

Statement on principal adverse impacts of investment decisions on sustainability factors. **Financial market participant** Deka Investment GmbH, LEI: 529900NZCIJDWLUHCS06



As at 30 June 2023

Summary

Deka Investment GmbH (LEI: 529900NZCIJDWLUHCS06) considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Deka Investment GmbH.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2022 to 31 December 2022.

The statement refers to the consideration of the principal adverse impacts on sustainability factors in the firm's investment decision-making processes for its investment funds and wealth management services. This includes the investment decisions made by Deka Investment GmbH itself. In general, this also includes the investment decisions Deka Investment GmbH has outsourced to external asset managers.

Principal adverse impacts of investment decisions on sustainability factors (hereinafter also referred to as "PAI") are the negative impacts associated with investments in companies, sovereigns and supranational organizations, and real estate assets on the environment and society.

The consideration of PAIs includes the identification, measurement and prioritization of PAIs, as well as measures to mitigate and reduce PAIs in the firm's investment processes. For this purpose, Deka Investment GmbH considers all 18 mandatory PAI indicators defined by the Delegated Regulation to the Sustainable Finance Disclosure Regulation ((EU) 2022/1288) – 14 for investments in companies, 2 for investments in sovereigns and supranational organizations, 2 for investments in real estate. In addition, two additional PAI indicators are taken into account, of which one is an environmental PAI indicator and one is a social PAI indicator. The selection of the additional indicators is based on data availability and quality, irreversibility and severity or scope of the PAI, relevance for the main asset classes of the firm and its general sustainability strategy.

The principal adverse impacts of investment decisions are measured based on the before mentioned PAI indicators for all companies, sovereigns and quasi-sovereign issuers, target funds and real estate assets in the investment universe; provided that investments have been made in the respective categories and data is available having used best efforts to obtain the relevant data. For this purpose, a leading ESG data provider with access to a wide range of data points and resources is used. In addition, PAI data is occasionally requested directly from companies (particularly in the case of irregularities). Furthermore, companies are encouraged to publish PAI-related information as part of the firm's engagement activities. The PAI data used includes both data reported by companies and data estimated by the data provider.

Measures to manage the PAIs associated with the investments include company-wide exclusion criteria that apply to all of the company's investment decisions (e.g. exclusion of manufacturers of controversial weapons for investments in individual securities). Furthermore, a PAI steering mechanism is applied, which defines thresholds for a selection of PAI indicators, leading to the exclusion of companies, sovereigns or target funds that exceed the defined threshold, depending on the PAI indicator and product category (products with sustainability characteristics or products without sustainability characteristics). Further measures include the application of an internal risk level assessment model, which leads to the exclusion of companies involved in very serious ESG controversies, and sustainability-related exclusion criteria for products with

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sustainability characteristics. The measures intend to avoid investments in financial instruments from issuers with particularly high principal adverse impacts or to remove them from the investment universe in the event of an increase in adverse impacts. Engagement activities - the targeted dialogue and the exercise of voting rights at general meetings of the companies in which the firm invests - are also part of the measures to reduce the PAI of investment decisions. As an investor, the firm also consciously remains invested in companies with critical business activities and tries to use its influence as an active shareholder to encourage these companies to operate in a more sustainable and responsible manner. Companies that are identified as having shortcomings in their impact on the environment and society are addressed, their progress is monitored and they are supported in the long term in order to achieve an improvement. If no improvement is observed in the long term, the company concerned can be excluded from the investment universe in a final escalation stage.

Deka Investment GmbH supports and complies with a large number of international standards for responsible corporate governance, due diligence and reporting. These include the principles of the UN Global Compact and the Task Force on Climate-related Financial Disclosures (TCFD). The company is also a member of the Net Zero Asset Managers Initiative and a signatory of the UN Principles for Responsible Investment (UN PRI).

The principles of responsible corporate governance are firmly anchored in the Deka Group. The Deka Group's Code of Ethics serves as a code of responsible corporate governance for all employees, managers, members of the Board of Management and for all those acting on behalf of the Deka Group. The code of ethics creates a binding orientation framework for sustainable action within the Deka Group by defining guidelines and principles relating to integrity, professionalism, responsibility, trust, collegiality, compliance, sustainability, respect and consequences in dealing with violations.