

ACTING SUSTAINABLE AT ACATIS INVESTMENT KVG MBH

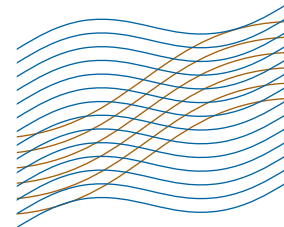
INTRODUCTION

Many years ago, ACATIS decided to integrate the concept of sustainability into its investment strategies, corporate culture and business practices. As a German fund boutique, we are aware of our public perception and role model function, as well as our special responsibility with regard to capital allocation.

In its role as a company and employer, ACATIS wants to assume social responsibility, and its activities are consistently aligned towards sustainability. Our sustainability concept serves as a framework in this regard, while this manual describes the details of our activities in the various segments.

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I. SUSTAINABLE PRODUCT RANGE

Over the past few years, many investors have become much more aware of sustainable financial products. Moreover, institutional investors in particular are increasingly required to implement sustainable selection criteria in their asset management activities.

While we support sustainable investing, we do not want to tell anyone how they should invest their money. Our clients and the services we offer vary considerably, which means that their needs with respect to sustainability will also vary.

ACATIS provides its clients with investment funds for different sustainable investment preferences, with the aim of offering an authentic product portfolio with a high degree of transparency in each category. For each classification, ACATIS follows the system set out by the EU Disclosure Regulation and offers two product categories in the sustainable investment segment.

ACATIS Fair Value investment funds pursuant to Article 9 of the Disclosure Regulation

In 2007, we combined sustainability (Fair) and Value under the name ACATIS Fair Value together with the Swiss firm ACATIS Fair Value Investment AG, which is based in Walzenhausen/ AR. Managing Director Rainer Unterstaller is responsible for selecting the titles in accordance with rigorous sustainable and ethical aspects. This combination has proved to be a strong USP.

Our ACATIS Fair Value investment funds are the spearhead of our sustainable range of funds and are intended for investors with the highest value requirements in terms of sustainability. This concept uses strict exclusion criteria and a clear focus on the ESG balance sheet, as well as each company's contribution to the SDGs.

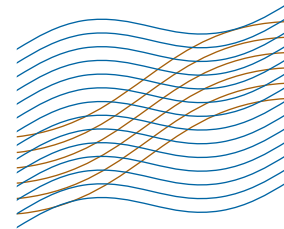
ACATIS investment funds pursuant to Article 8 of the Disclosure Regulation

For the last few years, ACATIS has also been offering sustainable investment funds that promote sustainable and social characteristics as defined by the Disclosure Regulation (so-called Article 8 funds). The investment concept for these investment funds is not directly geared towards sustainability, but rather focuses on e.g. AI-controlled portfolio management. However, the available investment universe has also been condensed in accordance with selected exclusion criteria, in order to guarantee a minimum degree of sustainability. In addition to the BVI association concept for sustainable investments, we have defined additional minimum exclusions, which are presented in our investment process in a transparent fashion.

2. MANAGING SUSTAINABILITY RISKS

As value investors, we have always used a sophisticated approach to managing investment risks. We define the risk associated with an investment as a permanent loss in value, rather than the volatility of share prices. An investment's potential permanent loss in value is more difficult to quantify than volatility, but it has a greater impact on the investor's assets in the long term. Therefore, we assess the risk of an investment or an entire portfolio in accordance with our DNA as value investors (i.e. using common sense) on the basis of our own qualitative analysis, rather than on the basis of technical risk indicators such as the Value-at-Risk model. Accordingly, our approach to handling sustainability risks (ESG risks) is consistent with our general understanding of risk management.





Environmental, social and governance factors (ESG factors) can have a significant effect on the long-term financial performance of companies. By integrating sustainability factors into our risk management process, we go beyond traditional financial risk factors and also consider the potential risks and opportunities that arise from ESG factors. Regardless of the classification of our investment funds pursuant to the Disclosure Regulation, we have always considered the integration of sustainability factors as an important step in the risk assessment process, in order to strengthen the long-term resilience of our portfolios.

Generally speaking, risks (including sustainability risks) are considered in the assessment process for each investment (price indication), based on the potentially significant impact of risks on the yield of the investment fund. In the case of Article 8 and Article 9 funds, ACATIS uses positive and negative lists to eliminate investments with negative ESG ratings or high sustainability risks, and it also considers sustainability risks as part of the potential total risk factors during the qualitative assessment of a potential investment.

3. EXERCISE OF VOTING RIGHTS AND ACTIVE ENGAGEMENT

The exercise of voting rights and direct communication with the company's management team (engagement) as defined by our sustainability concept play a key role in the context of our active shareholder engagement. It enables us to act in the interest of our investors, to exert influence on sustainable business decisions and to promote responsible management.

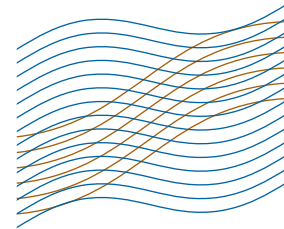
As a result, we exercise our voting rights for all shares that are attributable to ACATIS, regardless of the classification pursuant to our disclosure responsibility. When exercising voting rights, we are supported by the recommendations and experience of the well-known consulting firm Institutional Shareholder Services (in short: ISS). ISS is the world's leading provider of solutions for corporate governance and responsible investments.

Because of ACATIS' size, we usually have stakes exceeding 1% in a number of companies. At these companies, we often have excellent access to management, with good opportunities to exert influence in terms of sustainability as part of our engagement.

Insofar as we have identified a potential for improvement, ACATIS will actively exercise its voting rights for these companies, along with an active engagement in the context of communication with management. During the votes at Annual General Meetings, ACATIS focuses particularly on good company management. For example, in several cases we have voted against the recommendations of the Management Board regarding the appointment of Supervisory Board members or auditors, if we identified possible dependencies, conflicts of interest or accumulations of mandates. In some cases, bad governance leads to a disposal (e.g. Wirecard) or a dialogue with the Management Board and the Supervisory Board (e.g. LPKF or Grenke). But generally speaking, our aim as value investors is to invest in companies that manage their employees, resources and the environment responsibly and that are led by managers with integrity, so that the need to take an active role is limited.

We report on this issue annually in our engagement report.





4. AWARDS AND MEMBERSHIPS

Awards, sustainability ratings for our investment funds and memberships are a good way to have our internal processes and sustainability concepts independently audited by a third party. In this context, we purposely focus on quality instead of quantity, and our accreditation partners and memberships in associations and organisations are chosen carefully. We do not purchase our green image; rather, we aim to obtain external and independent confirmation and to improve our sustainability efforts.

Demonstrating our engagement for responsible investment, ACATIS has been a signatory of the PRI (Principles for Responsible Investments) since 19 November 2018. By becoming a signatory, we are committed to integrating environmental, social and governance aspects into our investment strategy, and to promote sustainable investing. Moreover, we are also required to disclose and compare different sustainability aspects of our activities as part of an annual global reporting process.

ACATIS is a signatory of the transparency code of EUROSIF (European Sustainable and Responsible Investment Forum). This seal of approval for publicly-offered funds has been available since May 2008; it provides investors with a tool for determining - quickly and securely - whether the investment strategy complies with the sustainability requirements of the European Transparency Code.

Our ACATIS Fair Value investment funds have received the FNG Seal of Approval from the Forum Nachhaltige Geldanlagen e.V. for several years (for the first time in 2016). The FNG Seal of Approval - which is awarded with zero to three stars - is the quality standard for sustainable investment funds in the German-speaking region, and it provides investors looking for solid, professionally managed and credible sustainable investments with an established selection tool. The FNG Seal of Approval guarantees a minimum standard for sustainable investment funds, including the implementation of globally recognised standards as well as additional quality characteristics that are shared by funds with a comprehensive sustainability strategy. The seal and sustainability certification must be renewed every year.

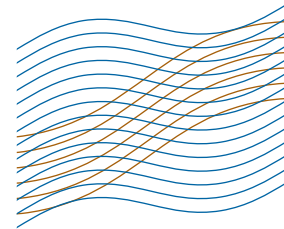
5. CLIMATE NEUTRALISATION

Climate change is one of the most pressing challenges of our time. According to the scientific consensus, we must move away from fossil fuels and drastically reduce CO₂ emissions in order to limit global warming.

ACATIS considers this aspect in a variety of forms as part of the portfolio management process, and the company also watches its own CO₂ footprint. Every year, we calculate the emissions generated by our business activities, and we search for measures that can be used to steadily reduce our emissions.

We are already using conference systems to limit business travel to the required minimum. Our employees are instructed to use public transportation where possible. To this end, they are provided with a free Bahncard. And as a matter of principle, ACATIS does not have company cars.





In addition, management is also committed to neutralising annual emissions. The cap-and-trade trading system for emission certificates introduced by the EU offers a very effective instrument in this context. By selling and removing emission certificates from the EU emission trading system, we have ensured that ACATIS has been operating in a climate-neutralising manner since the 2022 financial year; this measure also provides an excellent incentive for further reducing emissions.

This strategy is not only used for our own CO₂ emissions at the company level; we also use it to neutralise the entire CO₂ emissions of many of our investment funds. In this context, we work with the independent consulting company CAP2, which calculates the CO₂ emissions at the company level and also for the investment funds.

6. RESPONSIBILITY FOR EMPLOYEES, DIVERSITY

Our employees play an important role in the success of our company. Therefore, ACATIS views its responsibility for employees and diversity not just as a moral responsibility but as essential economic components. The different perspectives and experiences of our employees drive innovation and creativity. They enrich our workplace and improve our ability to address the needs of our diverse range of clients.

We provide our employees with part-time models. This is also reflected in the high return ratios after parental leave. At this time, more than ten nationalities are represented in the firm, and ACATIS already boasts a female ratio that is above the industry average.

We promote a corporate culture that respects and supports employees. Based on its already excellent performance in this regard, ACATIS does not see a need to restrict this culture with quotas and requirements. Since ACATIS recruits its employees on the basis of talent and expertise, it is able to obtain a diverse and balanced team.

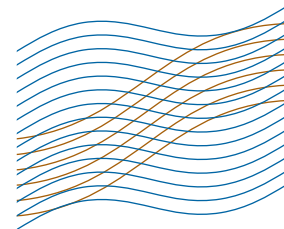
7. SUSTAINABLE MANAGEMENT

As an owner-managed asset manager, ACATIS has adopted a long-term attitude. There is no growth constraint, and ACATIS has sufficient financial reserves to manage longer crises without the need for big cuts. Owners and management focus on stable and continuous business growth.

Transparent, fair and long-term business relationships and partnerships are very important to ACATIS, which sees itself as an investment boutique that also works with external fund advisors in addition to its own team of portfolio managers. The company only selects fund advisors with an unblemished reputation, who share our investment philosophy and who offer the requisite experience in their segment.

At ACATIS, sustainability is integrated into management and decision-making processes at several levels. Management continuously makes decisions regarding the strategic direction with respect to sustainable developments and issues. For critical issues, it also informs the Supervisory Board and coordinates with the company's Sustainability Advisory Board (for details, see section below). The Chief Risk Officer (CRO) at ACATIS is responsible for monitoring compliance with the sustainability strategy. The head of portfolio management (CIO) is responsible for implementing the sustainability strategy in portfolio management. In addition, other employees at ACATIS are also available to ensure the operational implementation of these obligations.



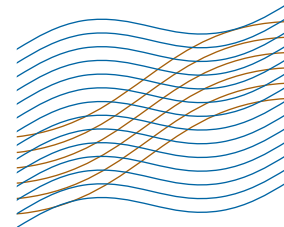


8. SUSTAINABILITY ADVISORY BOARD

ACATIS appointed a Sustainability Advisory Board in order to monitor our progress with respect to the sustainability targets and to continuously enhance our sustainability strategy. The advisory board consists of three independent and highly-qualified sustainability experts (currently two men and one woman), who advise and support management with respect to sustainability issues. The advisory board meets three times a year.

The board is also responsible for identifying and promoting innovative solutions and best practices in the sustainability segment. It provides ACATIS with ideas about integrating sustainability into its business processes and models, and it functions as the interface between the company and its various stakeholders.





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ACATIS Investment KVG mbH has its registered office in Germany and is regulated by BaFin, Marie-Curie-Straße 24-28, 60439 Frankfurt.

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