EU Sustainable Finance Disclosure Regulation

The Sustainable Finance Disclosure Regulation (”SFDR” or “the Regulation”) entered into force on 10 March 2021. The Regulation requires financial market participants like Helveteq AG (Helveteq or the Company) to provide information to investors with regards to the integration of sustainability risks, the consideration of adverse sustainability impacts, the promotion of environmental or social characteristics, and sustainable investment.

This document specifically addresses Article 3 of the Regulation – Transparency of sustainability risk policies.

More information related to the SFDR, and Helveteq’s approach to ESG and Responsible Investment in general, can be found on Helveteq’s website (https://helveteq.com/sfdr-mifid2/), including:

- Remuneration Policy;
- Principal Adverse Impact Statement;
- Sustainability Statement.

Philosophy

Helveteq is committed to continuous improvement in all areas of sustainable corporate governance over the long term. We focus on following priorities:

• Sustainable investing:	We offer a truly integrated and comprehensive product suite.
• Economic sustainability:	We balance short term needs with long term vision.
• Social sustainability:	We support social sustainability projects.
• Ecological sustainability:	We aim to achieve a significant reduction of GHG and other environmentally harmful factors in our operations.

Sustainability Risk Policy

Helveteq uses the definition of sustainability risk as described in Article 2 (22) of the Regulation: “an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment”.

Helveteq believes that integration of sustainability risk considerations in the investment decision-making process is an important part of risk management.

Sustainability risks include, but are not limited to:

- Operational risk such as impacts of environmental events on operations;
- Governance risk such as inadequate management oversight of sustainability risk;
- Regulatory risk such as violation of ESG-related laws and regulations.

This information shall be published on Helveteq’s website and will be periodically reviewed. Records will be maintained to ensure complete, accurate, and current information. As such, Helveteq will indicate the dates of publication, where applicable, identify which content has been updated.

Integration of sustainability risks in investment processes

Helveteq includes sustainability risk assessment when structuring its Products as outlined below.

Initial Screening

When selecting the underlying, Helveteq follows an ESG strategy that takes into account both certain qualitative requirements (such as minimum exclusions) and other criteria (such as in-house convictions or research results). Within the framework of the ESG strategy, the results of the Helveteq structuring team as well as external data providers serve as data sources.

The moral and ethical values relevant to any specific client and/or strategy can differ greatly from one individual to another. As a minimum standard, Helveteq undertakes to identify and exclude underlying assets that generate revenues (production and/or distribution) from the following sources:

- deny human rights;
- engage forced labor;
- manufacture weapons that are designed primarily for destructive purposes e.g. anti-personnel mines, cluster weapons;
- produce products that are illegal under local law;
- cause serious environmental damage;
- provide research, development or technical applications relating to electronic data programs or solutions which support the above exclusions list.

For full disclosure please consult our «ESG Products Transparency Standard» publication.

Review

Helveteq conducts an ESG (Environmental, Social, Governance factors) review for the eligible products. As part of this process, Helveteq assesses whether there are any red flags (e.g. unmanageable sustainability risks) that should prevent the company from proceeding with the potential transaction. Through this process Helveteq aims to identify key sustainability risks (and opportunities) and defines appropriate mitigating activities.

Examples of sustainability risks assessed include, where relevant, inter alia risks related to environment, health and safety, people, suppliers and customers, community and charity, and governance.

The likelihood sustainability risks impacts on the underlying assets is derived in a qualitative manner from the allocated risk grading on low, medium, high scale.

Business Operations

Helveteq provides its business partners with the appropriate tools and guidance required to assess and manage sustainability risks. Helveteq challenges and supports its business partners to enhance and further develop their ESG related achievements and disclosures. Specifically, Helveteq encourages associates to identify and implement measures to reduce environmental impact, including energy, waste and water reduction. Helveteq also requires these companies to be equal opportunity employers and to provide learning and development opportunities for employees.

Reporting

Helveteq initiated the legal pathway for B Corp certification and is currently a Pending Certified B Corporation. B Corp Certification is a designation that a business is meeting high standards of verified performance, accountability, and transparency on factors from employee benefits and charitable giving to supply chain practices and input materials. In order to meet the transparency requirement for B Corp Certification, the company will publish its public profile in the B Corp Directory, including the company's score and impact report.