

PRIMUS-ETHICS (asset management mandate)

Pre-contractual disclosure for financial products pursuant to Article 8(1) of Regulation (EU) 2019/2088 and transpar- ency obligations on the web- site pursuant to Article 10 of Regulation (EU) 2019/2088

PRIMUS-ETHICS (asset management mandate)

Environmental and/or social characteristics

This produkt:

- promotes ecological or social characteristics, but does not aim to be a sustainable investment.
 - it does not invest in sustainable assets.
 - it invests in part in sustainable assets.
- aims to be a sustainable investment. Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly compromise an environmental or social objective and that the invested companies apply good governance practices.

Has a reference benchmark been set for the achievement of the environmental or social characteristics promoted by the financial product?

- Yes / ● No

Ecological and/or social characteristics that are promoted by this financial product.

We define sustainability comprehensively and understand it to mean responsible investments with high ethical, social and ecological standards. “ESG” is often used as a collective term for this. Our approach combines risk considerations, for example through exclusions, with a clear view of sustainable investment opportunities. – Changes in corporate governance, labour processes or supply chains constitute such risks. In the sustainability process, we have opted for a methodologically comprehensive approach. We apply this consistently to all investment instruments.

We see the promotion of ecological and/or social characteristics realised above all in our positive selection of the sustainable investment universe.

For our investment universe, we approve only securities that have an MSCI ESG score of A or better. The MSCI ESG rating indicates each company's exposure to the most important ESG factors. It is based on the detailed breakdown of business operations, principal products and segments, locations, assets and revenues, as well as other relevant metrics such as production outsourcing, etc.

The rating identifies six to ten key ESG issues (so-called "key issue scores") for the industry with major environmental or social significance; it assesses corporate governance in a consistent manner.

Environmental characteristics that are eligible for promotion take into account aspects such as climate change, natural resources, pollution and waste as well as environmental opportunities in the form of clean tech, green building, etc. Moreover, investments are made only in those companies and financial instruments that have below-average CO₂ emissions on a sector comparison. We review this within the portfolio context and thus aim for lower CO₂ emissions (Scope 1+2) with regard to climate change than is envisaged in the minimum requirements of the EU Paris-Aligned Benchmark Regulation (EU PAB) for low-carbon investment strategies.

We invest part of the assets in securities that, in addition to generating a financial return, also achieve a measurable social and/or ecological impact. These investments can be made in emerging as well as in developed countries. Possible investments are green bonds, microfinance, climate and environmental topics. The ratio is dependent on the selected investment strategy.

Sustainability indicators used to measure the achievement of the environmental or social characteristics promoted by this financial product.

When it comes to sustainability indicators, we rely predominantly on the quantitative and qualitative analyses of MSCI ESG Research. The ESG issues described above result in over 35 "ESG Key Issues" and have a wide range of indicators as their respective metrics. In the environmental field, the indicators are based on carbon metrics, consumption figures of input factors or sales shares of renewable energies and/or products. Social characteristics are measured through spending and investment in human capital, occupational health and safety, employee accident rates and demographic and gender distributions.

The final "letter score", which is the comprehensively analysed aggregate of MSCI ESG Research, is provided by the weighted and aggregated averages of the "key-issue scores". After this, a normalised evaluation is carried out at the respective sector level. The final, industry-adjusted score is expressed on the basis of a rating between the best (AAA) and the worst (CCC) score. In the case of financial instruments that have undergone a sustainability analysis by MSCI ESG Research, we invest only in securities (direct investments) that have a rating of "A" or better.

In the environmental field, we also review the CO₂ emissions of the respective companies and financial instruments. Investments are made only in those securities that have below-average CO₂ emissions on a sector comparison. Within the portfolio context we aim for lower CO₂ emissions (Scope 1+2) with regard to climate change than is envisaged in the minimum requirements of the EU Paris-Aligned Benchmark Regulation (EU PAB) for low-carbon investment strategies.

When deploying collective investments (investment funds/ETFs) from third-party providers, compliance with the sustainability indicators used cannot be verified with the same granularity. If the product manufacturer's sustainability approach does not fully comply with our criteria, there may be deviations or minor transgressions.

Investment strategy of the PRIMUS-ETHICS mandate.

The investment objective of the PRIMUS-ETHICS mandate is to invest in a broadly-diversified international portfolio of securities in accordance with the principle of risk diversification and to generate the highest possible overall returns.

The investment strategy of the PRIMUS-ETHICS mandate consists of a combination of liquid assets and securities in the asset classes: money market, investment grade bonds, emerging market and convertible bonds and equities. Alternative investments (such as microfinance, real estate investments or catastrophe bonds) are also possible as an admixture and for diversification considerations.

The (direct or indirect) proportion of equities & supplementary investments (abbreviation: A) and of bonds (abbreviation: Z) of the PRIMUS-ETHICS mandates is:

- PRIMUS-ETHICS fixed-interest for A 0 % and for Z 100 %
- PRIMUS-ETHICS income for A between 0 and 40 % and for Z between 60 and 100 %
- PRIMUS-ETHICS balanced for A between 0 and 65 % and for Z between 35 and 100 %
- PRIMUS-ETHICS dynamic for A between 0 and 85 % and for Z between 15 and 100 %
- PRIMUS-ETHICS equities for A between 0 and 100 % and for Z between 0 and 100 %

of the portfolio assets.

In addition to the investment policy, the PRIMUS-ETHICS mandate also pursues ecological and social objectives in the sense of a product in accordance with Article 8 of the European Disclosure Regulation. No explicit sustainability target has been defined for the PRIMUS-ETHICS mandate. It may, however, partially invest in securities that are sustainable within the meaning of the EU classification.

The PRIMUS-ETHICS mandate invests essentially in individual securities and investment funds. When third-party investment funds are used, PRIMUS-ETHICS investments are made essentially in products in accordance with Art. 8 or 9 of the European Disclosure Regulation or in products of management companies that are UNPRI members and have a comprehensible sustainability approach.

Binding characteristics of the investment strategy used to select investments to achieve the individual environmental or social characteristics promoted by this financial product.

The binding characteristics of the PRIMUS-ETHICS mandate are that it is clearly committed to the sustainability process of Neue Bank AG when selecting its investment instruments and implements this comprehensively.

In particular, the following criteria, which are integral parts of our sustainability approach, are worth detailing:

1. Sales-based exclusions for controversial products, i.e. companies that generate more than a defined part of their sales from alcohol, tobacco, gambling, weapons/armament, nuclear energy, adult entertainment or genetic engineering.
2. Exclusion of securities whose issuers violate international and national standards, such as the UN Global Compact.
3. Exclusion of all companies with serious controversies, i.e. with an MSCI ESG “red flag” signal.
4. Exclusion of companies with an MSCI ESG rating below “A”.
5. Positive selection of companies and financial instruments that have below-average CO₂ emissions on a sector comparison.

Integration of the investment strategy in the ongoing investment process.

The Neue Bank sustainability approach is the basis for the sustainability management of the PRIMUS-ETHICS mandates and consequently a core component of ongoing asset management. Our sustainability approach covers all financial instruments in the investment universe where data is available, and is universal for all types of financial instruments. Implementation of and compliance with the sustainability approach can be continuously analysed and monitored over time. We work together with MSCI ESG Research in the fields of individual security, country and collective investment analysis. Their research provides us with individual as well as aggregated ratings and underlying raw data. MSCI ESG Research is a global leader in the field of sustainability information and company analysis. It engages in broad coverage of the analysed companies as well as of the individual factors of the sustainability analysis. The data material and the evaluations and assessments of MSCI ESG Research form an integral part of our asset management process. This enables us to screen our investment universe very specifically in accordance with the sustainability criteria that are important to us. All relevant topics and issues related to ESG research are regularly discussed in the Investment Committee and/or the Sustainability Committee. By this means, we create a platform for a unified and constructive view of sustainable investing.

Investment policy tools to assess the good governance practices of the companies in which investments are made.

Environmental protection, human rights, labour standards as well as in particular responsible corporate governance are for us some of the key components of sustainability. We have firmly integrated these issues into our sustainable investment process. We understand sustainable investment to mean investing only in companies that, in addition to the two ESG topics (environment and social), also give material consideration to the analysis field of governance (company management). Corporate governance, and especially its assessment from a sustainability perspective, comes into play in various forms in our sustainability approach:

- Governance is the 3rd component of the comprehensive ESG analysis model.
- Governance is examined by our research provider from a corporate governance and corporate behaviour perspective.
- Governance has many analytical dimensions, such as ownership structure, remuneration models, corporate culture, employment rights, inclusion or tax transparency and corruption or bribery.
- The governance criterion is an important component of the overall ESG score at the individual security level.

- Governance issues can also be examined and assessed in a timely manner via ongoing controversy monitoring, so that any resulting “red flag signals” have a direct impact on the investment portfolio.

Planned asset allocation for this financial product.

The PRIMUS-ETHICS mandate is a product in accordance with Article 8 of the European Disclosure Regulation that pursues environmental and social goals but has no explicit sustainability objective.

With this product profile, the PRIMUS-ETHICS mandate makes at least 90% of investments in instruments whose orientation includes E/S characteristics and whose investments are used to achieve the environmental or social characteristics promoted by the financial product (#1).

No explicit quota is defined for the sub-category “sustainable”, which includes investments that qualify as sustainable investments (#1A). However, investments in the sub-category “sustainable” are essentially possible and are not excluded.

The “other E/S characteristics” sub-category includes investments that focus on environmental or social characteristics but do not qualify as sustainable investments (#1B). At least 90% of all financial instruments analysed for sustainability in the PRIMUS-ETHICS mandate are invested in this sub-category.

The “other” category brings together the remaining investments of the financial product that focus neither on ecological nor social characteristics and do not qualify as sustainable investments (#2). The PRIMUS-ETHICS mandate will make investments in the group of financial instruments qualified in this manner with a maximum of 10% of the portfolio volume that has been analysed for sustainability. Investments under “#2 other”, even if they are not aligned with environmental and social characteristics, have minimum environmental and/or social protection measures. These are expressed in the manner that compliance with conventions and standards in accordance with the UN Global Compact is essentially always applied to the financial instruments of the asset management mandate that have been analysed for sustainability.

Does this financial product take account of negative impacts on sustainability factors (principal adverse impacts)?

Yes / No

Based on the Neue Bank investment approach for sustainable investments, a positive and negative selection is made in the security analysis. This is done in collaboration with MSCI

ESG Research, which provides individual as well as aggregated ratings and the underlying raw data.

Raw data analysis based on MSCI data enables us to calculate and compare the effective adverse sustainability impacts of individual indicators on portfolio securities and on potential new investments.

For the weighting, we check both the relevant key figures from an absolute point of view (“What are the most damaging securities?”) and whether there were significant positive/negative developments compared to the previous year.

We see negative effects on sustainability factors addressed appropriately and transparently in our various exclusions and the positive selection of companies or financial instruments with below-average CO₂ emissions. Controversial issues are defined as individual cases or ongoing situations in which the company or its products have a negative impact on the environment, society and / or corporate governance. Teams of analysts from MSCI ESG Research continuously identify and assess the severity of controversial corporate issues from their universe.

1. We begin by excluding securities whose issuers violate international and national standards, such as the UN Global Compact.
2. We then apply sales-based exclusions to controversial products. We do this when companies generate more than a defined percentage of their sales from alcohol, tobacco, gambling, weapons/armaments, nuclear energy, adult entertainment or genetic engineering.
3. Another exclusion concerns all companies that exhibit serious controversies – i.e. with an MSCI ESG “red flag”.
4. In the final exclusion step, companies with an MSCI ESG score below A are excluded.
5. The positive selection of companies and financial instruments that have below-average CO₂ emissions compared to the rest of the industry reduces negative impacts on the environment.

Further information

You will find further product-specific information on the website: www.neuebankag.li

Vaduz, 29 April 2022