measure the indicators for adverse impacts of our investment decisions on sustainability factors that are mandatory according to the DISCLOSURE REGULATION (EU) 2022/1288 of April 6, 2022 in equities, corporate bonds, convertible bonds, government bonds and derivatives on single stocks. Due to the size of our operations, we measure in particular those indicators for which there is currently sufficient data availability (from our external data provider). We refrain from collecting more extensive data for cost/benefit reasons. Should the (public) availability of the data improve significantly, we will of course also collect it. When selecting sustainability factors, it is important in our view that all three dimensions of sustainability (environmental, social, governance) are sufficiently covered. For explicit consideration in the investment processes of our sustainable strategies, it is necessary that the required data are available for a large part of the investable universe. Otherwise, consistent integration into the investment decision is not possible.
Description of the principal adverse impacts on sustainability factors Information referred to in Article 6 in the format set out below

Indicators applicable to investments in investee companies						
Adverse sustainability indicator		**Metric**	**Imact [2023]**	**Impact [2022]**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emis-sions	1. GHG emissions	Scope 1 GHG emissions	171,513	127,891	Eligibility (88%); Coverage (76%) Year-over-year change (+34.1%) At the company-wide level, the main reason for the increase in Scope 1 emissions was the change in weightings of positions within individual funds. When comparing the contributions of each fund to the change in Scope 1 emissions, it is evident that the increase in emissions can mainly be attributed to one fund. While most of our funds made no or only a marginal contribution to changes in Scope 1 emissions at the company-wide level, one fund had a significantly positive impact. This is largely due to an increase in the weighting of an existing investment in an emissions-intensive company within the GICS-sector "Materials" in this fund.	Actions taken: **Measuring & Monitoring**: We capture and monitor greenhouse gas emissions as well as derived metrics for all investments where data is available. In our sustainable funds, we take additional measures to limit the emissions from our investments: - **PAI screening**: We evaluate the carbon footprint and GHG intensity of the entire fund's assets. In our derivative strategies, high values compared to industry peers result in a strict exclusion. However, in our small- and mid-cap strategies and our convertible bond strategy, we focus on direct engagement with companies and a documented engagement process to provide companies with the opportunity for transformation. - **Documented engagement**: For the companies with which we
		Scope 2 GHG emissions	47,135	45,525	Eligibility (88%); Coverage (76%)	

					Year-over-year change (+3.5%) The main reason for the increase in Scope 2 emissions at the company-wide level was a change in the relative share of the funds in total assets under management. This effect was largely offset by changes in the weightings of positions within the funds, altered data coverage, changes in fund volumes, and a decrease in the PAI metric of the investee companies. As a result, the overall increase at the company-wide level is smaller. When comparing the contributions of individual funds to the change in Scope 2 emissions, a balanced picture emerges, with no single fund making a significant contribution. At the individual security level, the company from the GICS sector "Materials", which significantly contributed to the increase in Scope 1 emissions, also expectedly contributed significantly to the increase in Scope 2 emissions.	engage in a formal process regarding their CO_2 metrics, we document the desired changes and those that have been implemented. If the desired changes do not materialize or if the company does not demonstrate the agreed-upon willingness, we sell the position as a last resort following several escalation steps. - **Exclusions**: As part of a negative screening process, we exclude companies engaged in fossil fuels (such as oil or gas extraction through fracking or from oil sands) or in energy generation from non-renewable sources (such as coal-fired power generation). The specific revenue thresholds vary depending on industries and strategies. <u>Actions planned:</u> We will maintain our current approach, which includes continuously analyzing our methodology, improving our attribution analysis, and making adjustments as necessary depending on the following factors: changes in data availability, updates from our data provider, regulatory changes, and current market standards. In particular, regarding carbon-related metrics, we were able to enhance data quality in the last reporting
		Scope 3 GHG emissions	1,252,436	1,344,771	Eligibility (88%); Coverage (76%) Year-over-year change (-6.9%) The main driver for the reduction in Scope 3 emissions at the company-wide level was the change in the weightings of	

					positions in almost all funds. In contrast, the change in the relative share of the funds in total assets under management had an opposite effect. When comparing the contributions of individual funds to the change in Scope 3 emissions, one fund shows a larger negative contribution. This is due to two factors: first, the lower weighting of an existing investment in an emissions-intensive security from the GICS sector "Industrials" led to a reduction at the company-wide level. Second, a reduction in the fund’s volume decreased the Scope 3 emissions additionally.	period through internal validation checks in collaboration with our data provider. This continues to be a primary objective in the next reporting period, as robust data is crucial for informed engagement efforts.
		Total GHG emissions	1,474,574	1,519,161	Eligibility (88%); Coverage (75%) Year-over-year change (-2.9%) Despite the significant increase in Scope 1 (+34.1%) and Scope 2 emissions (+3.5%), the total emissions (including Scope 3 emissions) at the company-wide level decreased. This is because Scope 3 emissions, which constitute the largest component of total greenhouse gas emissions, were reduced. The main factor for the reduction in total emissions at the company-wide level was the change in the weightings of positions in the funds, driven by reductions in the	

					weightings of individual emissions-intensive companies from the GICS sectors "Industrials" and "Materials." However, the change in the relative shares of the funds in total assets under management had an opposite effect. When comparing the contributions of individual funds to the change in total emissions, offsetting effects are observed, with no single fund making a significant contribution.	
	2. Carbon footprint	Carbon footprint	571.0	586.6	Eligibility (88%); Coverage (75%) Year-over-year change (-2.7%) The main factor for the reduction of the carbon footprint at the company-wide level was the adjustment of position weightings in the funds. However, the change in the relative shares of the funds in the total assets under management had an opposite effect. When comparing the contributions of individual funds to the change in the carbon footprint, offsetting effects are observed. One fund had a more substantial negative contribution, mainly due to the sale or reduction of holdings from the GICS sector "Materials". Another fund made a more substantial positive contribution, primarily	

					due to a change in its relative share of total assets under management. The latter fund had a lower carbon footprint compared to other funds, but lost weight due to its lower share of total assets under management.	
	3. GHG intensity of investee companies	GHG intensity of investee companies	635.5	641.7	Eligibility (88%); Coverage (79%) Year-over-year change (-1.0%) At the company-wide level, the main factor for reducing the GHG emissions intensity was the decrease in the PAI value of the investee companies. This means that these companies were able to reduce their GHG emissions intensity either through lower total emissions and/or higher revenue. Both factors contributed to the reduction, but higher revenue was significantly more relevant. This reduction was achieved not by positions within a single fund but by positions across various funds. The overall small reduction at company-wide level is due to the fact that changes in the weightings in the funds and changes in the relative shares of the funds in total assets under management as well as changes in data coverage had the opposite effect. When comparing the contributions of individual funds to the change in GHG emissions intensity at the company-wide	

					level, a balanced picture emerges, with no single fund making a significant contribution.	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	3.5%	4.1%	Eligibility (88%); Coverage (77%) Year-over-year change (-0.6 percentage points) The reduction at the company-wide level is largely due to a decrease in the PAI metric of the investee companies. Besides signal changes (i.e., a company is no longer engaged in the fossil fuel sector), one reason for this is a methodological adjustment by our ESG data provider MSCI. Since December 2023, companies generating revenue in the "Equipment and Services for fossil fuel-related activities" sector are no longer classified as engaged in the fossil fuel sector. Additionally, the lower weighting of positions with fossil fuel sector involvement in the funds also contributed to a reduction in engagement at the company-wide level. When comparing the contributions of individual funds to the change in fossil fuel sector engagement, it is evident that the reduction at the company-wide level is mostly due to two funds. The main drivers for these changes were the adjusted weightings of positions within the funds. Together, the two funds held	

					seven positions in five different fossil fuel sector securities. For five of the seven positions, either the weight was reduced or the security was sold. In addition to the changed weighting of individual securities, the reduction in the PAI metric at the fund level was also driven by changes in the shares of funds in total assets under management for one fund and the reduction in the PAI metric of companies for the other fund. At the individual security level, four companies significantly contributed to the reduction at the company-wide level. For three of these securities, this was due to a decrease in their weighting within the respective funds or their sale. For the fourth security, a signal change (i.e., no longer engaged in the fossil fuel sector) led to a reduction at the company-wide level. In contrast, two companies made a noticeable positive contribution to the increase at the company-wide level due to increased weightings in the respective funds.	
	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	70.3%	76.5%	Eligibility (88%); Coverage (43%) Year-over-year change (-6.2 percentage points) At the company-wide level, the main driver for the reduction in the share of energy consumption	

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		sources compared to renewable energy sources, expressed as a percentage of total energy sources			and energy generation from non-renewable sources was the decrease in the PAI value of the investee companies. Additionally, adjustments in the weighting of positions in most funds and a change in data coverage further contributed to a reduction in the metric at the company-wide level.	
	6. Energy consumption intensity per high impact climate sector	Energy consumption in MWh per million EUR of revenue of investee companies, per high impact climate sector	NACE A: 0.5 NACE B: 2.2 NACE C: 0.4 NACE D: 2.0 NACE E: 0.5 NACE F: 0.0 NACE G: 0.0 NACE H: 0.7 NACE L: 0.5	NACE A: 2.0 NACE B: 1.2 NACE C: 0.4 NACE D: 55.6 NACE E: 0.4 NACE F: 0.1 NACE G: 0.1 NACE H: 1.5 NACE L: 0.5	Eligibility (88%); Coverage (61%) Due to the limited relevance of most NACE sectors for the managed assets, the following description focuses solely on the NACE sector C ("Manufacturing"). Year-over-year change (-6.7%) The reduction at the company-wide level is attributed to three drivers: changes in the shares of funds in total assets under management, altered data coverage, and a decrease in the PAI metric of the investee companies. However, adjustments in the weighting of positions within the funds had a counteracting effect. A comparison of the contributions of individual funds to the change at the company-wide level shows that two funds had a significant negative contribution due to changes in the weightings of positions. In contrast, one fund had a strong positive contribution due to changes in the weightings	

					of positions and an increase in the PAI metrics of the companies.	
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	4.2%	0.0%	Eligibility (88%); Coverage (85%) Year-over-year change (+4.2 percentage points) The increase is due to a methodological change by our ESG data provider MSCI. Since 2024, MSCI has implemented stricter criteria to assess whether a company engages in activities with adverse impacts on biodiversity-sensitive areas. The largest contribution to the increase at the company-wide level came from companies in the GICS sectors "Consumer Staples" and "Materials".	Actions taken: **Measuring & Monitoring**: We capture and monitor the impacts of our investments on biodiversity-sensitive areas, where relevant data is available. In our sustainable funds, we take additional measures to limit the impacts of our investments: - **PAI screening**: We assess for the entire fund assets whether an investment has adverse impacts on biodiversity-sensitive areas. If this is the case for a company, it generally leads to exclusion. Actions planned: We will maintain our current approach, which includes continuously analyzing our methodology, improving our attribution analysis, and making adjustments as necessary depending on the following factors: changes in data availability, updates from our data provider, regulatory changes, and current market standards. Especially the availability and quality of data continue to be a central challenge in the field of biodiversity. Therefore, next year's focus will be on critically evaluating new methodological

						approaches and examining additional data providers.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.2	0.4	Eligibility (88%); Coverage (<1%) Year-over-year change (-48.6%) Due to the still very limited availability of data, it is not possible to make any meaningful analyses or interpretations.	<u>Actions taken:</u> The data coverage for this indicator remains low, which is why the measures taken are limited to **Measuring & Monitoring**. <u>Actions planned:</u> The focus remains on continuously observing and evaluating the data available in the market, and if possible, expanding our measurement.
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	21.7	33.9	Eligibility (88%); Coverage (29%) Year-over-year change (-35.9%) At the company-wide level, several factors contributed to a reduction in the PAI metric: changes in the relative shares of funds in total assets under management, altered data coverage, decreases in the PAI metrics of investee companies, and shifts in the weightings of positions within funds. When comparing the contributions of individual funds to the reduction at the company-wide level, it is mainly attributable to one fund. There are several reasons for this: Firstly, the relative share of this fund in total assets under management decreased. Since this fund has a significantly	<u>Actions taken:</u> The data coverage for this indicator remains low, which is why the measures taken are limited to **Measuring & Monitoring**. <u>Actions planned:</u> The focus remains on continuously observing and evaluating the data available in the market, and if possible, expanding our measurement.

					higher PAI compared to other funds, this resulted in a negative impact at the company-wide level. Secondly, there was a change in data coverage. Thirdly, the very high PAI metric of a company in the GICS sector "Materials" decreased due to a higher EVIC.	
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.0%	0.0%	Eligibility (88%); Coverage (80%) Year-over-year change (-0.04 percentage points) During the reporting period, no company in our portfolio violated the UN Global Compact principles and/or the OECD Guidelines. In accordance with the current regulatory requirements, the portfolio at the end of each quarter is taken into account regulatory requirements *(see the methodology explanation in the "Historical Comparison" section on page 23 and following)*.	<u>Actions taken:</u> **Measuring & Monitoring**: We capture and monitor whether companies violate the UN Global Compact principles and/or the OECD Guidelines. **Integration in the investment process**: In all our funds, our portfolio managers review occurring controversies of companies regarding their severity and their impact on the development of respective investments. Existing controversies are regularly reassessed. **Informal engagement & Proxy voting**: In our equity strategies, we also use the direct contact with the companies and our voting rights to address corresponding issues. In our <u>sustainable funds</u>, we take the following additional measures: - **PAI screening**: If companies violate the UN Global Compact principles and/or the OECD

						Guidelines, they face a strict exclusion. Actions taken: We will maintain our current approach, which includes continuously analyzing our methodology, improving our attribution analysis, and making adjustments as necessary depending on the following factors: changes in data availability, updates from our data provider, regulatory changes, and current market standards.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	2.6%	45.5%	Eligibility (88%); Coverage (78%) Year-over-year change (-42.9 percentage points) The main driver for the PAI's reduction at the company-wide level was the change in PAI of the investee companies. This is primarily due to a methodological change by our ESG data provider MSCI, effective since mid-March 2024. This change expanded the scope of analysis, resulting in more companies being identified as meeting these regulatory requirements. Other, though less significant, drivers for the reduction included changes in the weighting of securities in individual funds and shifts in the relative shares of funds in total assets under management.	Actions taken: **Measuring & Monitoring**: We capture and monitor whether companies have established relevant policies. **Integration in the investment process**: Governance topics have traditionally been of great importance to us and are therefore an integral part of the investment process in all of our funds. As we analyse each company or business model individually, the topics and their extent vary in our analysis. Actions planned: We will maintain our current approach, which includes continuously analyzing our methodology, improving our attribution analysis, and making adjustments as necessary depending

					Nearly all funds contributed to a reduction in the PAI at the company-wide level, with three funds making particularly strong contributions. For all funds, the primary reason for the reduction was that more companies could demonstrate appropriate processes and compliance mechanisms, leading to a change in signals.	on the following factors: changes in data availability, updates from our data provider, regulatory changes, and current market standards.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	12.3%	14.9%	Eligibility (88%); Coverage (7%) Year-over-year change (-2.6 percentage points) Due to the continued limited availability of data, a meaningful evaluation and interpretation are only partially feasible. The main drivers for the increase in the pay gap (reduction in PAI) at the company-wide level are changes in data coverage and shifts in the relative shares of funds in total assets under management.	<u>Actions taken:</u> The data coverage for this indicator remains low, which is why the measures taken are limited to **Measuring & Monitoring**. <u>Actions planned:</u> The focus remains on continuously observing and evaluating the data available in the market, and if possible, expanding our measurement.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	37.0%	35.8%	Eligibility (88%); Coverage (79%) Year-over-year change (+1.2 percentage points) A significant reason for the slight increase in PAI at the company-wide level is a positive change in the PAI metric by the investee companies. In other words, the average ratio of women to men in management and supervisory bodies has increased.	<u>Actions planned:</u> **Measuring & Monitoring**: We capture and monitor gender diversity in the management and supervisory bodies of companies. **Integration in the investment process**: Governance topics have traditionally been of great importance to us and are therefore an integral part of the investment process in all of our funds. As we analyse each company or business

					When comparing the contributions of individual funds to the change in PAI at the company-wide level, a balanced picture emerges, with no single fund making a significant contribution.	model individually, the topics and their extent vary in our analysis. **Informal engagement & Proxy voting**: When we identify shortcomings in this area, we use company engagements and voting rights to effect changes. In our <u>sustainable funds</u>, we take the following additional measures: - **PAI screening**: We assess the diversity factor for the entire fund portfolio. If a company does not have any women in its supervisory bodies, we implement a strict exclusion in our derivative strategies. However, for our small- and mid-caps strategies as well as our convertible bonds strategy, we focus instead on direct engagement with companies and a formal engagement process to provide them with the opportunity for transformation. - **Documented engagement**: For the companies with which we engage in a diversity-focused engagement process, we document the intended and implemented changes. If the desired changes do not materialize or if the company does not demonstrate the agreed-upon readiness, we sell the

						position after several escalation stages as a last resort. <u>Actions planned:</u> We will maintain our current approach. This includes continuous analysis of our strategy, improving our attribution analysis, and potentially adjusting to the following factors: changes in data availability, updates from our data provider, regulatory changes, and current market standards.
	14. Exposure to controversial weapons anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.0%	0.0%	Eligibility (88%); Coverage (80%) Year-over-year change (±0.0 percentage points) We do not invest in companies with direct involvement in controversial weapons.	<u>Actions taken:</u> **Measuring & Monitoring**: We capture and monitor companies' involvement in controversial weapons. **Exclusions**: In <u>all</u> our <u>funds</u>, we exclude companies engaged in the production or distribution of controversial weapons. We consider corporate relationships and ownership structures, adhering to the following national and international frameworks: United Nations Principles for Responsible Investment (UN-PRI), Oslo Convention on Cluster Munitions, Ottawa Convention on Anti-Personnel Mines, BVI Code of Conduct. <u>Actions planned:</u> Regarding controversial weapons, we exclusively consider a strict

						exclusion policy. No other measures are contemplated.
Indicators applicable to investments in sovereigns and supranationals						
Adverse sustainability indicator		**Metric**	**Impact [2023]**	**Impact [2022]**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
Environ-mental	15. GHG-Intensity	GHG intensity of investee countries	202.7	220.0	Eligibility (5%); Coverage (5%) Due to the very low eligibility, an evaluation / interpretation is only possible to a very limited extent. The low eligibility results from the fact that we only allocate a very small proportion of government bonds in individual funds.	Actions taken: For relevant funds holding government bonds, measures are limited to **Measuring & Monitoring**. Actions planned: Due to very low eligibility, no further measures are planned.
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 / 0.0%	0 / 0.0%	Eligibility (5%); Coverage (5%) Due to the very low eligibility, an evaluation / interpretation is only possible to a very limited extent. The low eligibility results from the fact that we only allocate a very small proportion of government bonds in individual funds.	Actions taken: **Measuring & Monitoring**: For the relevant funds holding government bonds, we assess and monitor the extent to which countries are subject to social violations. In our sustainable funds, we take the following additional measures: - **PAI screening**: We review the entire fund portfolio to assess whether states are subject to social violations. If this is the

						case, it results in a strict exclusion. Actions planned: Due to very low eligibility, no further measures are planned.
Indicators applicable to investments in real estate assets						
Adverse sustainability indicator		**Metric**	**Impact [2023]**	**Impact [2022]**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	N/A	N/A	N/A	N/A
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate asse	N/A	N/A	N/A	N/A
Other indicators for principal adverse impacts on sustainability factors						
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	37.2%	31.9%	Eligibility (88%); Coverage (79%) Year-over-year change (+5.3 percentage points) The main driver for the increase in the PAI at the company-wide level is the higher PAI value of the investee companies. A significant reason for this is a methodological change by our ESG data provider	Actions planned: **Measuring & Monitoring**: We capture and monitor to what extent companies have carbon reduction initiatives in place. In our sustainable funds, we take the following additional measures:

					MSCI. Since February 2024, stricter criteria must be met by companies for an initiative aimed at reducing carbon emissions in line with the Paris Agreement. When comparing the contributions of individual funds to the change in PAI at the company-wide level, balancing effects are observed.	- **Documented engagement**: As part of our documented engagement process regarding CO_2 metrics, we maintain regular dialogue with various companies *(see also PAI I-VI on GHG emissions)*. During these discussions, we cover both existing and planned initiatives to improve the CO_2 balance and document the progress made. <u>Actions planned:</u> We will maintain our current approach. This includes continuous analysis of our approach, improving our attribution analysis, and making adjustments as needed based on the following factors: changes in data availability, updates from our data provider, regulatory changes, and current market standards.
Anti-corruption and anti-bribery	16. Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery	Share of investments in investee companies with identified insufficiencies in actions taken to address breaches in procedures and standards of anti-corruption and anti-bribery	0.0%	0.7%	Eligibility (88%); Coverage (79%) Year-over-year change (-0.7 percentage points) During the reporting period, no company in our portfolio exhibited inadequate measures regarding compliance with anti-corruption and bribery standards. In accordance with the current regulatory requirements, the portfolio at the end of each quarter is taken into account regulatory requirements *(see the methodology explanation in the*	<u>Actions taken:</u> **Measuring & Monitoring**: We capture and monitor the extent to which a company has inadequate measures in place for violations of anti-corruption and anti-bribery standards. **Integration in the investment process**: Governance issues have traditionally been of great importance to us and are therefore an integral part of the investment process in all our funds. As we analyze each company or business

					"Historical Comparison" section on page 23 and following). This outcome is attributed to both the divestment of such companies and a revised assessment by our ESG data provider MSCI.	model individually, the specific issues and their impact vary in our analysis. In our sustainable funds, we take the following additional measures: - **PAI screening**: We assess the factor across the entire fund portfolio. If companies demonstrate inadequate measures in compliance with anti-corruption and bribery standards, they are subject to a strict exclusion. Actions planned: We will maintain our current approach. This includes continuous analysis of our approach, improving our attribution analysis, and making adjustments as needed based on the following factors: changes in data availability, updates from our data provider, regulatory changes, and current market standards.

* The effects, coverage and eligibility presented relate to the assets managed by Lupus alpha Investment GmbH.

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

The measurement and identification of the principal adverse impacts on sustainability factors are identical for all our strategies. For the sustainable strategies of Lupus alpha Investment GmbH, the consideration takes place in the investment process as well as in the risk management. For strategies of Lupus alpha Asset Management AG and Lupus alpha Invesment GmbH that are not explicitly sustainable, the consideration is limited to risk management.

We measure and take into account all mandatory PAIs as well as the optional PAIs "Investments in companies without carbon emission reduction initiatives" and "Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery" for stocks, corporate, convertible and government bonds as well as derivatives on individual stocks. We chose the additional environmental/climate factor because it is directly related to the PAI "Carbon footprint", which is very important in our view, and gives an initial impression of the extent to which a company is prepared to improve in this area. We chose the additional social indicator because, since Lupus alpha was founded, good corporate governance has been a key focus when considering potential investments. Poor handling of corruption and bribery is a clear warning signal regarding poor governance.

The availability and reliability of the data on the PAIs plays a decisive role in the weighting. When considering PAIs, we place a significantly higher weight on those factors that have a corresponding data availability and quality. For example, we weigh CO_2 emissions and the CO_2 footprint higher than, for example, water emissions, as measurement and calculation or estimation (e.g. using complex models) are much more advanced in the area of CO_2. In addition to the availability and quality of the data, the relevance for the investment/company under consideration also plays an important role in the weighting. At Lupus alpha, sustainability is always considered from the bottom up. This means that we first evaluate the individual positions in the fund (such as equities) in terms of their negative sustainable impacts before looking at aggregated ESG metrics at portfolio level or subsequently at company level. For example, there are PAIs that are significantly more significant for some industries than for others. We also consider this approach to be useful because comparability is often not possible with a top-down approach. For example, in a pure portfolio view, one would find that companies in CO_2-intensive sectors (e.g. utilities or steel producers) in the portfolio are responsible for a very large share of the total carbon footprint. However, one would not be able to determine whether these companies have a comparatively high or low carbon footprint within their industry. Looking through to the individual investment/company is therefore of great importance when considering and weighting the main adverse impacts on sustainability factors.

The strategy for identifying and weighting the principal adverse impacts on sustainability factors is applied to the assets contained in a fund, such as equities, convertible bonds, bonds (corporate and sovereign), and derivatives on individual stocks (index derivatives are not taken into account due to the low materiality of the individual index components and the lack of influence on the composition). Derivatives are included in the aggregated analysis on a delta-weighted basis. For those asset classes where we have no or insufficient data on PAIs, PAIs are not included due to lack of measurability. For asset classes where there is sufficient data availability, a margin of error is nevertheless to be expected. This cannot be completely ruled out despite regular quality checks.

The underlying data source for this statement is MSCI ESG Research. As we identify data errors in regular consistency and quality checks, we have the possibility to correct the database with internally generated or researched data. We also supplement data for companies not covered by MSCI if we are able to obtain this data, for example, through direct contact with the companies. When correcting and supplementing data, we follow the "best effort" approach. Where we have direct contact with the company (e.g. in our small- and mid-cap strategies), we also regularly discuss ESG data, or request it using questionnaires. However, the margin of error described above as well as potential data gaps exist despite all efforts.

The described strategy for considering the principal adverse impacts on sustainability indicators was approved by the Executive Committee on April 4, 2022.

Engagement policies

Constructive dialog with the companies in which we invest is an essential part of our investment processes. Our small- and mid-cap team completes more than 1,500 company interviews each year. Our aim is to bring relevant ESG issues to the attention of the companies and to motivate them in order to address the relevant risks and initiate positive developments. Governance issues traditionally play a particularly important role here. In addition, we exercise our voting rights in the funds we manage as a capital management company, taking into account costs and benefits, at least for those positions in which we hold voting rights of more than 1%. In this way, we aim to promote sustainable corporate development of the portfolio companies.

Voting rights for assets below the thresholds are only exercised when critical agenda items or decisions with a significant impact on corporate governance or business policy are put to the vote. Close contact between our portfolio managers and the portfolio companies allows potential concerns to be discussed with the companies at an early stage. Concerns and agenda items at annual general meetings are thus often addressed and discussed before the vote.

Our principles for exercising voting rights can be found here:

https://www.lupusalpha.com/esg/#publications

Prior to each annual general meeting for shareholdings exceeding the threshold described above, agenda items are also subjected to a thorough analysis and reviewed with the help of our voting rights philosophy. In addition, Lupus alpha receives independent analyses of agenda items from one of the leading external research providers in this field. These analyses and recommendations are then reviewed by Lupus alpha and are incorporated into the voting decision-making process. However, the final voting decision remains entirely at the discretion of Lupus alpha at all times. Due to our close contact with companies, Lupus alpha may also deviate from the guidelines described below in exceptional cases, provided that the company can credibly assure us that it has addressed any concerns or that it will comply with the request in a timely and binding manner.

When appropriate, we also work with other investors on corporate engagement in order to exert greater influence. In general, however, our goal is to address the important ESG issues upfront, i.e. in the regular company meetings, to initiate changes in the dialog and thus achieve the best possible results together with the companies. In our sustainable small- and mid-cap strategies, we have implemented a formal engagement process regarding adverse impacts of CO_2 emissions and lack of diversity in supervisory boards, aiming at a successful transition of the companies. If the agreed or desired improvement does not occur in the medium term, we intensify our engagement efforts. If the improvement does not materialize in the long term, we divest as a last resort after several escalation levels.

References to international standards

As the fiduciary manager of our clients' assets, our top priority is the long-term achievement of sustainable growth in the value of their investments. We implement our understanding of responsible investing throughout the organisation and at different levels of the investment process. Beyond the application of regulatory requirements, we are guided by the following leading national and international regulations:

- United Nations Principles for Responsible Investment (UN PRI): Signatories since 2015.
- Forum “Nachhaltige Geldanlagen” (FNG): Member since 2019.
- BVI Code of Conduct

In addition, for all our funds, companies related to controversial and nuclear weapons are excluded. We are guided by the following national and international regulations, among others:

- The Oslo Convention on Cluster Munitions
- The Ottawa Anti-Personnel Mine Ban Convention

Detailed information on this can be found in our Responsible Investing Policy, which is available on our homepage:

https://www.lupusalpha.com/esg/#publications

These sets of rules serve as a benchmark for decisions and derive the most significant adverse sources of impact on sustainability for us. Our commitment applies to all funds we manage ourselves. In the case of mandates from professional investors that are awarded to us with individual investment guidelines, we strive to also take the principles and processes described here into account to the greatest extent possible.

A forward-looking climate scenario is not applied at company level. At portfolio and individual share level, we consider in internal reports the implied temperature rise that would be caused by the portfolio or the individual target companies under certain model assumptions. However, we do not actively manage our portfolio according to these assumptions at present. This is not due to a lack of relevance of future-oriented climate scenarios, but to the fact that in our view the available models are either not yet mature or can only be applied in their most complex form.

Historical comparison

Methodology:

In the PAI statement for the year 2022, the averages for the key figures at the company level were calculated based on the holdings and PAI data at the four quarter-ends. Due to the clarification of regulatory requirements, the current report (PAI statement for the year 2023) only considers the holdings at the four quarter-ends, takes the average of these, and adjusts this with the most recently available PAI data at the time of the statement's preparation. To avoid data gaps, the weights of the values with available data were scaled up. In this statement, this applies not only to PAIs 3, 5, 6, 12, 13, and 15, as last year, but also to PAIs 1, 2, 8, and 9. For PAI 5, the share of renewable energy, we also reported the consolidated key figure according to current regulatory requirements instead of the two separate figures for consumption and production. Regarding the "current value of investment" defined by the ESAs, the value of equity positions is now adjusted to the company's share price at the respective fiscal year-end. This allows for a position size corresponding to the company's value at each quarter-end.

To ensure the comparability of the years, the above table shows the values for the year 2023 as well as retroactively the values for the year 2022 according to the current methodology. The following table shows the values for the year 2022 according to the old methodology as published in the PAI statement for the year 2022.

PAI statement for the year 2022:

Indicators applicable to investments in investee companies				
Adverse sustainability indicator		**Metric**	**Impact [2022]**	**Explanation**
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS				
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	104,760	Eligibility (91%) Coverage (74%)
		Scope 2 GHG emissions	37,365	Eligibility (91%) Coverage (74%)
		Scope 3 GHG emissions	890,518	Eligibility (91%) Coverage (74%)
		Total GHG emissions	1,032,749	Eligibility (91%) Coverage (74%)
	2. Carbon footprint	Carbon footprint	404	Eligibility (91%) Coverage (73%)
	3. GHG intensity of investee companies	GHG intensity of investee companies	736	Eligibility (91%) Coverage (76%)
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	4%	Eligibility (91%) Coverage (79%)
	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	Producers: 12% Consumers: 86%	Eligibility (91%) Coverage Producers (1%)

				Coverage Consumers (50%)
	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	NACE A: 2.1 NACE B: 2.1 NACE C: 0.4 NACE D: 3.3 NACE E: 0.4 NACE F: 0.1 NACE G: 0.0 NACE H: 1.8 NACE L: 0.5	Eligibility (91%) Coverage (61%)
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	0.0%	Eligibility (91%) Coverage (79%)
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.1	Eligibility (91%) Coverage (0%)
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	0.6	Eligibility (91%) Coverage (17%)
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS				
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	Eligibility (91%) Coverage (80%)
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	46%	Eligibility (91%) Coverage (74%)

	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	12%	Eligibility (91%) Coverage (9%)
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	35%	Eligibility (91%) Coverage (79%)
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.0%	Eligibility (91%) Coverage (79%)
Indicators applicable to investments in sovereigns and supranationals				
Adverse sustainability indicator		**Metric**	**Impact [2022]**	**Explanation**
Environmental	15. GHG intensity	GHG intensity of investee countries	222	Eligibility (4%) Coverage (4%)
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 / 0.0%	Eligibility (4%) Coverage (4%)
Indicators applicable to investments in real estate assets				
Adverse sustainability indicator		**Metric**	**Impact [2022]**	**Explanation**

Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	N/A	N/A
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate asset	N/A	N/A
Other indicators for principal adverse impacts on sustainability factors				
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	39%	Eligibility (91%) Coverage (79%)
Anti-corruption and anti-bribery	16. Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery	Share of investments in investee companies with identified insufficiencies in actions taken to address breaches in procedures and standards of anti-corruption and anti-bribery	1%	Eligibility (91%) Coverage (79%)

Date	Version	Description
28.06.2024	1.0	Publication of the PAI Statement for Lupus alpha Asset Management AG and Lupus alpha Investment GmbH.