Sustainable investment products in the advisory universe of Bank Austria.

Disclosure on how sustainability factors are taken into account and on how sustainability risks are addressed in accordance with Regulation (EU) 2019/2088

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Through our investment advisory services we offer sustainable financial products and products whose underlying investments do not take account of EU criteria for ecologically sustainable economic activities.

The following sustainability factors (i.e. ecological criteria, social criteria and criteria for responsible governance) are applied by UniCredit Bank Austria AG for the selection of sustainable financial products when providing investment advice, especially in the case of

- Mutual funds,
- structured products (e.g. guarantee bonds, bonds with a minimum repayment, bonds with limited capital protection).

Details of the product selection process.

Companies and sovereigns are evaluated according to sustainability factors (ESG factors) based on data from the research databases of an independent rating company.

Criteria for equities and corporate bonds:

The first phase involves a negative screening (selection based on exclusion criteria). This means that **companies** active in controversial business sectors are excluded as investments.

Exclusion criteria:

Companies generating a high proportion of their revenue in the following business sectors are generally excluded from the investment universe. Alternatively, the proportion of their income can also serve as the criterion.

- Production and haulage of coal, and production of energy from thermal coal (>10% of turnover);
- Production of or trade in controversial weapons (e.g. landmines, chemical weapons, 0% of turnover);
- Production of nuclear energy (>15% of turnover);
- Controversial fossil fuel production methods (e.g. fracking, Arctic oil, etc.) (>10% of turnover);
- Production of tobacco (>15% of turnover).

Transparency criteria:

Sustainable investment products which invest in companies generating a significant proportion of their revenue in the following sectors are indicated:

- Production of alcohol (>15% of turnover);
- Production of pornography (>15% of turnover);
- Gambling (>15% of turnover);
- Production of weapons (>5% of turnover);
- Genetically modified organisms (>5% of turnover);
- Animal testing (>5% of turnover with the exception of medication development).

Compliance with the UN Global Compact.

Companies which significantly contravene the principles of the UN Global Compact are excluded from the sustainable investment universe (e.g. disregard for human rights, child labour, forced labour etc.)

In a second step, the issuers still included in the selection process are subjected to a positive screening process in regard to their social and environmental standards. In this second phase, companies whose performance is worse than that of others in the same sector in regard to compliance with sustainability criteria are excluded from the remaining investment universe (best-in-class approach).

Criteria for sovereign bonds.

Issuers of sovereign bonds must meet defined minimum standards required by the anti-money laundering provisions (catalogue of measures of the global Financial Action Task Force - FATF) for fulfilling the sustainability factors. The issuers must also make discernible efforts to combat climate change and must have signed the Paris Agreement.

The aforementioned approach for considering sustainability risks[1] limits the universe available for investments. This can have positive and negative implications for yields of financial products relative to the benchmark.

1) "Sustainability risk" within the meaning of Regulation (EU) 2019/2088 is an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

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Criteria for Green Bonds.

Green Bonds are aligned with the guidelines of the Green Bond Principles[1], and given the purpose of bonds as a financing instrument, they are also included among the sustainable products in the advisory universe of UniCredit Bank Austria AG. Green bonds are used to finance projects which have positive implications for the environment and/or the climate. Here, the focus is on the financing purpose of the bonds and not on the issuer. Green Bond funds may therefore also include issuers who do not meet the exclusion criteria for sustainable investment products. Green Bond Principles promote integrity in the Green Bond market through guidelines for transparency, disclosure, and reporting, while making it possible for investors to invest in climate-friendly projects.

Criteria for OTC derivatives.

Advice provided on OTC derivatives distinguishes between two different categories:

- OTC derivatives at a base value with ISIN: With these products, the aforementioned exclusion criteria for equities and corporate bonds are taken into account, together with the UniCredit policies for sustainability which can be viewed in the Internet on the website www.unicreditgroup.eu under the „Sustainability - Sustainability Governance“ tab.
- OTC derivatives at a base value without ISIN: With these products, only the aforementioned UniCredit policies for sustainability are taken into account.

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1) The Green Bond Principles are a guideline for the issue of Green Bonds, drawn up by the International Capital Markets Association.