Helveteq and SFDR

This Statement provides information on the alignment of Helveteq's issuance program with the EU Sustainable Finance Disclosure Regulation 2019/2088 ("SFDR") that 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. In this context, the relevance of Helveteq's issuance program with regards to "SFDR equivalence" will be examined.

The Scope of SFDR

The SFDR was created in order to enable the flow of capital into sustainable investments by creating more transparency and preventing "greenwashing", i.e. the dissemination of misleading information that conceals abuse of the environment in order to present a positive public image. However, the scope of financial products that are considered by the SFDR (as defined in Article 2 (12)) was limited to "(a) a portfolio managed in accordance with point (6) of [Article 2]; (b) an alternative investment fund (AIF); (c) an IBIP; (d) a pension product; (e) a pension scheme; (f) a UCITS; or (g) a PEPP". That means products like our Swiss ETPs and structured products are not officially taken into account, without giving clear reasoning for this practice. This is especially remarkable when considering that in other regions the term "ETP" is an umbrella term for ETNs, ETCs and ETFs – ergo ETFs (which are considered in the SFDR) can be seen as one type of ETP.

Consequently, organizations like the DDV (German Derivatives Association) and the EUSIPA (European Structured Investment Products Association) are adamantly advocating for the integration of structured products into the SFDR. The limiting practice of the SFDR ultimately leads to a disadvantage of investors with a sustainability focus and is in harsh contradiction to the core goal of

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the regulation. Since there is no reason to continue this inconsistency (as verified by the EUSIPA in their comment on the SFDR RTS: https://eusipa.org/wp-content/uploads/EUSIPA-response-SFDR-RTS-consultation-2020.pdf), a timely adjustment is to be expected. This circumstance is already being recognized by the Delegated Regulation 2017/565.

For this transitional period, the term of SFDR equivalence has been defined. It refers to products like our ETPs, which lack none of the characteristics of the financial instruments in scope of the SFDR and shall therefore be analyzed and disclosed in the same way. This will prevent investors and financial market participants from being put at a disadvantage.

Conclusion

The dynamic development of a framework for the regulation of sustainable investments has entailed a remaining incompleteness. This has manifested in the scope of product structures and asset classes covered by the SFDR. Investment products such as ETPs and other debt securities are not in scope of the regulation, even though this will result in an impairment of the flow of funds into sustainable investments.

Investors and other market participants are encouraged to carry out their own analysis and take part in the integration of the EU regulations for sustainability in the financial industry. All of our SFDR-related disclosures can be found on our website.

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