SUSTAINABILITY-RELATED DISCLOSURES

In accordance with Regulation (EU) 2019/2088 and Regulation (EU) 2020/852
As at: December 2022, Version 4

1. General explanations

Regulations (EU) 2019/2088 and (EU) 2020/852, including the respective supplements, require certain disclosures on sustainability from financial market participants. With this document, Scalable Capital GmbH ("**Scalable Capital**") as a financial market participant complies with these disclosure requirements.

Scalable Capital is an investment firm that provides, among other things, portfolio management (wealth management) to its clients. Scalable Capital offers various types of investment strategies under different brands (Scalable Capital, Oskar and Gerd Kommer Capital) as part of its portfolio management services. Where necessary, a distinction is made between these different offerings in the following.

This document is provided to interested parties as pre-contractual information in the context of contract initiation. As the contents of this document are amended from time to time, in particular to comply with legal or other regulatory requirements, the most recent version is always available in the footer under "Sustainability-related disclosures" on the website of Scalable Capital, Oskar and Gerd Kommer Capital.

2. No consideration of adverse impacts of investment decisions on sustainability factors

Investment decisions may have adverse impacts on the environment (e.g. climate, water, biodiversity), on social and labour concerns and may also be detrimental to the fight against corruption and bribery. Scalable Capital strives to meet its responsibilities as an investment firm and to help avoid such adverse impacts at the corporate level.

As the relevant regulatory requirements (the subject matter of which is, inter alia, this mandatory disclosure) have not yet been published in full and in a binding manner at the date of this document, or as required reliable data sources are not available, Scalable Capital is also currently unable to make a binding statement to the effect that (and in what manner) adverse impacts of investment decisions on sustainability factors are considered.

Therefore, Scalable Capital declares not to consider adverse impacts of investment decisions on sustainability factors in a binding manner at entity level until further notice. As soon as the relevant regulatory requirements are published in a complete and binding manner and the required reliable data sources are available, Scalable Capital will review these requirements as well as re-evaluate and, if necessary, adjust its position with regard to adverse impacts of investment decisions on sustainability factors.

3. Sustainability-related disclosures in pre-contractual information and on websites

3.1. Strategies for incorporating Sustainability Risks in general

All types of investment strategies of Scalable Capital have in common that they aim at a rule-based and cost-efficient investment. However, sustainability criteria are only considered (without aiming for a sustainable investment as its objective) in the context of sustainable investment strategies mentioned in Clause 3.2. With this range of different types of investment strategies, Scalable Capital offers its clients a choice also with regard to the consideration of environmental or social characteristics.

Environmental conditions, social upheavals and/or poor corporate governance can have a negative impact on the value of investment properties in a number of ways. These Sustainability Risks may, for example, have a direct impact on the net assets, financial position and results of operations and also on the reputation of companies (as investment objects) or indirect, longer-term effects on business models and entire economic sectors (**"Sustainability Risks"**). These Sustainability Risks generally apply to all types of investment strategies offered by Scalable Capital. However, Scalable Capital has developed appropriate strategies for the sustainable investment strategies in order to be able to limit Sustainability Risks. The sustainable investment strategies also do not aim at a sustainable investment as its objective (as would be the case for so-called dark-green products), but only consider environmental or social characteristics in the investment decision (so-called light-green products).

Scalable Capital's strategies for considering Sustainability Risks are also incorporated into the company's internal organizational guidelines. Observance of and compliance with these guidelines are a prerequisite for a positive assessment of the employees' work performance and is the basis for professional development as well as appropriate remuneration development. In this respect, Scalable Capital's remuneration policy is in line with our Sustainability Risk inclusion strategies.

3.2. Differentiation of investment strategies with regard to sustainability

Scalable Capital distinguishes between sustainable investment strategies (with consideration of environmental or social characteristics, "sustainable") and those strategies in which no special consideration is given to environmental or social characteristics ("non-sustainable"). In addition to this document, which, as explained in Clause 1, is always available on the website of Scalable Capital, Oskar and Gerd Kommer Capital, and the Investment Guidelines, further information can also be obtained from the websites listed in the following table:

Investment strategy (financial product)	**Brand**	**Further information**
Sustainable investment strategies		
Sustainable (ESG) Investment Strategies (optional plus Gold or Crypto)	Scalable Capital	https://de.scalable.capital/vermoegensverwaltung-esg
Climate protection	Scalable Capital	https://de.scalable.capital/vermoegensverwaltung-klimaschutz

Oskar 50 to 90 and Oskar VL	Oskar	https://www.oskar.de/nachhaltigkeit/
Non-sustainable investment strategies		
Risk-managed (VaR) Investment Strategies	Scalable Capital	https://de.scalable.capital/vermoegensverwaltung-dynamisch
Crypto	Scalable Capital	https://de.scalable.capital/vermoegensverwaltung-crypto
All-weather (optional plus Crypto)	Scalable Capital	https://de.scalable.capital/vermoegensverwaltung-allwetter
Value	Scalable Capital	https://de.scalable.capital/vermoegensverwaltung-value
GDP Global	Scalable Capital	https://de.scalable.capital/vermoegensverwaltung-bip
Megatrends	Scalable Capital	https://de.scalable.capital/vermoegensverwaltung-megatrends
Oskar Pro Investment Strategies Value & Dividend, Megatrends and Crypto	Oskar	https://www.oskar.de/pro/
Investment strategies under the Gerd Kommer Capital brand	Gerd Kommer Capital	https://www.gerd-kommer-capital.de/robo-advisor/

3.3. Sustainable investment strategies

3.3.1 Pre-contractual disclosure for the financial products referred to in Article 8 of Regulation (EU) 2019/2088.

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance

Product name: Sustainable investment strategies according to Table 3.2
Legal entity identifier (LEI-Code): 391200Y3EUNL4LTXRP94

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☑ **No**

practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

☐ It will make a minimum of **sustainable investments with an environmental objective**: __% ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ in economic activities that do not qualify as environmentally under the EU Taxonomy	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments. ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy ☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective**: __%	☑ It promotes E/S characteristics, but **will not make any sustainable investments.**

What environmental and/or social characteristics are promoted by this financial product?

Scalable Capital invests in exchange-traded funds (ETFs) and, where applicable, exchange-traded securities that track the performance of commodities (exchange-traded commodities, ETCs) or another underlying, e.g. cryptocurrencies (exchange-traded products, ETPs). In addition to the usual selection criteria (e.g. low costs, high liquidity and broad diversification), the three aspects of sustainability (environmental, social and corporate governance) are taken into account when selecting financial instruments. Scalable Capital primarily selects ETFs, ETCs or other ETPs whose composition takes into account certain ESG standards, i.e. whose investment policy already aims to avoid or reduce Sustainability Risks using suitable and recognised methods of selection and portfolio construction. Information on the sustainability indicators taken into account can be obtained in particular from the respective issuers (see also next section).

Scalable Capital has not designated a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the financial product. However, the investment policy of the respective ETF, ETC or other ETP is usually specified by the product manufacturer through the selection of an appropriate reference index (identified by additions such as "ESG" or "SRI"). MSCI, FTSE, Solactive or S&P are usually used as index providers. Information on the investment policy, the reference index and its calculation method can be found in the documentation of the respective financial instrument. Scalable Capital points out that the reference indices chosen by the product manufacturers may, by design, only exclude companies that engage in certain business activities that are not compatible with ESG criteria if these activities exceed the limits set by the index provider. The degree of avoidance of Sustainability Risks may therefore differ from the personal ethical assessment of the clients.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

As described in the Section **"What environmental and/or social characteristics are promoted with this financial product?"**, Scalable Capital selects ETFs, ETCs or other ETPs whose composition takes into account certain ESG standards, i.e. whose investment policy already aims to avoid or reduce Sustainability Risks using appropriate and recognised methods of selection and portfolio construction. As a rule, the following indicators, among others, may be taken into account:

Environment (Environmental)

- exclusion of companies whose main source of income is from thermal coal based power generation; and
- exclusion of companies involved in the extraction of oil from oil sands or the mining of oil sands; and
- possible exclusion of companies with high greenhouse gas emissions.

Social (Social)

- exclusion of undertakings whose principal source of revenue is the sale or distribution of tobacco products; and
- exclusion of companies involved in business with civilian and socially controversial weapons or nuclear weapons; and
- compliance with high standards of occupational health and safety.

Corporate governance (Governance)

- compliance with the principles (including compliance with human rights) of the United Nations Global Compact; and
- compliance with board independence; and
- consideration of violations of competition rules and corruption laws.

Providers such as MSCI calculate so-called ESG ratings, which assess the extent to which companies take into account the sustainability indicators in the areas of environment, social affairs and corporate governance. These ESG ratings are in turn used by Scalable Capital in the selection of financial instruments.

***** Start of mandatory publication: statement for financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852 *****

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do not significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

***** End of mandatory publication: statement for financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852 *****

Explanation of the mandatory publication: As mentioned at the beginning, the sustainable investment strategies do neither aim at sustainable investments as its objective within the meaning of Regulation (EU) 2019/2088 and the EU criteria for environmentally sustainable economic activities nor at minimum proportion of such investments (no so-called dark-green products). This mandatory disclosure accordingly expresses that only if EU criteria for environmentally sustainable economic activities (dark-green products or minimum proportion) are considered, the principle of "do not significant harm" (i.e. exclusion of investments that negatively impact sustainability objectives) in accordance with EU law would apply.

Does this financial product consider principal adverse impacts on sustainability factors?

☐ Yes

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

☑ No. Although the principal adverse impacts on sustainability factors are considered implicitly, in particular through the relevant exclusion criteria in the selection of ETFs (additions such as ESG or SRI), this does not satisfy the requirements of the relevant EU regulations with sufficient certainty.

These industry standard exclusion criteria (see also Section "**What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?")** are partially congruent with the Principal Adverse Impact (PAI) indicators of the respective EU regulations, in particular:

- Share of non-renewable energy consumption and production
- Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical and biological weapons)
- Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises

In addition, first product manufacturers explicitly state the consideration of these PAI indicators in their disclosures. Scalable Capital will monitor the further development of the industry standard, availability and resilience of these disclosures and, in the event of a corresponding positive finding, adjust the explanation of the consideration of the main adverse effects on sustainability factors accordingly, if necessary.

What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The sustainable investment strategies are based on a strategic asset allocation with special consideration of sustainability aspects. Maximum diversification across regions and asset classes is to be achieved through the predominant use of financial instruments that track market-wide benchmark indices. The key parameter for managing the portfolio is the share quota specified by the client.

The aspects of sustainability and thus also the inclusion of sustainability risks are taken into account in the investment strategies through the use of such financial instruments for which certain ESG standards are recognised. This is achieved by not including certain companies (as investment objects) in the selection and portfolio construction of the product manufacturers due to non-compliance with recognised ESG standards. The sustainable investment strategies therefore promote sustainability in the areas of environment, social and corporate governance, but do neither aim at a sustainable investment as its objective within the meaning of Regulation (EU) 2019/2088 and the EU criteria for environmentally sustainable economic activities, nor any minimum proportion of such investments. Scalable Capital pays attention to appropriate labelling when selecting products and reviews the investment universe on an ongoing basis. Scalable Capital also refers (in addition to the above) to the statements in its respective Investment Guidelines of the Client Documentation as well as to the information offered on sustainable investment strategies on the websites mentioned in Clause 3.2. With regard to the financial instruments used and their specific environmental or social characteristics or their sustainable investment objectives as well as the methods to assess, measure and monitor the characteristics and impacts, Scalable Capital refers to the information provided by the respective product manufacturers. Scalable Capital also refers to the information provided by the respective product manufacturers for information on the data sources, the criteria for the valuation of the underlying assets as well as the relevant sustainability indicators used to measure the environmental or social characteristics or the overall sustainability impacts.

The general risk profile of the sustainable investment strategies offered by Scalable Capital is fundamentally similar to that of conventional benchmark portfolios. This results from the construction of the benchmark indices used by the financial instruments which aim to achieve an equivalent weighting, as far as possible, in terms of the various economic sectors compared to their conventional counterparts. However, Sustainability Risks are reduced by focusing on companies with high ESG ratings and excluding controversial sectors. Anyhow, the sustainable focus also limits the type and number of investment options available to financial instruments. For this reason, sustainable investment strategies may underperform investment strategies with traditional selection criteria. A sound quantitative assessment of the different Sustainability Risks is not possible *ex-ante.*

What are the binding elements of the investment strategy used to select investments to attain each of the environmental or social characteristics promoted by this financial product?

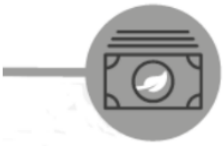
As described in the Section **"What investment strategy does this financial product follow?"**, only ETFs that take aspects of sustainability into account are selected. These financial instruments are usually labelled by additions such as "ESG" (abbreviation for Environmental, Social and Governance) or "SRI" (abbreviation for a so-called "Socially Responsible Investment"). Through this labelling, product manufacturers demonstrate that certain ESG standards are applied.

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

A minimum rate of financial instruments with certain sustainability characteristics has not been set.

What is the policy to assess good governance practices of the investee companies?

It is common for product manufacturers to include criteria relating to good corporate governance of companies within the ETFs, ETCs or other ETPs in the ESG standards. Factors such as board independence play a role. Violations of competition rules and corruption laws can also have a negative impact here.



Asset allocation describes the share of investments in specific assets.

What is the asset allocation planned for this financial product?

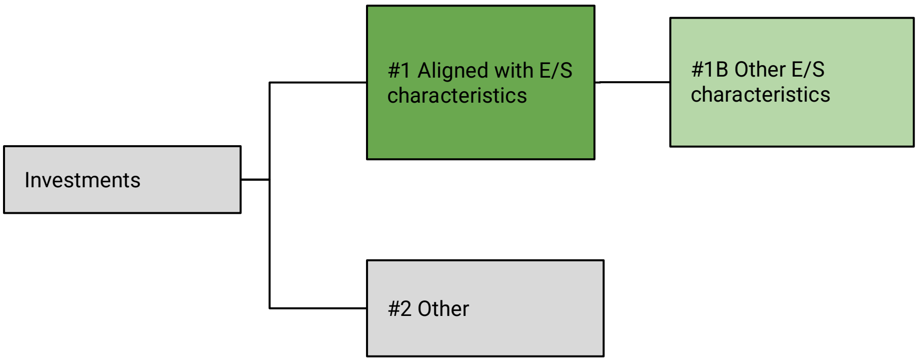
Under these investment strategies, Scalable Capital invests exclusively in ETFs, ETCs or other ETPs. Within the scope of the investment strategies, investments can therefore only be made indirectly in the various asset classes through the acquisition of corresponding ETFs, ETCs or other ETPs. A direct investment in shares or bonds of individual companies as an investment object is not intended. Sustainability Risks are therefore only taken into account within the scope of (i) the selection of corresponding financial instruments (ETFs, ETCs or other ETPs) and (ii) the weighting of these in the portfolio. When weighting the financial instruments in the portfolio, an overweighting of asset classes, regions and/or economic sectors with lower Sustainability Risks can also reduce the Sustainability Risks at portfolio level. A minimum proportion of investments in financial instruments with certain sustainability characteristics has not yet been specified.

Scalable Capital strives to maintain a globally diversified portfolio approach across all asset classes and regions, however sustainability criteria cannot be specifically considered for all asset classes such as government bonds and commodities. Nevertheless, Scalable Capital makes sure that the financial instruments used for the asset class of bonds generally include, if possible, so-called "investment grade" bonds. These are bonds that are usually issued by governments or companies with a relatively low risk of default. The proportion of government bonds within the investment strategy results from the statistical optimisation of the respective investment strategy or the underlying selectable share quota (invested via ETFs) of the strategy: with a higher share quota, a lower proportion remains for investment in other asset classes (and, thus, also in government bonds). With products that track the performance of commodities such as gold, not all ESG standards can be taken into account, as well. When selecting products that track the performance of gold, Scalable Capital ensures that the standard of the London Bullion Market Association's (LBMA) Responsible Sourcing Programme applies wherever possible. This is considered to be the highest quality standard in the gold industry.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

There is no direct investment in derivatives. However, derivatives may be used within the ETFs, ETCs or other ETPs by the product providers to replicate the reference value. Information on this can be obtained directly from the issuer.

Taxonomy-aligned activities, expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx), showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operating expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

#2 Other includes the remaining investments of the financial product that are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1] ?

☐ Yes:

☐ in fossil gas ☐ in nuclear energy

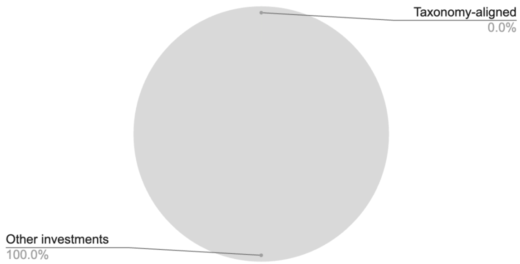
☑ No. There is no targeted investment in environmentally sustainable economic activities and consequently no activities related to fossil gas and/or nuclear energy that comply with the EU taxonomy.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy-alignment in relation to all investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy-alignment only in

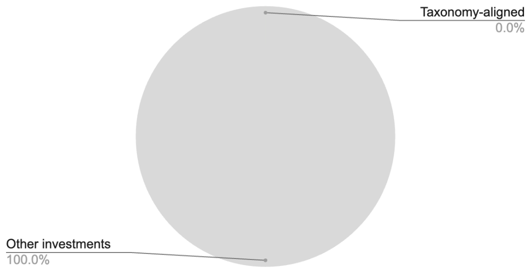
[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives.

relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-alignment of investments including sovereign bonds*



2. Taxonomy-alignment of investments excluding sovereign bonds*



** For the purposes of these graphs, "sovereign bonds" consist of all sovereign exposures*

Note: For the sustainable investments strategies referred to in Clause 3.2, Scalable Capital selects financial instruments whose composition takes into account certain ESG standards. The sustainable investment strategies promote sustainability in the areas of environment, social and corporate governance, but do neither aim at a sustainable investment as its objective within the meaning of Regulation (EU) 2019/2088 and the EU criteria for environmentally sustainable economic activities, nor any minimum proportion of such investments. They are therefore not so-called dark green products. As a result, no targeted investment can be made with an environmental objective.

What is the minimum share of investment in transitional and enabling activities?

A minimum proportion of investment in transitional and enabling activities has not yet been established. Furthermore, there is no targeted investment as environmentally sustainable economic activities.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The sustainable investment strategies do not aim for a sustainable investment as its objective as defined in Regulation (EU) 2019/2088 or minimum share of such investments.

What is the minimum share of socially sustainable investments?

The sustainable investment strategies do not aim for a sustainable investment as its objective as defined in Regulation (EU) 2019/2088 or minimum share of such investments.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Government bonds and commodities in particular are used for diversification purposes (see Section **"What is the asset allocation planned for this financial product?"**). No minimum environmental or social safeguards have been specified to date.

3.3.2 Transparency in advertising environmental or social features and sustainable investments on websites

a. Summary

In the following, we explain how Scalable Capital incorporates sustainability aspects for its sustainable investment strategies presented in Clause 3.2 without aiming for a sustainable investment as its objective. It is explained that Scalable Capital uses financial instruments that take into account the three aspects of sustainability (environmental, social and corporate governance) when selecting products. Only ETFs, ETCs or other ETPs are used to implement the investment strategies. Monitoring of the sustainable characteristics within the financial instrument is carried out by the issuer and by the provider of the reference index that is to be tracked via the respective financial instrument. Scalable Capital only monitors the selected sustainable financial instruments to determine whether they are labelled with additions such as "ESG" or "SRI" (see also Clause 3.3.2, Section f.).

b. No sustainable investment objective

This financial product promotes environmental and social characteristics, but does not aim for a sustainable investment as its objective.

c. Environmental or social characteristics of the financial product

Scalable Capital invests in exchange-traded funds (ETFs) and, where applicable, exchange-traded securities that track the performance of commodities (exchange-traded commodities, ETCs) or any other underlying asset, e.g. cryptocurrencies (exchange traded products, ETPs). In addition to the usual selection criteria (e.g. low costs, high liquidity and broad diversification), the three aspects of sustainability (environmental, social and corporate governance) are taken into account when selecting financial instruments. Scalable Capital primarily selects ETFs, ETCs or other ETPs whose composition takes into account certain ESG standards, i.e. whose investment policy already aims to avoid or reduce Sustainability Risks using suitable and recognised methods of selection and portfolio construction. Information on the sustainability indicators taken into account can be obtained from the respective issuers. As a rule, the following indicators, among others, can be taken into account:

Environment (Environmental)

- exclusion of companies whose main source of income is from thermal coal based power generation; and
- exclusion of companies involved in the extraction of oil from oil sands or the mining of oil sands; and

- possible exclusion of companies with high greenhouse gas emissions.

Social (Social)

- exclusion of undertakings whose principal source of revenue is the sale or distribution of tobacco products; and
- exclusion of companies involved in business with civilian and socially controversial weapons or nuclear weapons; and
- compliance with high standards of occupational health and safety.

Corporate governance (Governance)

- compliance with the principles (including compliance with human rights) of the United Nations Global Compact; and
- compliance with board independence; and
- consideration of violations of competition rules and corruption laws.

Providers such as MSCI calculate so-called ESG ratings, which assess the extent to which companies take into account the sustainability indicators in the areas of environment, social affairs and corporate governance. These ESG ratings are in turn used by Scalable Capital in the selection of financial instruments.

d. Investment strategy

The sustainable investment strategies are based on a strategic asset allocation with special consideration of sustainability aspects. Maximum diversification across regions and asset classes is to be achieved through the predominant use of financial instruments that track market-wide benchmark indices. The key parameter for managing the portfolio is the share quota defined by the client.

The aspects of sustainability are taken into account in the investment strategies, as set out in Section a, by the use of such financial instruments through which certain companies (as investment objects) are not included in the selection and portfolio construction of the product manufacturers due to non-compliance with recognised ESG standards. These financial instruments are usually labelled by additions such as "ESG" (abbreviation for Environmental, Social and Governance) or "SRI" (abbreviation for a so-called "Socially Responsible Investment"). With this labelling, product manufacturers demonstrate that certain ESG standards are applied. In particular, criteria relating to good corporate governance of companies within ETFs, ETCs or other ETPs are usually taken into account in the ESG standards. Factors such as board independence play a role. Violations of competition rules and corruption laws can also have a negative impact here.

Scalable Capital also refers (in addition to the foregoing) to the statements in its respective Investment Guidelines of the Client Documentation as well as to the information offered on sustainable investment strategies on the websites mentioned in Clause 3.2. With regard to the financial instruments used and their specific environmental or social characteristics or their sustainable investment objectives as well as the methods to assess, measure and monitor the characteristics and impacts, Scalable Capital refers to the information provided by the respective product manufacturers. Scalable Capital also refers to the information provided by the respective product manufacturers for information on the data sources, the criteria for the valuation of the underlying assets as well as the relevant sustainability indicators used to measure the environmental or social characteristics or the overall sustainability impacts.

e. Proportion of investments

Please refer to the Section "**What is the asset allocation planned for this financial product?"** in Clause 3.3.1 of this document. Risk positions in invested companies arise indirectly through the acquisition of corresponding ETFs, ETCs or other ETPs.

f. Monitoring of environmental or social characteristics

Scalable Capital monitors the selected sustainable financial instruments to check whether they are labelled with additions such as "ESG" or "SRI". These additions indicate that the financial instruments comply with certain ESG standards. Monitoring of the sustainable features within the financial instrument is carried out by the product manufacturer and by the provider of the reference index that is replicated by the financial instrument. If components of the index no longer meet the environmental, social and corporate governance requirements, they are regularly replaced by the provider in the reference index and subsequently in the financial instrument. See also Clause 3.3.1, Section "**What environmental and/or social characteristics are promoted by this financial product?"**.

g. Methodologies

ESG ratings are calculated by providers such as MSCI ESG Research, Sustainalytics or ISS on the basis of the three aspects of sustainability: environment, social affairs and corporate governance. These evaluate the extent to which companies take sustainability indicators for the aforementioned aspects into account. The measurement methods, processes and weightings can be obtained from the respective rating agency. The ESG ratings are in turn used by Scalable Capital in the selection of financial instruments with the aim of maximising these, under the condition that the usual selection criteria such as costs or liquidity are met. See also Section **"What investment strategy does this financial product follow?”**.

h. Data sources and processing

Scalable Capital considers the publicly available information of the product manufacturers such as factsheets or Key Investor Information Documents (KIID) to verify the ESG standards within the financial instruments. It also uses MSCI's publicly available offering for ESG ratings. The data is collected and processed manually through the providers’ websites. As data are collected from reputable and recognised rating agencies or issuers, no further measures are taken to verify the quality of the data. Furthermore, no estimation of ESG ratings or other sustainability indicators is performed by Scalable Capital.

i. Limitations to methodologies and data

The methods and data can be limited by insufficient publication of ESG data by the assessed companies. In addition, there are no uniform and binding requirements as to how companies must be rated with regard to ESG criteria. This can lead to rating agencies arriving at different assessments of companies with regard to the fulfilment of sustainability criteria. As Scalable Capital, as described in Section h, uses data from reputable and recognised rating agencies and issuers, which are sometimes specialised in collecting and standardising ESG data, we believe that the aforementioned limitations are justifiable. In addition, Scalable Capital may look at ESG ratings from different providers to get a fully comprehensive picture of companies' compliance with ESG standards.

j. Due diligence

As described in Clause 3.3.2, paragraphs h and i, Scalable Capital uses external ESG ratings to assess the applied ESG standards by financial instruments.

Internally, decisions concerning the sustainable investment strategies are analysed in a regular investment committee consisting of employees from the relevant capital market-oriented departments of Scalable Capital, the Sustainability Officer and the management. Among other things, changes to the financial instruments used are discussed, considering compliance with sustainability criteria as well as possible effects on the risk-return ratio. Decisions are made with the involvement of the management.

k. Engagement policies

Scalable Capital, as wealth manager, does not have the ability to exercise voting rights. In the context of wealth management, the investment strategies offered by Scalable Capital currently do not entail direct investments in shares. Within the scope of wealth management, investments can at most be made in open-ended investment funds in the legal form of investment stock corporations (*"Investmentaktiengesellschaften"*). In the case of investment stock corporations, the investment shares issued generally do not have any voting rights, so that investors are generally unable to influence the investment policy. However, the investment stock corporations of the sustainable financial instruments selected by Scalable Capital can exercise voting rights and often rely on the expertise of voting advisors who specialise in sustainable investments (for example, the provider ISS) and, where applicable, exercise voting rights in accordance with ESG standards

3.4. Non-sustainable investment strategies

3.4.1 How Sustainability Risks are considered

Within the framework of the non-sustainable investment strategies, as mentioned in Clause 3.2, only stakes in ETFs, ETCs or other ETPs are acquired and sold. Within the framework of the investment strategies, investments can therefore only be made indirectly in the various asset classes through the acquisition of corresponding ETFs, ETCs or other ETPs. A direct investment in shares or bonds of individual companies as an investment object is not intended. Sustainability Risks, as well as other investment risks, are primarily mitigated by a fundamentally broad diversification across regions, economic sectors and asset classes. Beyond this, no separate consideration is given to Sustainability Risks.

Regulation (EU) 2020/852 requires the following disclosure for non-sustainable investment strategies: "*The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities."*

3.4.2 Assessment of the expected impacts of Sustainability Risks on returns

The general risk profile with regard to Sustainability Risks of the non-sustainable investment strategies mentioned by Scalable Capital in Clause 3.2 corresponds to that of conventional benchmark portfolios.

Apart from the general risk reduction through diversification, Sustainability risks are not addressed further. However, the number of investment opportunities is not limited by the sustainable orientation of the investment strategies, so that this specific risk of sustainable investment strategies is not relevant. A sound quantitative assessment of the different Sustainability Risks is not possible *ex-ante.*

4. Explanation of significant changes to this document

We are required to explicitly explain material changes to this disclosure and comply with this requirement in the following table:

Version	Date	Change
4	December 2022	No significant changes in terms of content, only adaptation to the requirements of Regulation (EU) 2022/1288.