

# STATEMENT ON THE MAIN ADVERSE EFFECTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS

## Summary

Partner Bank AG considers the main adverse impacts of its investment decisions on sustainability factors. This statement is the consolidated statement on the main impacts on Partner Bank AG's sustainability factors.

This statement on the main adverse effects on the sustainability factors relates to the period from 1.1.2024 to 31.12.2024.

Partner Bank Aktiengesellschaft (AG) is an Austrian credit institution that has specialised in advising on investments in securities and physical gold and their safekeeping (custodian bank) since its beginning in 1992. In addition, based on the core business, loans are granted with the securities or the gold of the customers as collateral and customers can open a current account on request, with or without a debit card in addition. The bank also offers a time-limited time deposit.

Due to the nature of Partner Bank AG's activities, only the factors of investment in sustainable companies and climate-neutral use of real estate are of real importance when it comes to meeting sustainability goals.

Since the bank itself does not produce any significant emissions and, due to the tight legal corsets, no negative impacts on social and governance issues are to be expected, it cannot work directly towards a future-oriented climate scenario through the use of new technologies or alternative raw materials as, for example, a manufacturing company can, but can do so on a small scale through its own investments, as well as by issuing and promoting financial products that offer a future-oriented climate scenario, indirectly to a manageable extent.

Partner Bank AG also tries to prevent negative impacts on sustainability factors in its daily business as far as practically possible by paying attention to the benefits of recyclability and regionality in the use of office space.

The business model of using regionally based, independent investment advisors, which has been practised for years, prevents the necessity of using own branches and unnecessarily long journeys of the customer to the bank for advice.



**ENVIRONMENT**



**SOCIAL/SOCIETY**



**GOVERNANCE**

## Description of the main adverse impacts on sustainability factors

### Climate indicators and other environment-related indicators

Partner Bank AG is a service provider that does not itself have any adverse effects through its activities as a credit institution, such as measurable water pollution (emissions to water), as a production company might. In general, the climate indicators and the other environment-related indicators at the corporate level of Partner Bank AG do not show a negative picture.

As a company, it is tied to the Austrian range of energy suppliers, whereby the regional energy supplier, Energie AG, is characterised by a broad range of electricity from hydropower and solar energy. Heat is provided by another regional supplier, Linz AG. It supplies the buildings in Linz with district heating and natural gas.

As the headquarters of Partner Bank AG is located in the middle of the city of Linz, no area with biodiversity in need of protection is affected.

Partner Bank does not require radioactive materials or equipment containing radioactive materials for its activities.

### Indicators in the areas of social affairs and employment, respect for human rights and combating corruption and bribery

Social and employment indicators, as well as respect for human rights and the fight against corruption and bribery, are inherently more strictly regulated in the sphere of activity of a credit institution, such as Partner Bank AG, than in the general economy.

Due to Austrian and European law, Partner Bank AG has its own independent compliance department, which examines the conduct of Partner Bank AG in accordance with the precise requirements of the respective laws (in particular BWG and WAG).

The Executive Board of Partner Bank AG is composed of two women and one man. The other key functions are also divided between the genders.

The Austrian collective bargaining agreement for banks in itself ensures appropriate, gender-neutral earnings for Partner Bank AG employees.

Partner Bank AG does not count arms suppliers or manufacturers among its clients, nor has the bank ever made investments in the arms trade or the manufacture of arms in the past. Partner Bank AG's internal regulations prohibit such investments.

### Indicators for investments in states and supranational organisations

Partner Bank AG invests to a very small extent in countries through government bonds (approx. 4.4 %). As a matter of principle, it does not invest in countries that do not offer sufficient legal protection against the exploitation of workers.

The greenhouse gas emissions of the two countries in which investments are currently being made always amount to around 79 million tonnes every year from 1990 to 2021 in the case of Austria and around five times that amount in the case of Ukraine before the war. It is worth noting, however, that from 1990 to 2015 Ukraine's greenhouse gas emissions were more than halved from a good 1,000 million tonnes to a good 400 million tonnes.

### Indicators for investments in real estate

Partner Bank AG does not invest in real estate associated with the extraction, storage, transport or production of fossil fuels. Partner Bank AG's investment concerns real estate in the urban area that serves business or residential purposes.

### Other indicators

Partner Bank AG is aware that indicators that pose a threat to sustainability can also be minimised on a small scale. Exemplary measures in the proportional framework can be cited:

- maximum use of employees' home offices, which reduces unnecessary travel and thus CO<sup>2</sup> emissions from private transport
- Support for employees commuting from far away with the Austrian „climate ticket“ in the public transport
- Exclusive use of recyclable glass bottles at Partner Bank AG headquarters

Furthermore, in accordance with the proven business model, Partner Bank uses contractually bound intermediaries who look after the customer on site without Partner Bank AG needing its own real estate, which on the one hand reduces construction and on the other hand reduces individual transport due to the local proximity of the responsible independent advisor.



## Further indicators for the main impacts on sustainability factors

### Additional climate indicators and other environment-related indicators

#### Indicators for investments in companies in which investments are made

Partner Bank AG uses the same ESG rating system for its own investments as for the rating of its own financial products (standardised portfolio management). Currently, the ESG percentage of Partner Bank AG's securities investments is over 70 %. In order to ensure that Partner Bank's investments sufficiently consider impacts on sustainability factors, this value must not fall below 60 % in the long term (more than two months). The long-term target is a continuous value of more than 70 %.

This is to ensure that the bank takes sufficient account of climate indications and other environmentally related indications as well as social indications (including respect for human rights and the fight against corruption). This also includes governance issues, which are taken into account in the ESG rating system.

The topic of emissions is in principle covered by a greenhouse gas indicator depending on turnover, the topic of energy efficiency is primarily covered according to an energy benchmark; the other topics „water, waste and material emissions“ are covered by the indicator of naming a climate protection agenda, which indicates whether the company has expressed the intention to help support climate protection by reducing environmentally harmful emissions, efforts to improve energy efficiency and efforts in product development to reduce negative environmental impacts).

Currently Partner Bank AG does not invest in any environmentally sustainable bonds in accordance with European Union legislation.



### Indicators for investments in states and supranational organisations

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### Indicators for investments in real estate

As Partner Bank does not require a premises licence for its properties, such as a production facility, the data on greenhouse gas emissions and energy consumption intensity are not available, but are comparable to an average property for services and residential purposes in an inner city area.

For all Partner Bank AG properties, waste is sorted and there is a contract with companies for waste recycling in each case.

All Partner Bank AG properties are older than 30 years and it is not possible to determine the proportion of building raw materials compared to the total amount of building materials used in new buildings and major renovations. The same applies to the proportion of non-greened area compared to the total area of all facilities; whereby it should be noted that buildings in inner-city areas are of concern here.



## Additional indicators for the areas of social affairs and employment, respect for human rights and combating corruption and bribery

### Indicators for investments in companies in which investments are made

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With regard to the topic of social affairs and employment, there is not enough data to be able to qualify the prevention or number of accidents at work and the associated absenteeism; the same applies to topics such as grievance procedures under labour law or cases of discrimination. Rather, Partner Bank AG focuses on „equal opportunities“; this criterion recognises whether the company has shown active commitment to ensuring non-discrimination against any demographic groups; this can be done, for example, in the form of an equal opportunities policy as described by the respective company.

Closely related to this criterion is the governance criterion of the proportion of women in the company's management, which is used by Partner Bank AG for the ESG rating.

The excessive remuneration of members of the management body is covered by the criterion of „fair remuneration“ used by Partner Bank AG.

With regard to the observance of human rights, Partner Bank AG in particular applies the criterion of the „Child labour“. This indicates whether the company has implemented any initiatives to prevent child labour in all areas of their business.

Reports on forced labour (e.g. VW and BASF in the Uyghur region of China) or other human rights violations are monitored by Partner Bank AG and generally taken into account.

The same applies to the issue of fighting corruption and bribery.

### Indicators for investments in states and supranational organisations

Partner Bank AG does not currently use social criteria for investments in countries because these are of a subordinate character in the investment mix of Partner Bank AG.



## Description of the strategies for identifying and weighting the main adverse impacts on sustainability factors

Partner Bank AG does not see sustainability exclusively in terms of climate and environmental protection, but takes the broader approach of ESG (Environmental, Social, Governance) as a model for its own activities.

In the context of Partner Bank AG's activities, care is taken to use or select resources (especially buildings) in the most environmentally friendly way possible when it comes to investments in real estate. The areas of „social“ and „governance“ are already regulated in detail by the legislator, whereby Partner Bank AG attaches particular importance to gender equality, which is reflected, among other things, in the gender composition of the Management Board.

Partner Bank AG has the greatest impact in connection with its own investments in securities and thus in other companies. Partner Bank AG uses a selection of available data from Bloomberg on the topics of „environmental“, „social“ and „governance“ of the respective companies, weights these and thus arrives at an ESG rating for the respective company. The tool used by Bloomberg Professional combines the original financial services of Bloomberg; these are the inventory and real-time provision of data from the most diverse financial areas, primarily for institutional customers and investment banks; the fee-based offer includes, among other things, the retrieval of stock market data, charts and news. For funds, the Morningstar ESG rating (Morningstar Inc. is a NASDAQ-listed financial information and analysis company) is used.

In general, in addition to the economic criteria, the topic of ESG must be taken into account in every long-term decision by the Executive Board, which has already been provided for in the corporate strategy since 23 November 2021. The ESG rating currently in use was introduced with the Sustainability Securities Organisational Guideline on 31 December 2021.



## Participation policy

Due to the fact that Partner Bank AG is wholly owned by a private foundation with a clearly defined division of responsibilities, there is generally no need for a separate participation policy, as provided for in the Shareholder Rights Directive, for example for shares traded on the stock exchange.





## Reference to internationally recognised standards

As a credit institution under Austrian law, Partner Bank AG is required by law to demonstrate responsible corporate governance and compliance with internationally recognised standards of due diligence and reporting.



## Historical comparison

There is currently no earlier period for comparison.

