

Union Investment manages an active global equities portfolio with a strict integrated sustainable investment approach.

ESG Philosophy

As the asset manager within the German co-operative financial services network, responsibility has been an integral part of the way we carry out our business since our foundation in 1956. We launched our first portfolio formally incorporating sustainability criteria in 1990.

We see it as our duty to play an active role in the transition to a more sustainable economy and society which includes the preservation of our natural resources. Furthermore, we firmly believe that sustainability goes hand in hand with economic value added over the long-term.

Accordingly, we take ESG risks and opportunities into account alongside financial parameters throughout the whole investment process and encourage companies to take a responsible approach to business in the context of our engagement activities.

Our approach to responsible investment is guided by leading national and international standards, in particular the UN Global Compact, the UN Principles of Responsible Investment (PRI) and the German Investment Fund Association (BVI)'s Code of Conduct.

ESG Resources

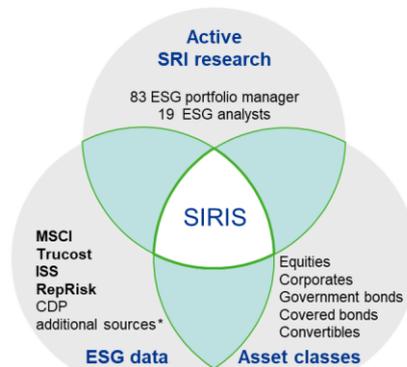
Due to the complexity of sustainable investment, our ESG incorporation entails a thorough analysis of available data and information performed jointly by our fundamental portfolio managers and our 19 dedicated ESG analysts with the help of our proprietary ESG research tool SIRIS (“Sustainable Investment Research and Information System”).

All sustainability data for various securities, issuers and asset classes from specialist third-party ESG research providers is collected and updated in SIRIS. In addition, our sustainability experts perform their own research on special topics and current events in order to extend the quality and timeliness of our data.

Sustainable Investment Research Information System (SIRIS)



1 SRI research platform for
5 asset classes



43,900 securities
14,600 companies
114 countries

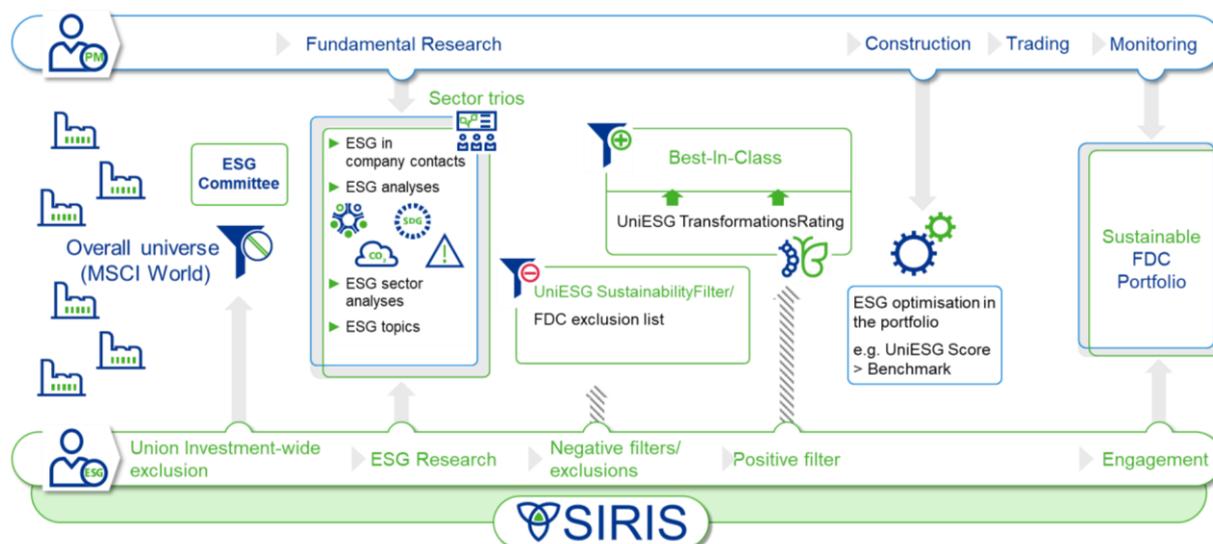
Asset class	Equities	Equities	Covered Bonds	Sovereign	Convertibles	Corporates
Index	MSCI All Country World	MSCI Emerging Markets	EMU Covered Bonds Index	iBoxx EUR Eurozone 1-5y	TR CV Global Focus Hedged	ML Euro Corporate Index
Coverage ratio	99.9%	99.8%	94.2%	100%	94.4%	96.9%

* Publicly available ESG data from widely recognized, reliable and credible sources. These include, but are not limited to e.g. the IEA, IMF, World Bank or Transparency International.

ESG Integration in the investment process

We integrate Environmental, Social and Governance (ESG) aspects at all stages of our investment processes as we believe that ESG considerations are a key factor in the long-term success of companies and countries.

ESG integration through the entire investment process

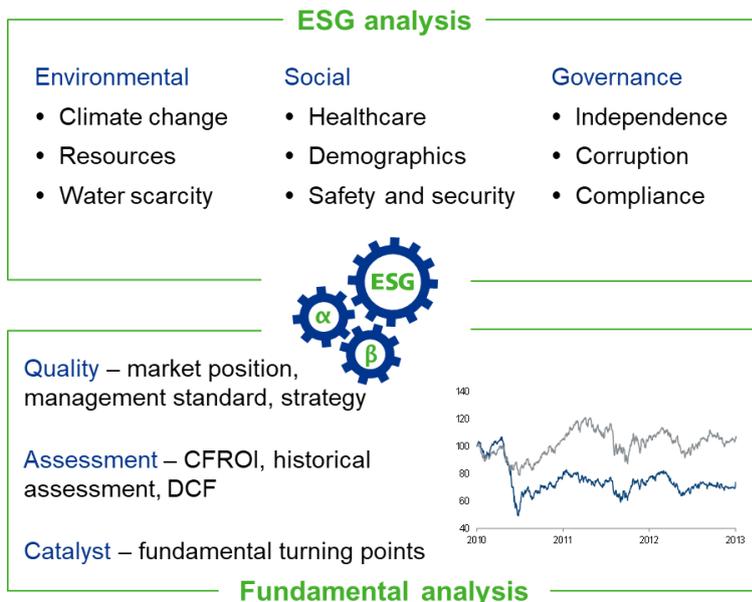


In our research processes, ESG aspects are integrated into fundamental analysis by every single research analyst within the Equities and Fixed Income Teams. The integration takes place at different levels:

1. Discussion of ESG topics in the context of company meetings; the results are documented in our research database SIRIS.
2. Screening of covered companies/countries in terms of the above-described ESG analysis tools (i.e. ESG score, CO₂ intensity, sustainable business areas, controversies) with the help of SIRIS.
3. Use of insights from the ESG sector research generated by the sector analyst responsible for ESG issues in conjunction with ESG team.
4. Translation of ESG themes into investment ideas or vice versa. The themes can be identified either bottom-up in our fundamental company analysis or top-down by our ESG team or from within the asset class teams.

The Global Sustainable Equity strategy combines our proven active bottom-up stock picking approach with a forward-looking best-in-class ESG approach. In our fundamental analysis, we focus on our three selection criteria 1) quality, 2) valuation and 3) catalyst / fundamental change.

We also take a range of ESG indicators such as controversial business areas and practices, different climate indicators, water intensity, sustainable business areas paying in to the UN SDGs and our in-house UniESG Score into account. We aim to exceed the benchmark in these ESG measures. During portfolio construction, the portfolio managers apply an ESG portfolio optimisation and tend to favour stocks with superior ESG indicators.



Exclusion Filter

Besides the implementation of FDC's exclusion list, the portfolio adheres to a wider Sustainability Filter that excludes companies involved in controversial business areas as well as controversial business practices. The filter is based on internationally recognised norms such as the Oslo and Ottawa Treaty, the UN Global Compact as well as decisions of our central ESG Committee and our in-house ESG team.

In terms of controversial business areas, the Sustainability Filter excludes companies that produce outlawed or controversial weapons such as nuclear, biological and chemical ("NBC") weapons as well as land mines and cluster bombs. We also exclude coal producers and companies operating in coal-fired power generation, the latter if coal-fired power generation amounts to more than 25% of the company's total energy production irrespective of the climate concept.

We also exclude companies in problematic breach of the principles of the UN Global Compact which includes violations of human rights, environmental protection rules and anti-corruption laws as well as violations of ILO Labour Standards including child labour and forced labour.

We also exclude producers of arms, tobacco, alcohol, gambling, controversial genetic engineering, nuclear energy, pornography, fracking and tar sands (revenue tolerance 5%) as well as animal testing for non-medical purposes (no revenue tolerance).

The sustainable investment process at a glance



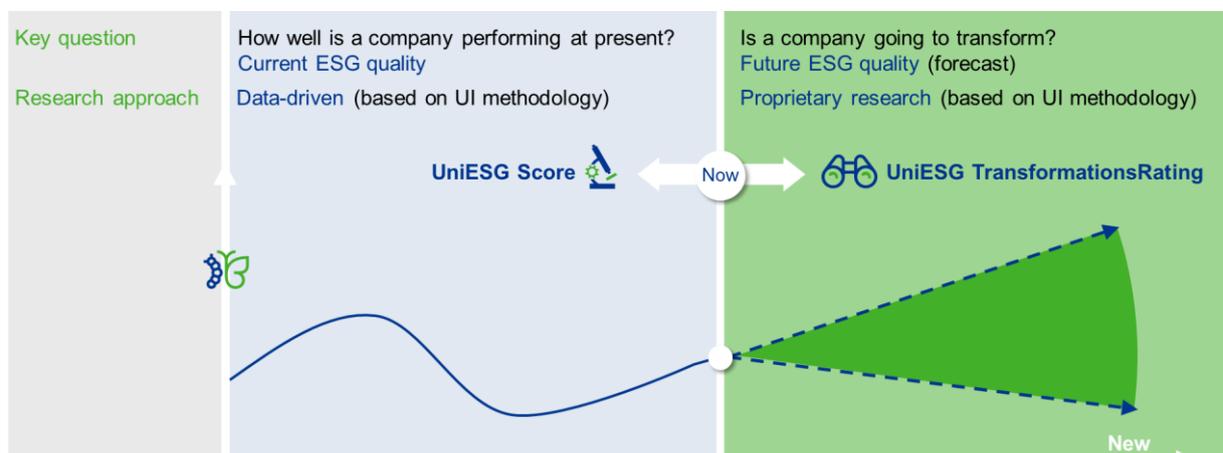
- The process combines our in-house sustainability analysis with an active fundamental investment process.
- The return potential of a stock is just as important as its sustainability rating.
- The mandate aims to have a higher sustainability rating than that of the benchmark

UniESG Transformations Rating

Additionally a forward-looking best-in-class approach based on our proprietary UniESG Transformations Rating is implemented.

We have developed our proprietary forward-looking Transformation Rating as our sustainable investment approach is placing increased emphasis on identifying the transformation potential of companies. Transformation candidates are understood to be those companies who may rank currently below others in their peer group according to their UniESG Score but can present a credible, concrete plan to improve their sustainability profiles in the future. The Transformations Rating is a forward-looking predictive indicator which draws upon specific, transformation-focussed proprietary research in addition to ESG data to anticipate companies which can benefit significantly from sustainable development

We consider present and future sustainability – The next step in sustainable investing is (credible) Transformation



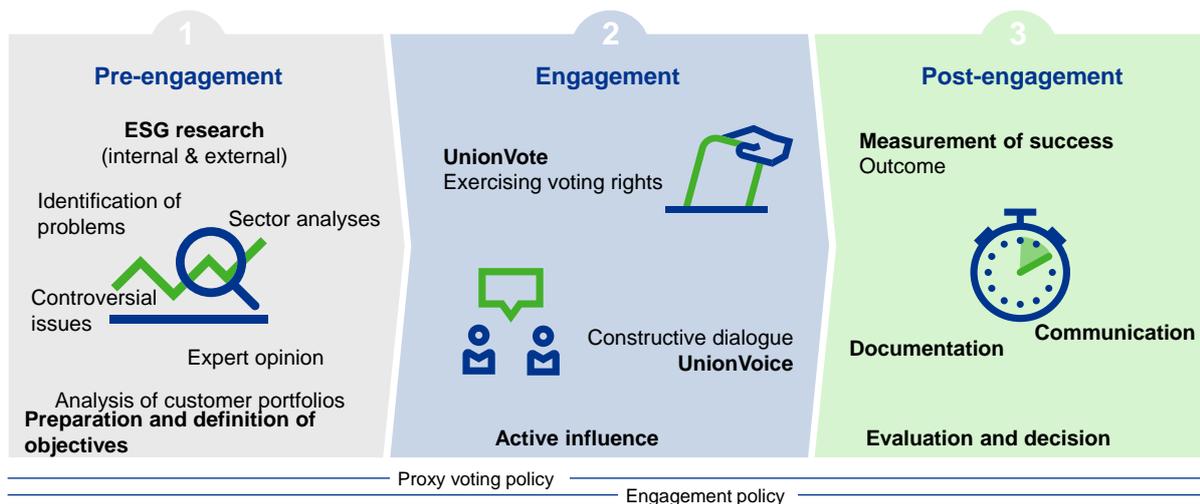
Engagement & Proxy Voting

As a responsible and active asset manager, our stewardship approach focuses on constructive dialogue with the companies in which we invest and intensive activities at annual general meetings, including speaking and voting. The primary objective is to actively influence the company in terms of ESG practices and, thus, to contribute to a sustained increase in corporate value.

Our UnionEngagement approach consist of ongoing, constructive company dialogues (UnionVoice) as well as the exercise of shareholder voting rights (UnionVote). The overriding objective of our engagement activities is to promote more sustainable practices and to improve shareholder value as a result.

Our engagement process essentially consists of three stages: 1) pre-engagement, 2) the actual engagement (UnionVoice and UnionVote) and 3) post-engagement.

The three stages of our engagement process



Our website provides further information for investors and business partners on specific matters relating to sustainable investment.

[Sustainable Investments | Union Investment \(union-investment.com\)](https://www.union-investment.com)

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The figures "foreign currency exposure" are calculated on a net asset value basis including cash and looking through target funds' holdings (if available). The figures "average yield", "average coupon", "average term to maturity", "average duration" as well as "modified duration" are calculated on the basis of bond-oriented investments in the fund, including cash, derivatives and looking through target funds' holdings (if available). The calculation of the "average term to maturity" is considering floaters with their final maturity. The "average rating" is an internal calculation of Union Investment (Union Comp Rating) considering cash but no derivatives. It is calculated only on the basis of bond-oriented investments within the fund. The asset allocation as well as allocation diagrams reflect the fund's exposures, aggregated to each category. They include target funds' holdings (if available) and the impact of derivatives. Allocation diagrams neither include cash nor holdings in real estate funds or target funds outside Union Investment group. The asset allocation table reflects Union Investment Group's own asset allocation mapping. This allocation may differ from those in the annual and semi-annual reports. The sector allocation for equities follows the MSCI Sector breakdown taxonomy; for bonds it follows the Merrill Lynch Sector taxonomy. The distribution yield in % assumes that the fund is purchased at the end of the last financial year. I.e. basis for the calculation of this percentage value is the net asset value of the fund at the beginning of the relevant financial year, adjusted by the distribution of the previous year.

For extensive product-specific information and details of opportunities and risks of the funds mentioned in this document, please refer to the latest sales prospectus, the Bank's terms and conditions, the key investor information or the annual and half-yearly reports that are available free of charge at www.union-investment.com.

The aforementioned documentation can also be obtained free of charge from the representative and the paying agent DZ PRIVATBANK S.A., 4 rue, Thomas Edison, L-1445 Strassen, the Grand Duchy of Luxembourg.

These documents constitute the sole binding basis for the purchase of the relevant fund issued by Union Investment.

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All information, illustrations and explanations are presented as at 29 April 2022 unless stated otherwise.

Source: Union Investment