

Pre-contractual information on how sustainability risks are incorporated into investment advice in accordance with Article 6 of Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability-related disclosure requirements in the financial services sector (Disclosure Regulation)

The legal requirements of Article 6 para 2 of the Disclosure Regulation oblige CORESTATE Bank GmbH ("**CORESTATE Bank**") to explain in this pre-contractual information how sustainability risks are included in the investment advice, how sustainability risks affect the return of the financial products that are the subject of the investment advice as well as a brief justification in the event that sustainability risks are not considered relevant.

- As a company, CORESTATE Bank aims to contribute to a more sustainable, resource-efficient and social economy, to reduce adverse impacts on the environment (e.g., climate, water, biodiversity), on social - and labour - issues, and to contribute to the fight against corruption and bribery.
- In addition to observing sustainability goals in our corporate organisation itself, CORESTATE Bank sees it as its task to also support its clients in taking sustainability aspects into account, not least when it comes to sustainability risks. Sustainability risks are defined in accordance with Article 2 of the Disclosure Regulation as environmental, social or governance events or conditions, the occurrence of which could have an actual or potential material adverse impact on the value of the investment. Sustainability risks can occur both separately and cumulatively. They can affect individual companies, but also entire industries or regions, and can be diverging in effect. Sustainability risks also have a particular impact on the traditional risks of investments and can have a significant negative impact on the return of an investment if they occur.
- Since CORESTATE Bank's clientele is regularly limited to professional clients (both in the sense of the WpHG and in the actual sense of the word) and these do not require any evaluative assessment on the part of CORESTATE Bank in the selection of financial instruments, CORESTATE Bank does not in principle provide investment advice within the meaning of § 2 para. 8 sentence 1 no. 10 WpHG.
- Investment advice is only provided in exceptional cases and at the specific request of the client, e.g., if a client is considering an interest rate or currency hedging transaction as a hedging instrument in connection with a brokered loan. CORESTATE Bank itself does not offer such hedging instruments and can therefore only advise the client on the usage and functionality of hedging instruments per se. Against this background and on the basis of the current regulatory framework, CORESTATE Bank's strategy for the inclusion of sustainability risks in the investment advisory activity with respect to hedging instruments focuses on identifying and limiting sustainability risks that exist with regard to the product provider. Product-inherent sustainability risks cannot be defined according to the CORESTATE Bank's understanding of interest rate or currency hedging transactions and consequently no strategy can be developed to include them in the investment advisory activity. CORESTATE Bank tries to exclude provider-related sustainability risks at the customer's request by excluding, as far as possible, providers of hedging instruments that do not take sustainability risks into account. In doing so, CORESTATE Bank uses the information published by the respective providers.
- As already stated, derivatives are not defined as financial products under Article 2 No. 2 of the Disclosure Regulation. As a result, an assessment of the expected impact of sustainability risks on the return of the derivatives that are the subject of the advice is not required.
- Like derivatives, the bonds distributed by CORESTATE Bank are not defined as financial products within the meaning of Article 2 No. 12 of the Disclosure Regulation. As a result, their issuers are not obliged to provide information on sustainability risks.
- If, in exceptional cases, a recommendation is made for other financial instruments that qualify as financial products within the meaning of Article 2 No. 12 of the Disclosure Regulation, such as funds or bonds, CORESTATE Bank takes into account the information provided by the product partners on how to deal with sustainability risks and compares this information with

the preferences regarding sustainability risks that have been collected from the client. For alternative investment funds, which are particularly relevant for CORESTATE Bank, the information on dealing with sustainability risks can be found in particular in the prospectus and the information pursuant to Section 307 (1) and (2) KAGB. If the product partner does not provide any information on dealing with sustainability risks at product level, CORESTATE Bank compares its strategy for dealing with them at company level with customer preferences.

- If a product provider does not provide information on dealing with sustainability risks either at product level or at company level, CORESTATE Bank follows the approach of spreading the investments as widely as possible (diversification) when providing investment advice in order to reduce the impact of the occurrence of sustainability risks on the customer. This approach is based on the view that sustainability risks can have varying degrees of impact on individual companies, sectors, investment regions, currencies and asset classes (e.g. real estate, bonds or shares).