

Information on handling sustainability risks and principal adverse impacts on sustainability factors in financial portfolio management in accordance with the Disclosure Regulation

As of: December 15, 2025 – Version 5

I. Our sustainability strategy

The goal of sustainability is the long-term preservation of natural, social and economic resources in the interest of current and future generations. Our aim is to improve our company's impact on the environment and on society.

We do not differentiate between individual business areas of our company with regard to sustainability. Rather, we want all our employees to develop a healthy sustainability culture by taking responsibility for the environment. This requires open communication as well as the targeted involvement of employees in sustainability management.

Protection of the environment, economic efficiency and social responsibility need to be brought together in a way that enables decisions made within the company to be viable in the long term from all three aspects.

As a bank, we too want to take responsibility and help shape the change to a sustainable economy by strengthening our contribution to achieving climate protection and the UN Sustainable Development Goals. We are therefore committed to the Sustainable Development Goals (SDGs) of the United Nations and the Paris Agreement.

We also want to fulfil our responsibility in the security services business and have therefore defined strategies for taking sustainability risks into account for our clients within the context of financial portfolio management.

We disclose these strategies below in order to comply with the requirements of the Regulation on sustainability-related disclosures in the financial services sector (Regulation (EU) 2019/2088 – "Disclosure Regulation" for short).

The following statements refer exclusively to investment advice in financial portfolio management as defined in the Disclosure Regulation.

II. Our strategy for the consideration of sustainability risks

The classic investment criteria of return, risk and liquidity is the focus for all asset management variants, supplemented by an additional second-tier criterion, sustainability. As a rule, we invest in a broadly diversified manner across various sectors and countries and avoid pronounced investment focuses in specific economic sectors, regions or individual securities. Thanks to our active management of the strategies, we assume that we are able to react to emerging developments in certain sectors or regions and adjust the investment strategy accordingly.

1. Incorporation of sustainability risks at corporate level

a) Range of products

A central aspect in taking sustainability risks into account at Hoerner Bank AG is the selection of products that precedes the respective portfolio management task. The product selection process consists of us deciding which products to include in Hoerner Bank AG's investment universe for financial portfolio management, taking specific product characteristics into account.

b) Concept for training and further education

In addition, incorporation of sustainability risks into financial portfolio management at Hoerner Bank AG is supported by training and further education for financial portfolio management employees. Our extensive concept for training and further education enables these employees to understand and comprehensively evaluate the investment universe, individual investment strategies and products.

c) Cooperation with selected product suppliers

Within the scope of the product selection process preceding investment decisions, Hoerner Bank AG cooperates closely with the relevant product suppliers. For their part, the product suppliers from whom we source our financial products take sustainability risks into account as part of their investment decision-making processes. Relevant sustainability risks are considered in product risk classification (potential increase in market or contracting party risk).

d) Our investment strategies

Our investment strategies, as applied in Hoerner Bank AG's investment decision-making processes within the scope of financial portfolio management, are essentially designed to avoid unduly high sustainability risks.

e) Outsource management

Hoerner Bank AG does not utilize the support of any third parties within the scope of its financial portfolio management.

f) Monitoring organizational precautions

In future, adherence to these organizational precautions will be monitored and reviewed by independent bodies within our organization (Compliance and Internal Audit) as well as by our external auditors on a regular basis or as required.

This ensures that sustainability risks can be taken into consideration for the investment decision-making process within the scope of our financial portfolio management.

2. Incorporation of sustainability risks at product level

a) Use of exclusion criteria

Exclusions are used to systematically exclude certain investments or investment classes such as companies, industries or countries from the investment universe if they violate specific criteria. Exclusion criteria in "controversial business areas" are often defined based on turnover limits. Controversial business areas are, for example, the production of (controversial) weapons, the promotion of thermal coal, tobacco, alcohol or adult entertainment. Acknowledged classifications are used for "controversial country policies", e.g. as per the Freedom House Index.

The use of so-called minimum exclusions based on an agreed industry standard ("association classification")¹ is essential for many financial products when we include sustainability risks in our financial portfolio management. This means that individual financial products are not allowed to contain certain insufficiently sustainable securities or may only contain them up to a defined limit. This ensures that there is a limit on the extent to which these financial products (co-)finance insufficiently sustainable activities. Sustainability risks are thus minimized further.

Refer to Appendix I of this document for the list of minimum exclusions according to association classification.

b) Our investment strategies

The strategy pursued by Hoerner Bank AG to incorporate sustainability risks in the investment process for our in-house financial portfolio management is, among other things, subject to the sustainability strategy and its implementation by the respective product providers or the corresponding financial products. In principle, the following sustainable investment strategies can be incorporated into the investment decision-making process.

Norm-based screening

Investments are screened to determine whether they comply with certain international standards and norms, such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises or the ILO core labor standards.

Best-in-Class

Based on ESG criteria, only the best companies within a particular sector, category or asset class are selected and weighted. This way, the companies that set the highest standards in environmental, social and ethical terms for their sector are invested in.

¹ German investment funds association - BVI

Sustainability ratings

An ESG rating is designed to measure a company's resilience with respect to long-term, sector-relevant environmental, social, and governance risks. Rating agencies use rule-based methodology to identify and rate industry leaders and laggards based on their exposure to ESG risks.

The companies or countries rated receive what is known as an ESG score. For example: at MSCI, the scale ranges from leader (AAA, AA) to average (A, BBB, BB) to laggard (B, CCC).

Refinitiv defines a possible ESG score of 0-100. A score between 75 and 100 corresponds to an "A" rating (A+, A, A-) and indicates excellent ESG performance and a high level of transparency regarding public reporting of key ESG data. A score between 50 and 75 corresponds to a "B" rating (B+, B, B-) and indicates good relative ESG performance and an above-average level of transparency regarding public reporting of key ESG data. A score between 25 and 50 corresponds to a "C" rating (C+, C, C-). A C score indicates satisfactory relative ESG performance and a moderate degree of transparency regarding public reporting of key ESG data. A score between 0 and 25 corresponds to a "D" rating (D+, D, D-) and essentially indicates poor relative ESG performance and an insufficient level of transparency regarding public reporting of key ESG data.

Financial portfolio management at Hoerner Bank AG

Hoerner Bank AG's portfolio management can access the provider MSCI ESG ratings through our capital management company, Axxion S.A., or our research partner, Landesbank Baden-Württemberg (LBBW), in order to ensure a selection of financial products that meet our understanding of sustainability. We also use the ESG classification from Refinitiv. In addition, we can invest in constituents of sustainability indices (which in turn fulfill corresponding sustainability criteria).

In **sustainable investment strategies**, the majority of the assets are used for investments that contribute to an environmental or social characteristic. Depending on the type of investment, **sustainable investment strategies** take the following elements into account:

- ❖ Investment in companies
 - Exclusion criteria (see Appendix I) for companies (incl. consideration of Principal Adverse Impacts [PAIs])
- ❖ Investment in states
 - Exclusion criteria (see Appendix I) for states (incl. consideration of PAIs)
- ❖ Investment in financial products (e.g. funds, Exchange Traded Products [ETPs])
 - When investing in target funds, as a rule, only those funds that also promote environmental and social characteristics, or a combination of these characteristics, will be considered – insofar as the companies invested in adhere to good corporate governance practices or aim for sustainable investment, in accordance with Article 8 or 9 of Regulation (EU) 2019/2088 (SFDR).

ESG analysis forms the basis for selecting investments for **sustainable investment strategies**. The first step is to exclude issuers that are affected by the defined exclusion criteria (negative screening). Next, those issuers are excluded that seriously violate at least one of the ten principles of the UN Global Compact according to norm-based screening. Within the framework of these ten principles, businesses should...

1. ...support and respect the protection of internationally proclaimed human rights.
2. ...ensure that they are not complicit in the abuse of human rights.
3. ...uphold freedom of association and the effective recognition of the right to collective bargaining.
4. ...advocate the elimination of all forms of forced labor.
5. ...advocate the effective abolition of child labor.
6. ...advocate the elimination of discrimination in hiring and employment.
7. ...support a precautionary approach to environmental challenges.
8. ...undertake initiatives to promote greater environmental responsibility.
9. ...encourage the development and diffusion of environmentally-friendly technologies.
10. ...work against corruption in all its forms, including extortion and bribery.

The investment strategies are managed actively and a sustainable benchmark has not been defined.

Since a significant proportion of our asset management mandates involve fund tranches specifically managed by us, we explain the sustainability approach as a supplement to the **sustainable investment strategy** items.

The following also applies for the asset-managed mixed funds: Hoerner Bank Strategie – Rendite Global Plus and Hoerner Bank Strategie – Substanz Plus:

Both financial products promote ecological and social characteristics pursuant to Article 8(1) of Regulation (EU) 2019/2088 (SFDR) and contain a minimum 5% share of sustainable investments despite not targeting sustainable investments.

The aim is to reduce and avoid sustainability risks in investment decisions and to contribute to environmental protection, social coexistence and the promotion of companies that adhere to high governance standards. This is achieved through exclusion criteria.

The "Hoerner Bank Strategie – Rendite Global Plus" and "Hoerner Bank Strategie – Substanz Plus" funds invest a minimum of 51% of the net inventory value in investments with ecological or social characteristics. The exclusion criteria are, however, binding for 100% of the investments.

In accordance with Art. 2 No. 17 of Regulation (EU) 2019/2088 (SFDR), it is required that sustainable investments contribute to achieving at least one environmental or social objective, do not significantly compromise any of these objectives, and that the companies adhere to good corporate governance practices. We ensure this by complying with minimum exclusions (see Appendix I). In addition, sustainable investments may not be made in companies that violate at

least one of the UN Global Compact's ten principles and do not show any signs of improvement (serious ESG conflicts). , Adverse impacts on sustainability factors (known as PAIs) are also used to ensure that sustainable investments do not significantly harm any sustainability goal. For this purpose, investments are regularly reviewed by the risk management department of the capital management company Axxion S.A.

With regard to classification of economic activities in terms of EU taxonomy, 0% of investments are currently designated as ecologically sustainable due to a lack of reliable data.

The funds invest only in target funds that are classified under Article 8 or 9 of Regulation (EU) 2019/2088 (SPFD).

There is no index designated as a benchmark for the funds.

Refer to Appendix II of this document for information concerning the respective ecological or social characteristics.

The following applies with regard to investment strategies (e.g. individual asset management mandates) that neither promote ecological or social characteristics (or a combination thereof) and are intended to fulfill these characteristics, nor aim to provide a sustainable investment: The investments underlying the investment strategies concerned do not take EU criteria for ecologically sustainable economic activities into account.

c) Outsource management for Hoerner Bank Strategie funds

Hoerner Bank AG does not use any external providers for its financial portfolio management.

d) Assessment of the expected impact of sustainability risks on returns

The occurrence of a sustainability risk can have a significantly adverse impact on the value of an investment and thus also on returns on the investment strategies that Hoerner Bank AG provides as part of its financial portfolio management. From where we stand, thanks to our highly diverse portfolio, we do not expect sustainability risks to have a significant impact on returns on our asset management strategies.

III. Information on the consideration of principal adverse impacts on sustainability factors in accordance with Article 7 of the Disclosure Regulation

Sustainability factors describe environmental, social and employer concerns, respect for human rights and the fight against corruption and bribery in accordance with Art. 2 No. 24 of Regulation (EU) 2019/2088.

An investment in a financial product/company (shares, bonds) could lead to negative sustainability impacts if these companies violate or severely compromise the sustainability factors listed above.

We are not currently able to take the principal adverse impacts on sustainability factors **systematically**, and thus comprehensively, into account in financial portfolio management (Article 4(1)(b) of Regulation (EU) 2019/2088 (SFDR) "**Opt-Out**"). This affects the **Hoerner Bank Strategie funds** too.

We believe companies would need to publish data on their environmental or social footprint and on their corporate governance in a standardized form in order to ensure comprehensive consideration.

We underline our willingness to contribute to a sustainable, resource-efficient economy with the aim of minimizing adverse impacts on sustainability factors. Adverse impacts on sustainability factors (PAIs) are already included as a criterion in the Asset Management decision-making process as part of our selection process for third-party investment products. We will gradually expand this in the coming years. We also view **individual PAIs** as having been taken into account in our **sustainable investment strategies** through our investment process – see information on Art. 3(1) of Regulation (EU) 2019/2088.

We expect the PAI data situation to improve continuously. Should the availability and quality of data improve in the future, the product universe will too. Hoerner Bank AG can then review the opt-out choice and decide whether and how PAIs will be considered in the future.

IV. Consideration in remuneration policy

We are currently in the process of arranging to have sustainability factors taken into account within our remuneration policy.

Appendix I

❖ Exclusion criteria/minimum exclusions

- The production or distribution of **weapons outlawed** under international law is excluded completely.
 - *Weapons prohibited under the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction (Ottawa Treaty) or the Convention on Cluster Munitions (Oslo Treaty), or biological or chemical weapons as defined under the respective UN conventions (UN BWC and UN CWC).*
- Businesses that generate more than 5% of their turnover from the production of tobacco products.
- Businesses that generate more than 30% of their turnover from thermal coal mining and distribution.
- Further, securities that seriously violate the **UN Global Compact** criteria (without any prospect of improvement) are excluded.
 - *Protection of international human rights*
 - *No complicity in the abuse of human rights*
 - *Upholding freedom of association and the right to collective bargaining*
 - *Elimination of forced labor*
 - *Abolition of child labor*
 - *Elimination of discrimination in hiring and employment*
 - *Precautionary approach for dealing with environmental issues*
 - *Promotion of greater environmental awareness*
 - *Development and diffusion of environmentally-friendly technologies*
 - *Combating all forms of corruption*
- Investment is not permitted in securities from government issuers that are rated as “not free” according to the Freedom House Index.
 - *Based on the rating “not free” in the Freedom House Index (<http://freedomhouse.org/countries/freedom-world/scores>) or equivalent ESG ratings (third party or in-house).*

Appendix II

Hoerner Bank Strategie – Rendite Global Plus:

[Axxion Fonds | Axxion – The slightly different fund company](#)

Axxion publication in accordance with Art. 10 concerning sustainability-related disclosure obligations (German only)

[Hoerner Bank Strategie - Rendite Global Plus ESGInfo 151225.pdf \(navaxx.lu\)](#)

Appendix II of the Delegated Regulation (EU) 2022/1288 of 6 April 2022 (DeIVO) supplementing Regulation (EU) 2019/2088 (SFDR) (German only)

[Hoerner Bank Strategie - Rendite Global Plus SFDR.pdf \(navaxx.lu\)](#)

Hoerner Bank Strategie – Substanz Plus:

[Axxion Fonds | Axxion – The slightly different fund company](#)

Axxion publication in accordance with Art. 10 concerning sustainability-related disclosure obligations (German only)

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[Hoerner Bank Strategie - Substanz Plus SFDR.pdf \(navaxx.lu\)](#)

Changelog:

Date	Sections affected	Details
December 15, 2025	Appendix 1 General	Modification of exclusion criteria/minimum exclusions in line with BVI [German investment funds association] industry standards Name change from HB Funds to Hoerner Bank Strategie – Rendite Global Plus and Hoerner Bank Strategie – Substanz Plus
June 2, 2025	Section 2b Section 2c	Removal of ebase managed portfolio fund asset management Editorial revision Modification of outsourcing management for HB funds strategies
February 8, 2024	Section 2b	Amendments regarding ecological and social characteristics of HB funds strategies
December 11, 2023	Various points	Modification in line with formal requirements
June 1, 2023	Initial publication	/