August 20th, 2024

ESG information

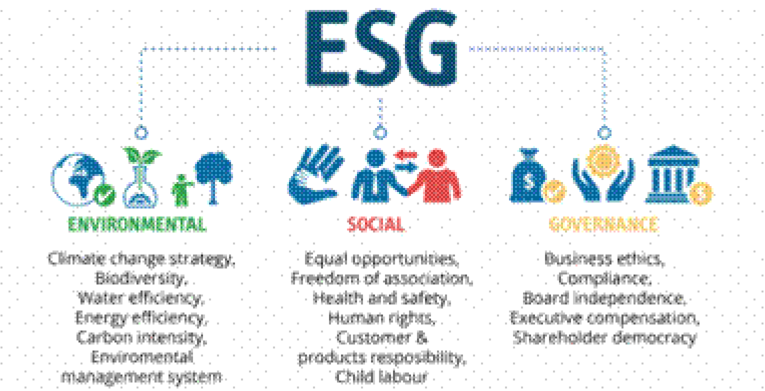
Information on sustainability (ESG) according to VO (EU) 2019/2088

1 Introduction

One Funds AG (hereinafter "**ONEF**") hereby provides information as an AIFM under the Alternative Investment Fund Managers Act (AIFMG) and as a management company under the Undertakings for Collective Investment in Transferable Securities Act (UCITSG) in accordance with Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (hereinafter "**SFDR**") in conjunction with Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 (hereinafter "RTS"). Commission Delegated Regulation (EU) 2022/1288 of April 6, 2022 (hereinafter "**RTS**") on the management of sustainability risks and the impact of investment decisions on sustainability factors.

2 Sustainability (ESG) - Regulation (EU) 2019/2088 ("SFDR")

The abbreviation "**ESG**" stands for **E**nvironmental, **S**ocial and **G**overnance. **Sustainability** therefore encompasses environmental, social and governance aspects.



Source:https://www.anevis-solutions.com/de/2020/esg-reporting-part-i-basics/

Art. 1 para. 17 SFDR describes a "**sustainable investment**" as an investment in an economic activity that contributes to the achievement of an environmental objective, measured for example by key indicators for resource efficiency in the use of energy, renewable energy, raw materials, water and soil, for waste generation, and greenhouse gas emissions or for the impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to the achievement of a social objective, in particular an investment that contributes to the fight against inequalities or promotes social cohesion, social inclusion and labor relations, or an investment in human capital or for the benefit of economically or socially disadvantaged groups, provided that these investments do not significantly harm any of these objectives and that the companies invested in apply good corporate governance practices, in particular sound management structures, employee relations, employee remuneration and tax compliance.

3 Sustainability risks

According to Art. 1 para. 22 SFDR, the term "**sustainability risk**" refers to an environmental, social or governance event or condition, the occurrence of which could have an actual or potential material adverse effect on the value of the investment.

A fundamental distinction is made between physical and transitory sustainability risks.

Physical sustainability risks arise directly from the consequences of climate change, social interactions or poor corporate governance, e.g:

- extreme weather events, floods, heat/drought, storms, hail
- pandemics
- damage caused by inadequate product safety

Transition risks are risks that result from the transition to a climate-neutral and resilient economy and society and cause a devaluation of assets, such as

- changes in the political and legal framework
- technological developments and
- changes in consumer behavior

It should be noted that sustainability risks do not form a new risk category, but can only have an impact on existing risk categories. For example, extreme weather events and natural disasters can increase price volatility (market risk category) or reduce the value of collateral (credit risk category).

ONEF incorporates sustainability risks into its investment decisions in accordance with its corporate strategy. ONEF has implemented a process that systematically identifies, assesses, evaluates, manages and continuously monitors risks at fund level. The identified risks are systematically recorded and documented. An assessment is carried out for each of the identified risks and a risk strategy is derived for each risk. The risk management process is carried out at regular intervals.

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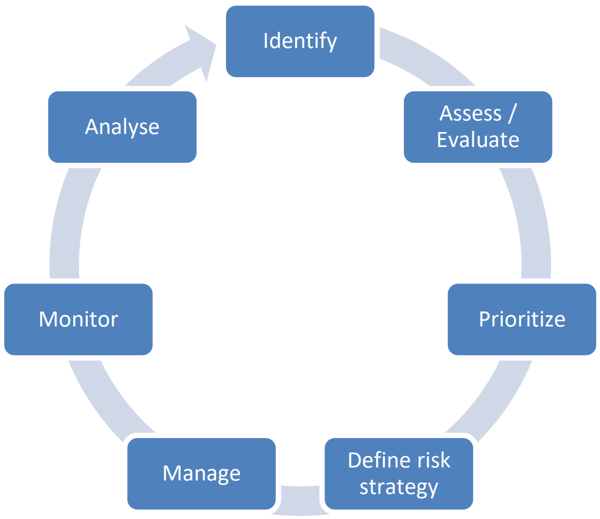
The periodic risk management process follows a cybernetic control loop:



Risk identification involves the early detection and recording of risks and is based on an in-depth analysis of the fund structure, its assets and liabilities, the processes and the parties involved, and the geographical regions in which the fund operates.

Each identified risk is assessed and classified according to the probability of a loss occurring and the severity of a potential loss. Qualitative and quantitative methods are used for this, such as scenario analyses and simulations, value-at-risk models, sensitivity analyses, etc.

The priority of the risks and the risk strategy are derived from the risk assessment. The risk strategy can take the following forms:

- risk avoidance
- risk reduction
- acceptance of risk

In the management process, the specific strategy (e.g. purchase of a hedge, cash flow matching) is applied, taking into account the associated costs and benefits. The remaining risk is then monitored and analyzed.

Depending on the respective investment strategy of the funds, the assessment of sustainability risks may or may not have a relevant impact on the return of a fund. Further information can be found in the relevant fund documents.

4 Sustainability factors

Art. 1 para. 24 SFDR defines "**sustainability factors**" as environmental, social and employee concerns, respect for human rights and the fight against corruption and bribery.

ONEF is committed to sustainability and always endeavors to comply with environmental standards, social standards and corporate governance standards in its actions.

The following information is provided in accordance with the SFDR.

4.1 at ONEF level

4.1.1 Note on the main adverse effects

It should be noted that at ONEF level, the so-called "**main adverse impacts**" of investment decisions on sustainability factors are not taken into account.

4.1.2 No consideration of adverse effects of investment decisions on sustainability factors

It should be noted that at ONEF level, aggregated for all funds it manages, the so-called "**adverse impact**" of investment decisions on sustainability factors is not taken into account for the following reasons, among others:

- ONEF is primarily active in the private label fund business and therefore establishes and manages funds mainly on behalf of third parties. ONEF therefore has little or no influence on the structure of the funds.
- The portfolio management of the funds is often delegated to third parties and investment decisions are therefore not made by ONEF.
- Some fund types are not suitable per se for considering adverse impacts on sustainability factors, such as funds for structuring complex corporate situations, for inheritance and succession planning or for protection against hostile takeovers.

Aggregating the negative sustainability impacts across these very different fund types does not create any added value for investors and is not feasible. Irrespective of this, ONEF attempts to work with third-party business partners to ensure that sustainability factors, where relevant, are taken into account as far as possible.

4.2 at fund level

Whether "adverse effects" of investment decisions on sustainability factors are taken into account in the individual funds depends on the respective investment strategy of the funds.

ONEF tries to work towards third-party business partners to ensure that sustainability factors are taken into account as far as possible, where relevant.

Further information can be found in the corresponding fund documents.

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5 Effects of the remuneration policy

ONEF's remuneration policy stipulates, among other things, that no incentives are created to take excessive risks and that the influence of variable remuneration on the total remuneration of employees is low. It also provides for remuneration to be independent of the performance of the funds managed by ONEF.

For this reason, ONEF's remuneration policy has no influence on ONEF employees taking excessive sustainability risks, nor on sustainability factors being given excessive consideration.