

Our strategies for incorporating sustainability risks in accordance with Articles 3 and 5 of Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability-related disclosure in the financial services sector (Disclosure Regulation)

Article 3 of the Disclosure Regulation requires CORESTATE Bank GmbH (hereinafter "**CORESTATE Bank**") to disclose information on its strategy for incorporating sustainability risks into its investment advisory activities:

- 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.
- 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 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 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. This may also be the reason why derivatives have not been included in the scope of financial products within the meaning of Article No. 12 of the Disclosure Regulation.
- 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.
- In the exceptional event that investment advice is provided for other financial instruments such as investment funds or bonds, CORESTATE Bank pursues the approach of the widest possible spread of investments (diversification) to reduce the impact of sustainability risks on the client. This approach is based on the understanding that sustainability risks can have a different impact on individual companies, industries, investment regions, currencies, and asset classes (e.g., real estate, bonds, or stocks). If investments into a fund should be recommended to a client CORESTATE Bank would give consideration to funds or providers that ensure a broad diversification of the client's money and that, as part of their investment process take sustainability risks into account, for instance by performing ESG-Due-Diligence prior to their investments. CORESTATE Bank therefore works closely with its product partners to be able to assess their products in terms of sustainability risks in the event of investment advice and at a client's request. In the case of existing and new relationships with product partners, this includes, for example, querying the policies they have implemented to take sustainability risks into account.
- CORESTATE Bank does not intend to advertise environmental or social features of specific financial instruments.
- CORESTATE Bank's strategies for incorporating sustainability risks also flow into the company's internal written regulations. The observance of these is decisive for the evaluation of the work performance of the employees of CORESTATE Bank and thus influences the future salary development. The remuneration policy of CORESTATE Bank is thus in line with their strategies for the inclusion of sustainability risks (cf. Art. 5 Disclosure Regulation).