Vontobel

Impact report 2022

Vontobel Fund II – Global Impact Equities

January 2023

Asset Management

Executive summary

We allocate capital to, and support the growth of companies offering solutions to environmental and social challenges.

We aim to provide investors in our Fund with a “double dividend” comprising both financial returns and a positive impact on our planet and society. The belief that our economy is moving towards a sustainable future is at the core of our philosophy. We therefore invest in companies selling products or services that, in our view, represent scalable solutions to attaining the impact objectives of the Fund, and contribute to at least one of the United Nations (UN) Sustainable Development Goals (SDGs).

Double dividend: financial returns and positive impact

Our efforts build on the robust ESG foundation of the Vontobel Group, which has a long-held tradition of fostering sustainability. The firm is a pioneer in impact investing as illustrated by the launch of the Vontobel Fund – Clean Technology in 2008. For more on our approach to impact investing in listed equities please read our white paper “Make your money matter”.

Vontobel Group: impact investing since 2008

A central part of our process is to group the most pressing environmental and social challenges into eight “impact pillars” and then allocate each of our portfolio holdings to a pillar.

Environmental pillars
- Clean energy
- Clean water
- Sustainable cities
- Innovative industry & technology

Social pillars
- Sustainable food & agriculture
- Equal opportunities
- Good health & well-being
- Responsible consumption

Where possible, we select companies that are almost “pure plays” in these areas and report this with a “purity factor”, which measures the percentage of sales derived from products or services that provide solutions. The weighted purity factor is 84 percent (as of June 30, 2022), demonstrating a clear commitment of the Fund.

In this report, we cover the impact element of the Fund and provide quantitative data on the potential positive outcomes achieved by its holdings. Our Impact Indicators (IIs) track the effectiveness of our holdings in terms of tons of potential avoided emissions of CO_2 to boost decarbonization, number of patients treated with affordable drugs, or liters of drinking water provided, to name some examples. We provide additional details pillar by pillar, showing a) the most pressing sustainability challenges in our societies, b) which solutions can help us address them and achieve the SDGs and c) data on the contribution brought by the Fund’s companies in this regard.

The Fund’s holdings have, on average, a lower carbon footprint than those of its benchmark, the MSCI All Country World Index. In addition, the potential avoided emissions (PAEs) provided by a few companies, of which 49,700 tons of CO_2 are attributable to the Fund, these emissions are equivalent to taking 33,000 cars off the road. This is far more than the carbon emissions of the entire Fund—a sign that our holdings do enable real-world decarbonization.

Among social aspects, loans over EUR 20 trillion have been granted by some portfolio holdings to minority groups and female lead businesses, of which EUR 160 million can be attributed to the Fund.

We provide three company examples from different impact pillars

Good health & well-being

In 2021, global healthcare company ***Novo Nordisk*** supported drug affordability for more than 1.7 million diabetic patients in the US. We favor businesses like Novo that sell some unbranded or biosimilar drugs at cheaper prices to eligible patients than their patent-protected alternatives. These savings allow national healthcare systems to go further, treat more people, and cover more diseases with the same budget.

Clean energy

The greening of the electricity sector is underway and is currently driven by massive investments in renewable energy sources, such as wind and solar. ***Prysmian*** manufactures connection cables for solar and wind power plants, including high voltage direct current (HVDC) connections for offshore wind farms and long-distance power transmission.

Equal opportunities

Following our engagement with ***Bank of Montreal***, it announced plans to finance clients to develop, refurbish or maintain affordable housing, social housing, community housing, shelters, and housing for vulnerable populations.

For an impact fund, active ownership and engagement with company managements is of utmost importance. While collaboration with other asset managers adds weight to engagement activities, we also directly contact managements through fact-finding engagement to emphasize our impact objectives during 2Q 2022. Our activities have covered holdings representing 47 percent of the Fund as of June 30, 2022.

From challenges to investment opportunities: SFDR Art 9

We aim to support companies that generate a real-world effect, and to improve and expand their products and services as well as their business practices to create a more sustainable environment and society.

The Vontobel Fund II – Global Impact Equities is classified as Article 9 under the EU Sustainable Finance Disclosure Regulation (SFDR).[1]

[1] Regulation (EU) 2019/2088 of the European Parliament and of the Council of November 27, 2019 on sustainability-related disclosures in the financial services sector ("SFDR").

Investing to contribute to sustainable development

We aim to provide investors in our Fund with a ***"double dividend"*** comprising both a financial return and a positive effect on the planet and society. While financial returns are included in our monthly performance updates, this annual report describes the impact element, including quantitative data on potential positive outcomes produced by the companies in the Fund.

The belief that ***our economy is moving towards a sustainable future*** is at the core of our philosophy. We target companies that seek to deliver scalable solutions to sustainability challenges. Our clients want to allocate capital to companies that help create a more socially just, economically innovative, and environmentally restorative world. Our portfolio companies derive a significant portion of their revenues from the sales of products or services that provide solutions to our eight impact pillars; they also contribute to one or a number of the United Nations (UN) Sustainable Development Goals (SDGs).[2]

Our investment process is in line with the ***Theory of Change*** (ToC) concept, which identifies desired long-term goals and the conditions required for the goals to be achieved. It is among the most common causal-based models used to evaluate the positive impact of an investment. It is typically connected with a "problem statement" and illustrates the mechanism by which a given investment has a positive effect on the problem.[3]

[2] We use also the guidelines designed by the Global Impact Investing Network (GIIN) and the International Finance Corporation (IFC) as reference. See more details on the key principles on our note Your guide to impact investing.
For a full list of UN SDG targets and indicators click here.

[3] See the glossary of the Impact Management Project (www.impactmanagementproject.com).

Impact strategy assessment

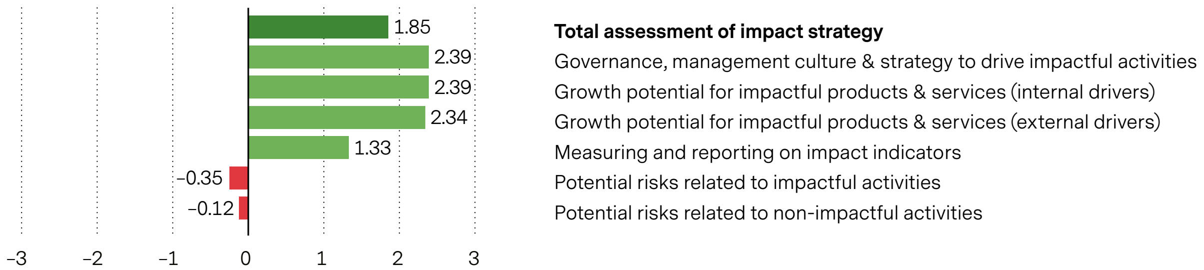
To ensure our holdings are aligned with our impact goals, we assess management's strategy for each company, including its corporate culture, capital allocation, growth plans, targets and risks. Standardizing and documenting each analyst's assessment has been the driving force in developing our systematic, six-point approach. In addition to clarifying the portfolio companies' long-term strategy, it enables us to better identify the potential benefits of impactful activities, as well as the companies' risks. It is part of our investment process. Furthermore, it helps us engage with company management regarding the activities we consider impactful and highlights risks.

Systematic, six-point strategy assessment

1. ***Management strategy***
   Company culture and major commitment to drive positive change
2. ***Internal drivers for impactful products and services***
   Areas where capital is allocated, focus of the research and development budget, the direction of acquisitions or disposals
3. ***External drivers for impactful products and services***
   Growth potential of addressed end markets and achievable profitability
4. ***Measuring and reporting of Impact Indicators (IIs) on relevant achievements***
   What is measured is managed, often a driver for improvements in management and culture
5. ***Potential risks related to impactful activities***
   Policy or regulatory changes, customer preferences, technology risks or hurdles, competitive landscape
6. ***Potential risks related to non-impactful activities***
   Regulatory requirements or emission limits increase costs, stranded assets, legacy liabilities, reputational issues

Since the last impact report, we analyzed all our portfolio holdings using the aforementioned six points and assigned a score between –3 and +3 for each category. In aggregate, the average strategy assessment resulted in a score of ***1.85***, as depicted in Figure 1. Assessments 1 to 4 inherently show a solid positive score. While the two risk-related assessment points are negative, they show a very low risk at the portfolio level. This did not come as a surprise, as we would not invest in a company with low positive scores in the first four assessments, or high-risk (negative) scores in the latter two. We see the largest potential for improvement in the measuring and reporting on sustainability IIs, hence a key focus of our ongoing fact-finding engagement with companies.

Figure 1: Portfolio weighted impact strategy assessment



Source: Vontobel Asset Management, as of June 30, 2022.

Impact pillars to focus on solutions

Climate change, water shortages and low efficiency are key aspects of the four environmental pillars. Each of our portfolio holdings is allocated to a pillar according to the solutions they can provide.

Environmental impact pillars of Vontobel Fund II – Global Impact Equities

Clean energy	Clean water	Sustainable cities	Innovative industry & technology
WHAT ARE THE CHALLENGES WE ARE TACKLING WITH OUR IMPACT PILLARS			
– Electricity and heat cause 31 % of greenhouse gas emissions (GHG) globally, mostly due to fossil fuels' combustion.[4] – Unstable energy supply, volatile prices, and energy losses.	– 3 billion people worldwide rely on water sources with unknown quality. – Rising demand for water. – Increasing water pollution. – Inadequate access to safe and affordable drinking water.	– Transport and logistics emit 15 % of all GHG. – Buildings cause massive emissions due to inefficient heating and cooling. – Cities consume 78 % of the world's energy and produce more than 60 % of GHG[5] and a significant portion of waste.	– Industrial manufacturing and processing caused GHG emissions to triple from 1990-2019.[6] – Many emerging economies lack adequate infrastructures. – Growing populations require ever more energy and materials.
WHAT ARE THE POTENTIAL SOLUTIONS PROVIDED BY PORTFOLIO HOLDINGS			
– Generate electricity from wind, solar and other renewable sources. – Manufacture renewable energy equipment and technologies that provide a smarter and more reliable grid, and greener power.	– Provide drinking water and manage waste-water. – Upgrade old water infrastructure using new technologies and monitoring. – Sanitation and water treatment infrastructure for EM countries. – Products to improve water efficiency. – Enable desalination.	– Decarbonize transport with solutions like electric vehicles and railways. – Products for smart building technologies, better insulation, lighting, heating, and cooling. – Enable repair, recycling, and sustainable end-of-life management.	– Innovate new materials and technologies to enable the transition to the greener economy. – Improve manufacturing efficiency and safety. – Enable digital transformation, improve R&D, support production and logistic.
SPECIFIC SCOPES WITHIN AN IMPACT PILLAR AND COMPANY EXAMPLES			
– Alternative energy: **First Solar** – Electric utilities – Grid equipment	– Efficient use of water: **Henkel** – Water utilities: **Veolia**	– Infrastructure & construction: **Stantec** – Mobility solutions – Sustainable buildings: **Daikin**	– Communication infrastructure: **Airtel Africa** – Functional materials – Digitalization
CONTRIBUTION TO UN SUSTAINABLE DEVELOPMENT GOALS			
7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION	6 CLEAN WATER AND SANITATION	11 SUSTAINABLE CITIES AND COMMUNITIES	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
IMPACT INDICATORS (IIS) PER IMPACT PILLAR			
Annual renewable energy generated or capacity installed	Drinking water provided; water recycled and wastewater treated	Cargo transported on rail	Potential Avoided Carbon Emissions (PAE)

[4] Source: The Center for Climate and Energy Solutions (C2ES), Climate Basics, Energy / Emissions Data.
[5] Source: UN Habitat.
[6] Source: World Resources Institute, 4 Charts Explain GHG Emissions by Countries and Sectors, 2020.

Health problems, growing inequalities, low agricultural efficiency, and biodiversity loss are key aspects of the four social impact pillars. Each of our portfolio holdings is allocated to a pillar according to the solutions they can provide.

Social impact pillars Vontobel Fund II – Global Impact Equities

Sustainable food & agriculture	Equal opportunities	Good health & well-being	Responsible consumption
WHAT ARE THE CHALLENGES WE ARE TACKLING WITH OUR IMPACT PILLARS			
– 2.3 B people lack access to food,[7] yet a large amount of food is wasted. – Over 30% of GHG are emitted by the food industry.[8] – Soil degradation and biodiversity loss impact land yields. – Animal breeding uses 77% of all arable land, but provides only 17% of humans' food.[9]	– 31% of people globally are underbanked,[10] – 10% of the world's population live in extreme poverty.[11] – Large wealth inequalities are alarming. Gender and race gaps are high too. – Millions of children and young people have no access to quality education.	– Half the world's population cannot obtain essential health services. – Unhealthy lifestyles may result in chronic diseases.	– Municipal waste may rise by 50% to 3.4 billion tons from 2018 to 2050.[12] – Oceans and rivers exhibit growing amounts of plastic waste. – The reliance on natural resources increased over 65% from 2000 to 2019.[13]
WHAT ARE THE SOLUTIONS PROVIDED BY PORTFOLIO HOLDINGS			
– Ensure food security and safety with solutions including precision farming, animal health and/or aquafarming. – Offer solutions for safe and hygienic packaging, and efficient cold chain to reduce food waste. – Encourage plant-based diets.	– Affordable financial services generate benefits for women and poor people (e.g. micro-credit, digital banking). – Provide high-quality education and/or access to information.	– Provide advanced diagnostics / prevention technologies / services. – Enable access to health care (e.g. health insurance, telemedicine). – Manufacture generic or biosimilar drugs to allow affordable care. – Improve nutrition and lifestyles.	– Advance product lifecycle concepts through better design and engineering. – Replace single-use plastic with paper-based solutions or other sustainable materials. – Enable recycling of plastics and other materials. – Sustainable and socially responsible extraction of natural resources.
SPECIFIC SCOPES WITHIN AN IMPACT PILLAR AND COMPANY EXAMPLES			
– Agritech: **Deere** – Food processing & logistics – Improved nutrition	– Financial inclusion: **Bank Rakyat** – Quality education & access to information	– Affordable & modern drugs: **Novo Nordisk** – Diagnostic, life science & tools – Healthcare insurance	– Sustainable materials: **Smurfit Kappa PLC**
CONTRIBUTION TO UN SUSTAINABLE DEVELOPMENT GOALS			
2 ZERO HUNGER	1 NO POVERTY	3 GOOD HEALTH AND WELL-BEING	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
IMPACT INDICATORS (IIS) PER IMPACT PILLAR			
Food produced responsibly	Financial services offered to underbanked people	Patients reached and treated	Waste treated / processed / recycled / circular economy

[7] Source: The World Health Organisation, July 2021.
[8] Source: United Nations, Nov 2021.
[9] Roser M, Ritchie H., Yields and land use in agriculture, Published online at OurWorldInData.org, 2019.
[10] Findex report, 2017.
[11] The World Bank, Decline of global extreme poverty continues but has slowed, 2018.
[12] Kaza, Silpa; Yao, Lisa C.; What a Waste 2.0: A Global Snapshot of Solid Waste Management to 2050, World Bank, 2018.
[13] UN, The Sustainable Development Goals Report 2022. SDG Goal 12.

Purity factor reflects impactful revenues

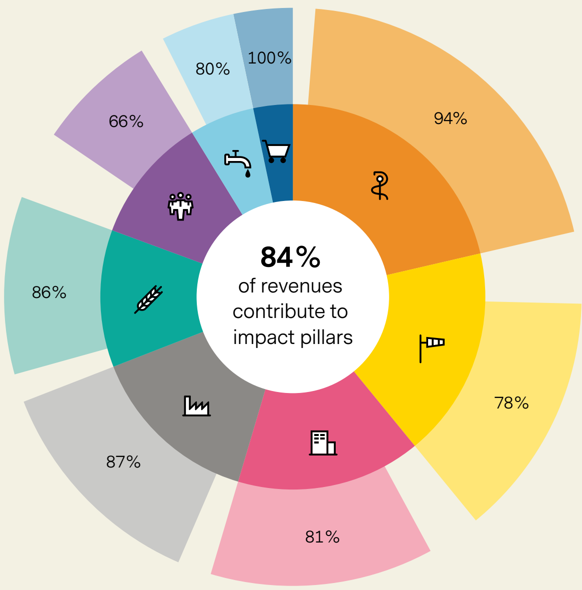
Our long-held investment principles aim to identify companies whose products and services can create a real-world impact in one of the areas defined by our impact pillars. At the same time, we follow good governance practices and the "do no significant harm" approach. This aligns us with the required integration of sustainability considerations under the European Union's Markets in Financial Instruments Directive (MiFID II).

It is important to understand that a sustainable investment strategy that is in line with the SFDR, article 2 (17), can also contribute to an environmental objective outside the EU Taxonomy. While this taxonomy classification system dividing "sustainable" from "non-sustainable" economic activities consists of six clearly defined environmental objectives, there is no widely accepted definition of sustainable investment objectives. Under our own classification system, once we have identified a company as being "sustainable", it must contribute to one of our impact pillars with material revenues generated through its products and services. We are convinced that this approach meets the requirements of the wider EU term of sustainable investment objectives.

We allocate capital to and support the growth of companies that offer solutions to environmental and social challenges.

The ***"purity factor"***, the percentage of sales derived from products or services that represent solutions, is a key element in tracking contribution to the impact pillars. In total, as of 30 June 2022, the purity factor for the Fund is ***84 %***. The inner circle in Figure 2 shows the portfolio's allocation to the eight impact pillars, while the outer circle represents the percentage of relevant revenues within each pillar.

Figure 2: High purity factor in each impact pillar



Investment exposure by impact pillars

Good health & well-being	20 %
Clean energy	17 %
Sustainable cities	15 %
Innovative industry & technology	14 %
Sustainable food & agriculture	11 %
Equal opportunities	10 %
Clean water	5 %
Responsible consumption	3 %

For companies with activities (revenues) in several impact pillars, all relevant revenue shares are allocated to the main impact pillar.
Pillar weights in the portfolio add up to 96 percent; 4 percent is cash.
Source: Vontobel Asset Management, as of June 30, 2022.

SDG mapping

An important part of our investment approach is to identify companies whose products and services contribute to at least one of the impact pillars. As illustrated in the impact pillar overview table, each pillar investment then contributes to key Sustainable Development Goals (SDGs).

Initially, after the SDGs were adopted by the United Nations Member States, questions as to how specific companies can contribute to the SDGs were left unanswered. This changed with the development of the SDG Compass, a document offering tools and knowledge on how to match business activities to the SDGs. The SDG Compass is the result of a collective effort from the Global Reporting Initiative (GRI), the UN Global Compact, and the World Business Council for Sustainable Development (WBCSD).

We map contributions generated through the companies' products and services, not accounting for their internal or operational contributions. For our SDG mapping process, we have defined the following rules:

1. SDG mapping must be aligned with the sustainable investment objectives of the corresponding impact pillars.
2. SDG contribution must be related to product and services and shall be material. Likewise, company management's behavior and initiatives, e.g., the focus on research and development, the funds available for capital expenditure, or activity tied to mergers and acquisitions play a significant role. In many cases the number of SDGs assigned tends to be lower than what companies claim or what rating agencies may attribute to them.
3. SDG contributions are noted in our database where needed and are reviewed at least yearly.

Figure 3: Number of holdings with material contribution to UN SDGs through their products and services

˙ Companies' positive contributions via their products and services.
Source: UN, Vontobel Asset Management, as of June 30, 2022.

Impact Indicators

Assessing official company reports, combined with regular contact and engagement with managements of our portfolio holdings, allows us to collect data that supports our investment approach. This is reflected in the Impact Indicators (IIs) and is consolidated for all holdings. Data gathering and reporting on ESG and impactful activities isn't uniform currently and differs from pillar to pillar, but we intend to improve consistency through our active engagement.

Looking at the impactful activities of each company helps us attribute them to certain common denominators and may make indicators comparable. IIs contain major contributions from products and services of companies that are active in the corresponding impact pillar.

The data listed in this report is non-exhaustive and it does not include estimates for the companies that do not disclose information in relation to relevant IIs. Similarly, the data is not adjusted to exclude potential double counting such as the number of people measured by a given indicator and touched by other companies in the Fund. An exception are the PAEs, where our partner ISS ESG may estimate avoided emissions using their own models, and where they apply a methodology to avoid double counting (see Appendix).

The table below summarizes some IIs from individual companies held by the Fund as of June 30, 2022 whereby the company data is the latest available, usually coming from annual or sustainability reports covering 2021. The companies' data, as a whole and the proportion attributable to the Fund, is based on its ownership.

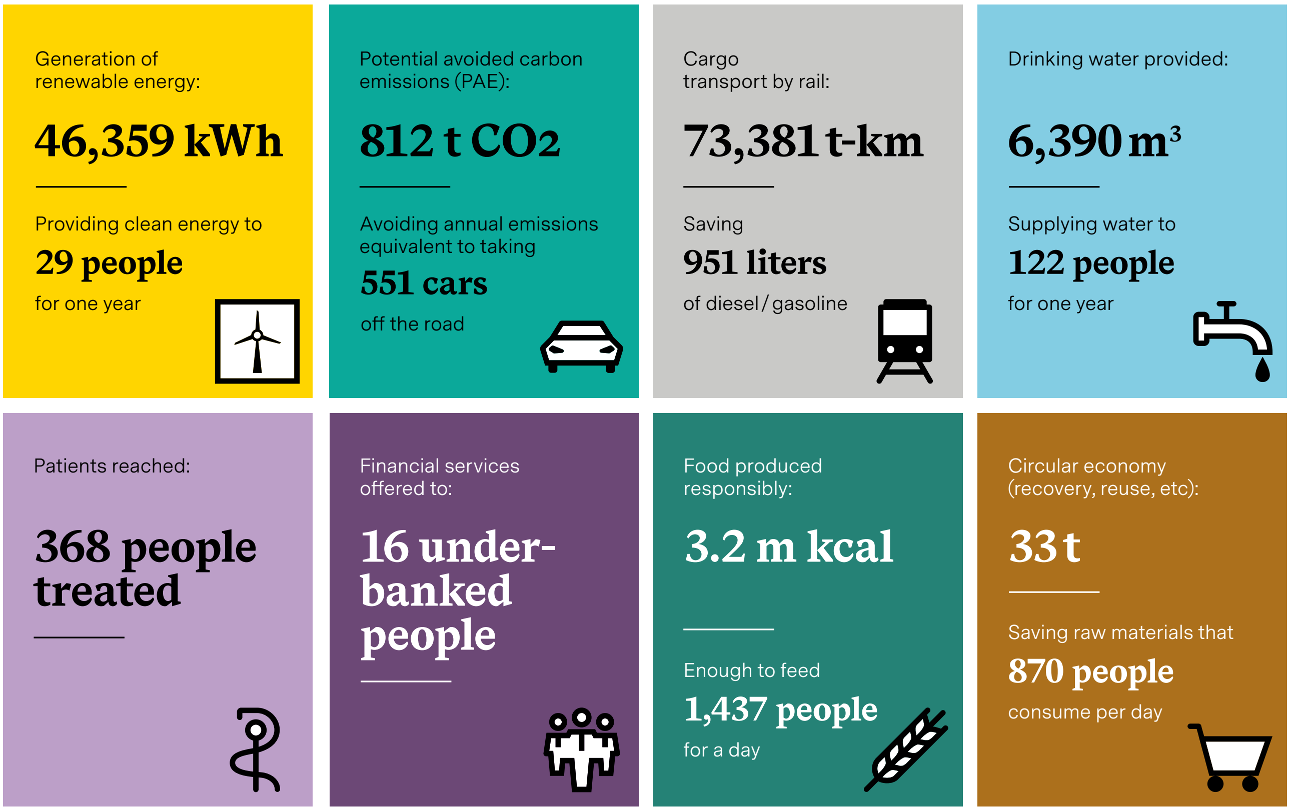
Figure 4: Fund Impact Indicators

IMPACT INDICATOR DESCRIPTION	TOTAL FROM PORTFOLIO COMPANIES	ATTRIBUTABLE TO THE FUND	MAJOR CONTRIBUTORS	TOTAL REPORTING COMPANIES
Carbon footprint (scope 1&2)	158.0 million t CO_2	5,368 t CO_2	Veolia	61
Potential avoided CO_2 emissions	1.17 billion t CO_2	49,695 t CO_2	First Solar	16
Renewable energy generated	100.3 TWh	2.84 GWh	Nextera	5
Renewable energy shipped	31.6 GW	1.62 MW	First Solar	3
Renewable energy use in production	36.6 TWh	2.34 GWh	West Fraser	31
Drinking water provided	8.1 billion m^3	391,277 m^3	Veolia	2
Waste water treated	5.20 billion m^3	264,427 m^3	Veolia	1
Waste managed as a service	56.0 million tons	3,242 tons	Veolia	24
Cargo rail transported	668.6 billion ton-km	4.49 million ton-km	Union Pacific	1
Material captured for circular economy	20.5 million tons	1,992 tons	Smurfit Kappa	15
Beneficiaries of affordable medical solutions	47.6 million people	851 people	DSM	4
Patients or people reached	2.82 billion people	22,560 people	Thermo Fisher	10
Users of nutrition solutions	3.60 billion people	181,658 people	DSM	2
Education / information provided for	75.1 million students	10,185 students	New York Times	2
Jobs created through micro loans	16.1 million jobs	403 jobs	Bank Rakyat	1
Women empowerment	12.5 million women	324 women	Bank Rakyat	3
Loans granted to minority of female lead businesses	20.1 trillion EUR	160 million EUR	Bank Rakyat	4
Underbanked people served	35.4 million people	960 people	Bank Rakyat	5
Sustainable finance	340.1 billion EUR	5.64 million EUR	BMO	5
Food produced responsibility	491.1 billion kcal	198 million kcal	Hain Celestial	3
Efficiently farmed land	2.0 million km^2	66.00 km^2	Deere	2

Source: Vontobel Asset Management ; 64 portfolio holdings as of June 30, 2022.

To make the indicators more tangible, we translated each positive impact into easier-to-grasp equivalents where appropriate. Investing one million euros in the Vontobel Fund II – Global Impact Equities results in ownership of companies that delivered the following impactful activities during their latest reporting year:

Figure 5: The potential annual impact of a EUR 1 million investment



Source: Vontobel Asset Management. Portfolio as of June 30, 2022.

The impact generated by the companies materializes through two steps. First, investors, e.g. Vontobel, allocate capital to what they have identified as a promising company. Second, the company's products and services then generate the desired real-world effect. As impact investors and long-term providers of capital, we aim to support these companies to improve and expand their products and services as well as their business practices to create a more sustainable environment and society. This is highlighted in the "General Framework" of our ***white paper on impact investing in listed equities.***

The appendix lists the main assumptions made to translate a given II in a more tangible equivalent.

Pillar focus

Good health & well-being

At least half of the world's population cannot obtain essential health services, according to the World Bank and WHO. At the same time, the population and the average global life expectancy is rising and, by 2050, the number of people aged 60 years or higher will double.[14] The OECD expects the health expenditure to outpace GDP growth, accounting for 10.2 percent of GDP by 2030 (up from 8.8 percent in 2018).[15] Given these expectations, providing access to quality health services at affordable prices is crucial to reach underserved patients worldwide.

Savings can allow national healthcare systems to go further, treat more people and cover more diseases with the same budget. This is why we focus on companies that can make healthcare more efficient and more affordable. We particularly favor businesses that sell generic / biosimilar drugs at cheaper prices than their patent-protected alternatives. A single generic competitor can lead to drug price reductions of 30 percent, and five generics competing can lead to drug price reductions of nearly 85 percent.[16] Measuring the number of people benefitting from equitable pricing strategies is key in our investment process.

To improve efficiency, we consider advanced diagnostic med-tech companies as a solution to reducing hospitalization and accelerating the recovery process thanks to earlier, faster, and more accurate disease detection. Furthermore, we believe that outsourcing is a powerful cost-saving strategy for the R&D phase and/or manufacturing of drugs. Lastly, we invest in food ingredient companies that help food producers reformulate their products to offer healthier options—e.g., low-sugar, low-fat, and vegetarian alternatives.

[14] WHO, October 2021, WHO: aging and health.
[15] OECD, November 2019, "Health spending set to outpace GDP growth to 2030".
[16] US Food & Drug Administration (FDA), Generic Drug Facts, 2021, https://www.fda.gov/drugs/generic-drugs/generic-drug-facts.

Case study: Novo Nordisk, Denmark

Good health & well-being—reaching more patients and treating more diseases

Weight allocation in the portfolio: 1.99%
Revenue relevance: 100%
Impact Strategy Score: 2.75
(as of June 30, 2022)

Novo Nordisk is a global healthcare company that develops innovative medicines. It is mostly famous for its diabetes solutions that reach 34.6 million people globally.

Impact relevance
In 2021, 537 million adults (1 in 11) were living with diabetes globally. This number is expected to rise to 643 million by 2030.[17] Diabetes places a great burden on health systems and requires immediate attention.[18] People with diabetes have increased mortality risk. Novo Nordisk products treat 6.4 percent of the affected population.Additionally, the company developed an anti-obesity drug, Wegovy, that addresses a market of 1 billion people globally.[19]

In 2021, Novo Nordisk supported drug affordability for more than 1.7 million diabetic patients in the US through:
– ***Unbranded*** biologic versions of fast-acting and premix insulin at a 50 percent list price discount versus branded versions
– ***My$99Insulin:*** 30-day supply of a combination of Novo Nordisk insulin products (up to three vials) for USD 99 for eligible patients, vs a listed price of USD 145 for one vial, or USD 434 for a three-vial equivalent.
– ***Patient Assistance Program:*** Free diabetes medication to people in need who meet certain eligibility criteria, including annual household income at or below 400 percent of government-defined poverty level.

Impact strategy
Novo's management focuses on diabetes and obesity. It has an attractive pipeline, and it continues to invest in R&D, focusing on increasing the number of clinical assets beyond historic focus in stem cells, chronic kidney disease (CKD), cardiovascular disease (CVD) and non-alcoholic steatohepatitis (NASH). Its R&D spending accounts for approximately 12 percent of sales (FY21).

Potential company impact*
GHG indicators

Carbon footprint (scope 1 and 2):
0.5 t CO_2

Causing annual emissions equivalent to
0 cars
on the road

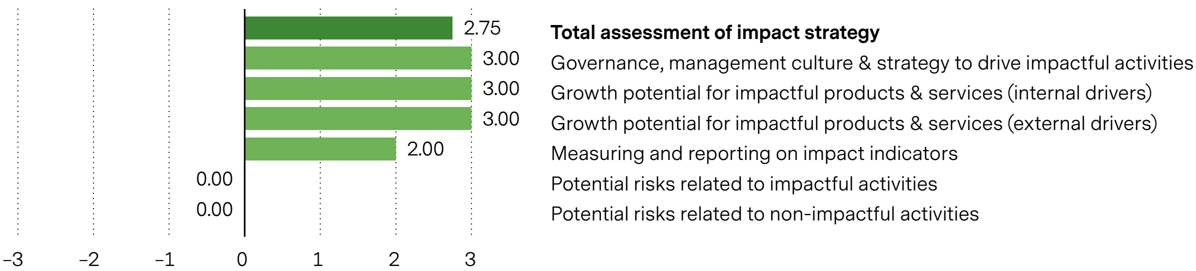
Other potential impact indicators*

Number of patients treated:
172 people

Drugs or services sold or provided at a discount:
25 people

* Impact indicator per fund ownership.
Vontobel Asset Management, as of June 30, 2022.

Figure 6: Novo Nordisk scores high in our impact strategy assessment



Source: Vontobel Asset Management, as of June 30, 2022.

[17] International Diabetes Federation (IDF), Diabetes facts & figures, 2021.
[18] World Diabetes Today, Facts and Figures, https://worlddiabetesday.org/about/facts-figures/.
[19] World Obesity, 2022, https://www.worldobesity.org.

Pillar focus

Clean energy

Given that the energy sector accounts for the lion's share of greenhouse gas emissions, clean energy is the avenue to the solution. ***The greening of the electricity sector is underway*** and is currently driven by massive investments in renewable energy sources, such as wind and solar. The energy crisis triggered by Russia's invasion of Ukraine has added to the sense of urgency and accelerated the deployment of solar and wind energy, storage solutions, and energy grid infrastructure. As phasing down coal and putting a price on GHG emissions has become a political imperative, the concept of climate finance has taken center stage in the transition to a low carbon economy. Moreover, the decision to invest in green energy is not only driven by environmental reasons. It also makes economic sense as installation costs for renewable energy have declined significantly over the past decades.

These costs are ***now comparable to, if not lower than, installation costs for conventional sources such as nuclear and fossil fuels—making clean energy a win-win solution on all fronts.*** As sustainable investors, we are mindful of the return and risk potential of various activities along the value chain of solar, and onshore and offshore wind, including human rights considerations related to alleged forced labor and the procurement of critical raw materials.

Companies that we group under this pillar are green electricity utility companies, manufacturers of components for solar panels and wind turbines as well as producers of transformers, smart meters, or electricity transmission cables.

Company case study: Prysmian, Italy

Clean energy—green solutions to a crisis

Weight allocation in the portfolio: 1.16%
Revenue relevance: 83%
Impact Strategy Score: 1.75
(as of June 30, 2022)

Prysmian SpA is an Italian manufacturer of electric power transmission and telecommunications cables and systems. Its business is organized in three segments: Projects, which focuses on the execution of underground and submarine cable projects; Energy Products, which provides power distribution, and industrial and network components; and Telecom, which makes fibre optic cable systems and connectors. More than half of the firm's revenue is generated in the EMEA region, with the rest coming from North America, Latin America, and Asia-Pacific.

Impact relevance
Prysmian manufactures connection cables for solar and wind power plants, including high voltage direct current (HVDC) connections for offshore wind farm and long-distance power transmission. Thanks to Prysmian's cables, transmission losses can be significantly reduced, and excess renewable power generated can be efficiently transmitted to storage facilities. Furthermore, fiber optic cables allow data transmission at a very high rate with low energy requirements. Specialty cables for elevators provide increased safety features. Prysmian's power transmission and optical cables are important for a reliable and efficiently functioning infrastructure, contributing to healthier and safer living.

Impact strategy
Prysmian spends R&D efforts to constantly improve quality and reliability of high and ultra-high voltage cables for low-loss transmission, and equipment for connection of renewable energy generation and distribution networks. Furthermore, via General Cable—acquired in 2017—Prysmian is refurbishing its facilities for the manufacturing of HVDC cables, bringing this low-loss transmission technology also to North America.

Potential company impact*
GHG indicators

Carbon footprint:
74.2 t CO_2
Causing annual emissions equivalent to
50 cars
on the road

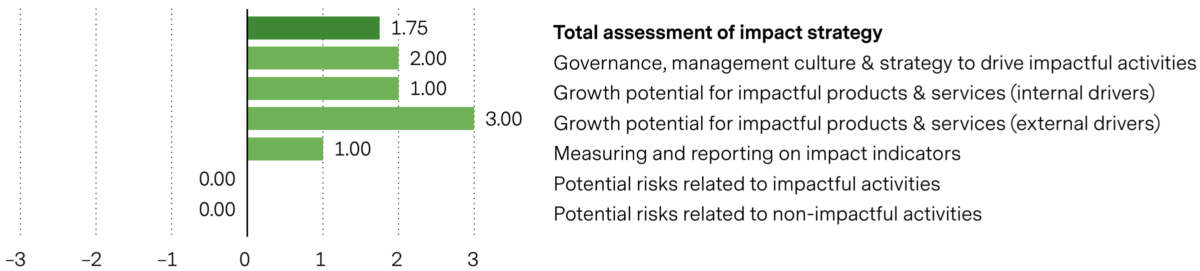
Potential avoided carbon emissions:
4.9 t CO_2
Avoiding annual emissions equivalent to taking
3,222 cars
off the road

Other potential impact indicators*

Renewable/recovered energy use production:
71.3 MWh
45 people

* Impact indicator per fund ownership.
Vontobel Asset Management, as of June 30, 2022.

Figure 7: Impact strategy assessment of Prysmian

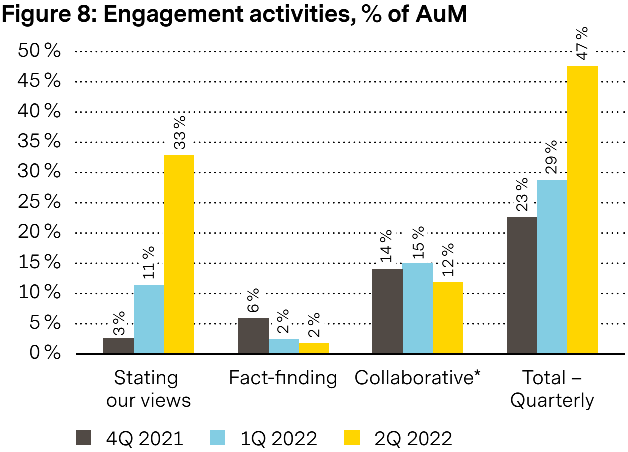


Source: Vontobel Asset Management, as of June 30, 2022.

Engagement

Sustainability issues can materially impact the future success of a company and therefore its investment returns. Consequently, we put a strong emphasis on active ownership and engagement with our portfolio holdings. This year we have increased our direct involvement and, in total, our engagement activities in the second quarter of 2022 covered 47 percent of the Fund's AuM.

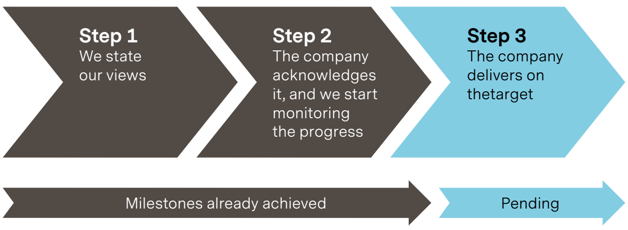
Figure 8: Engagement activities, % of AuM



Source: Vontobel Asset Management, Columbia Threadneedle reo®, as of June 30, 2022.
* Carried out by Columbia Threadneedle reo®.

In addition to company specific engagement activities, we run thematic engagement campaigns. Our engagement project on diversity & inclusion (D&I) targeted the Fund's companies that lagged their industry average in this respect. We raised the importance of D&I from an investment perspective as several studies demonstrate how it impacts returns and profitability. Furthermore, we initiated a one-on-one dialogue providing suggestions on how to improve D&I and encouraging companies to set clear goals and measure their progress.

Figure 9: Engagement milestones



Source: Vontobel Asset Management.

Engagement case study: Bank of Montreal

Equal opportunities—supporting financial inclusion

Weight allocation in the portfolio: 2.75%
Revenue relevance: 23%
Impact Strategy Score: 2.00
(as of June 30, 2022)

Based on our assessment, Bank of Montreal (BMO) is a responsible bank, contributing to the impact pillar "equal opportunities" and aligned mainly with SDG 13 (climate action), SDG 5 (gender equality) and SDG 1 (no poverty) among others.

It is one of the few global banks to be a signatory of the United Nations Principles for Responsible Banking (UN PRB), the Net-Zero Banking Alliance (NZBA)[20], the Partnership for Carbon Accounting Financials (PCAF) and the Equator Principles. It is a leader in corporate banking / investment banking services, allowing its corporate clients to finance projects for the transition to a lower carbon economy (e.g., issuance of green bonds). The bank has set clear sustainable finance targets, such as mobilizing CAD 400 billion for sustainable projects. In addition to climate related themes, it has clear targets in terms of financial inclusion (gender and aboriginal groups). Further, its personal and commercial (P&C) banking division is a leading player in the Canadian mortgage industry.

Engagement's objective
We consider BMO to be a leader in climate and inclusion finance. As to the mortgage industry, we see parts of the population struggling with affordability issues. We asked BMO to set clear targets for its mortgage business in terms of financing affordable housing.

Methods of engagement
One-on-one video conference and emails.

Engagement process and outcomes
The engagement with Bank of Montreal started on July 21, 2021 with a video conference and a follow-up email. We covered various strategic and impact issues, including the rise of the housing market in Canada and the importance of affordable housing. We asked the company about clear targets in this area.

Following our engagement, on August 5, 2021, the bank publicly announced a CAD 12 billion commitment to finance affordable housing over a ten-year period, including commitments to increase access to quality housing for indigenous communities.[21] BMO plans to finance clients to develop, refurbish or maintain affordable housing, social housing, community housing, shelters, and housing for vulnerable populations. The bank's commitment will also support the financing of affordable housing and infrastructure projects that increase access to housing and promote economic development for indigenous peoples, both on and off-reserve. The bank will work with Canada's authority on housing, Canada Mortgage and Housing Corporation (CMHC), which contributes to the stability of the housing market and financial system, provides support for Canadians in housing need, and offers unbiased housing research and advice to all levels of Canadian government, consumers, and the housing industry.

CMHC's aim is that by 2030, everyone in Canada has a home they can afford, and that meets their needs.

BMO's Head of Investor Relations informed us about this development. Prior to our engagement, the bank had no target and no data to track its impact in terms of exposure to affordable housing. In our view, we see an engagement success: the bank has recognized the role it can play in this regard, set a clear target, and will report progress in due course.

Next steps
We have achieved the first two milestones in our engagement process (see Figure 9) as the company has acknowledged our views and set a plan to work toward a target. We will monitor the implementation of the plan.

[20] BMO reduced its lending exposure to the fossil fuel industry in 2020 by selling its US loan book (part of the ROE optimisation strategy), but it still lends to clients extracting / using fossil fuel clients in Canada (3 percent of the loans—oil & gas and utilities, 2020 data). Such exposure has to be seen in the context of its long term NZBA ambitions.
[21] https://newsroom.bmo.com/2021-08-05-BMO-Announces-12-Billion-Financing-Commitment-towards-Affordable-Housing.

Carbon footprint and potential avoided emissions

This is the second “Potential Avoided Emissions” (PAE) analysis for the holdings of the Vontobel Fund II – Global Impact Equities. For this we draw on a recently published PAE methodology paper by our partner for carbon and climate assessment, ISS ESG.[22] Their methodology follows an attributional approach based on life cycle GHG accounting. PAE per holdings are aggregated to portfolio level based on the attribution factor in line with the Global Standard of PCAF (Partnership for Carbon Accounting Financials).[23]

The Fund’s holdings have, on average, a lower carbon footprint than those of the reference index (MSCI ACWI). The CO_2 emissions attributable to the Fund are 5,400 tons. But more importantly, ***the Fund’s potential avoided emissions (PAE) are 49,700 tons of CO_2, equivalent to taking more than 33,700 cars off the road.***[24] This implies that our holdings ***potentially avoid much more carbon than they emit.***

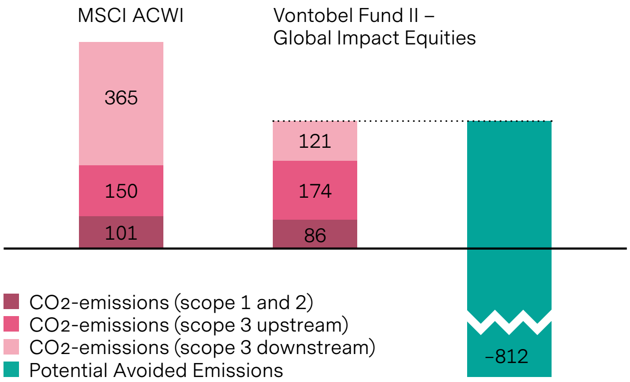
The four largest company contributors to avoided emissions on the Fund level are ***Veolia*** (74 percent), ***Prysmian*** (10 percent), ***First Solar*** (4 percent) and ***Vestas*** (3 percent). The PAE data was adjusted for potential double counting by ISS ESG, which affected PAE values for ten companies with a high probability for double counting. As a result, these values provide a rather conservative impact metric on the portfolio level and lead to lower overall PAE.

The carbon footprint of a portfolio is traditionally measured under scope 1, 2 and 3 upstream, but this reports only past emissions. Our focus lies on solution providers that ***help and enable the reduction of future emissions***, and especially those of their customers. This is of the utmost importance in businesses causing inherently high emissions, where a more holistic approach to carbon emissions paves the way to transform to a low-carbon economy. Therefore, we might invest in a holding company that emits considerable scope 1 and 2 emissions in order to manufacture more efficient products, as long as the life-cycle emissions, including the use of its products, will be significantly lower. New green infrastructure and energy-efficient buildings or manufacturing processes will avoid far more carbon emission over their life span than they cause during manufacturing.

The overall carbon footprint of the Vontobel Fund II – Global Impact Equities is lower than its reference index, the MSCI ACWI (Figure 10) but in addition, the large amount of PAEs—9 times more than the CO_2 scope 1 and 2 emitted—reflects the effectiveness to reduce future carbon emissions. Hence, a high PAE shows a strong support for industry transition and a real-world impact.

Figure 10: Carbon footprint and Potential Avoided Emissions

In tons of CO_2 per EUR 1 M invested



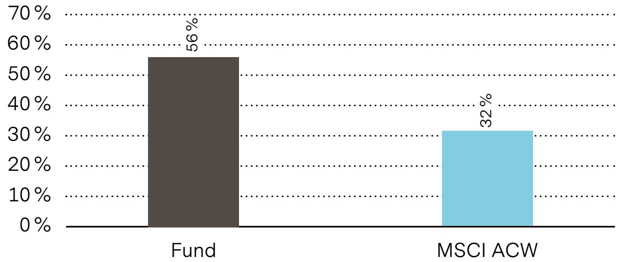
Source: Vontobel Asset Management and ISS-ESG, MSCI ESG Research LLC, as of June 30, 2022.

* Holdings and portfolio characteristics based on strategy’s representative account; subject to change; and for illustrative purposes only.

Furthermore, the ***Fund has a higher percentage of companies with a net zero pledge than the reference index*** (MSCI ACWI). This includes ambitious targets set by the companies as well as those approved by the Science Based Targets Initiative (SBTI), a cooperation between the UN, the World Resources Institute, and the Worldwide Fund for Nature (WWF). We welcome Net Zero targets anchored to scientific data, considering scope 3 emissions alongside 1 and 2, and encompassing mid-term targets as well as 2050 ones.

Figure 11: Higher commitment to Net Zero than the reference index (MSCI ACW)

In % of companies



Source: MSCI ESG, Vontobel Asset Management, as of June 30, 2022

[22] Available upon request from ISS-ESG.
[23] PCAF (2020). The Global GHG Accounting and Reporting Standard for the Financial Industry. First edition.
[24] Click for more details on the PAE concept (Vontobel Fund – Clean Technology, Impact Report 2022).

EU's initiatives on sustainable investing

Latest developments
Among the world's jurisdictions, the European Union had a head start in codifying the terms and conditions of "green" investments. It has done so through various directives and initiatives, such as the Sustainable Finance Disclosure Regulation (SFDR), the European Green Deal or the EU Taxonomy. The latest developments on regulation are summarized below.

We have categorized the Vontobel Fund II – Global Impact Equities as an "Article 9 SFDR" financial product, the most demanding SFDR category with the highest disclosure requirements. To qualify for this category, an impact fund such as ours must reflect intentionality and must have a sustainable investment objective, i.e., the ambition to contribute to environmental and/or social objectives. SFDR demands certain disclosure and reporting requirements.

We published a first periodic report as requested by SFDR as part of the annual report for the fiscal year of the Fund vehicle from April 1, 2021 to March 31, 2022. We were using the official RTS template providing specific disclosure requirements issued by the European Commission. This is the so-called "SFDR Level II" and is available in the Fund's documentation on the Vontobel website.

The ***main results of this periodic reporting*** were the following:

As of March 31, 2022, 97 percent of the Fund was invested in companies that contribute to an environmental or social objective through their economic activities; the remaining 3 percent of the portfolio was held in cash.

Looking at the investee companies, 80 percent of their revenues were derived from such activities (purity factor), and the remaining revenues were not specifically contributing to an environmental or social objective.

Such 80 percent of investee companies' revenues was made of 48 percent points linked to environmental ("E") activities and 32 percent points linked to social ("S") activities, reflecting the dual focus of the Fund on "E" and "S".

Within the 48 percent points of investee companies' revenues with an environmental objective, we include economic activities that qualify as environmentally sustainable under the EU Taxonomy (representing 13 percent points of the first two environmental objectives of the EU Taxonomy), but also those that do not qualify as environmentally sustainable under the EU Taxonomy (35 percent points of revenues).[25]

Latest on ESG at Vontobel
Vontobel has a Sustainable Investing and Advisory Policy Statement[26] which describes how Vontobel integrates sustainability risks and principal adverse sustainability impacts in its investment decisions and advisory services. In particular, the policy explains our rationale, objectives, governance structure and how we implement these across our business divisions. The policy addresses the level 1 and level 2 expectations, and Vontobel regularly evaluates how subsequent regulatory technical standards (RTS) can be integrated. This policy was issued in 2019 and updated in March 2021 to be in conformity with Article 3 and Article 4 of the Regulation (EU) 2019/2088.

Click here to find the latest Principal Adverse Impacts (PAIs) statement and other SFDR-related documents of the Vontobel Group.

[25] This percentage figure was taken from the MSCI ESG Manager, a tool available from MSCI ESG Research, LLC, and refers to the data point "EST_EU_TAXONOMY_MAX_REV". According to MSCI ESG this represents an estimated maximum percentage of revenues with EU Taxonomy Alignment.
[26] vt-sustainable-investing-and-advisory-policy-statement.

Ratings from external ESG data providers

Several ESG rating agencies evaluate our Vontobel Fund II – Global Impact Equities, and their findings are used by clients, asset owners or financial advisers. To increase our Fund's transparency, we not only report our own impact data, but also show a selection of ESG, climate and impact ratings from external sources.

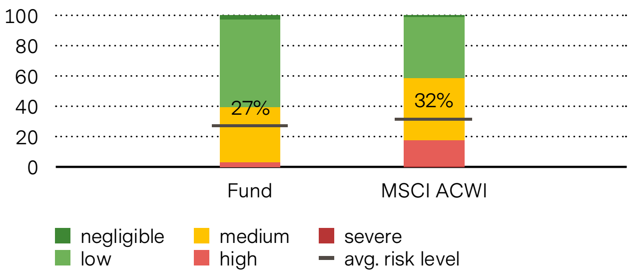
Overall ESG ratings of the Fund
While our objective is not to optimize our overall ESG rating, the companies we invest in tend to be well rated by agencies too. But first and foremost, our focus is to invest in companies that create a positive impact within one of the eight impact pillars and generate a substantial part of their revenues with innovative products and services. At the same time, we avoid investments in companies with critical business involvements. In addition to the proprietary results of our investment approach (purity factor, SDG contribution, impact indicators), we would also like to show an "outside" view using external ESG ratings.

MSCI ESG ratings are classified as ESG Ratings Leaders (AAA and AA), Average (A, BBB, and BB), and Laggards (B and CCC). The rating agency MSCI ESG assigns an ESG rating in line with the reference index: AA. The Overall ESG quality score:[27] for the portfolio is 7.77 vs 8.28 of the reference index. Sustainalytics (SA) assigns the Fund a lower ESG risk score than the reference index MSCI ACWI. Figure 12 and 13 show the MSCI ESG and the SA Ratings as of June 30, 2022.

Figure 12: MSCI ESG Fund rating summary

Source: MSCI ESG, as of June 30, 2022.

Figure 13: Sustainalytics ESG risk level
Exposure to ESG risk levels
In %

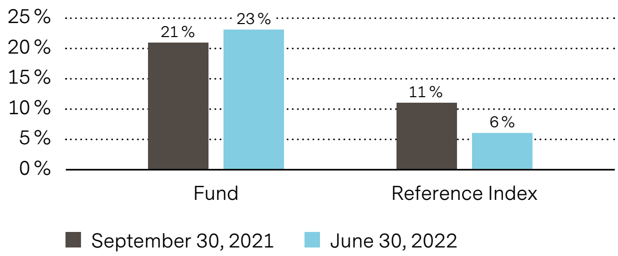


Source: Sustainalytics, as of June 30, 2022.

Third-party impact data: Don't just take our word for it
We measure companies' positive impact using proprietary measures and, in our view, there is no substitute for in-house research, as sustainable investors must be equipped with the skills to understand and assess ESG issues along equity fundamentals. However, it is important to be transparent and also show ***independent ratings***, even if the data points might be calculated using different assumptions and are not always directly comparable.

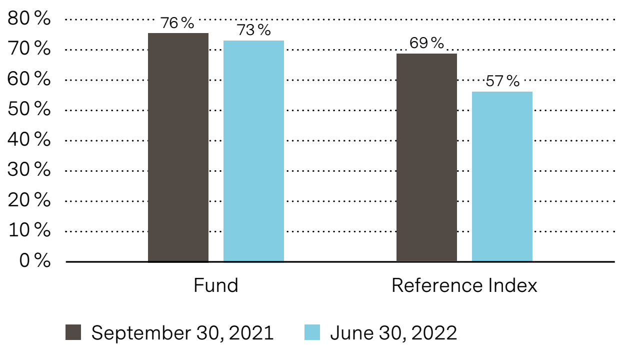
We show the impact scores of the external ESG research specialists MSCI ESG and ISS ESG. Their methodology is not directly comparable with our own approach. ***No matter what impact methodology we look at, it is clear that the impact scores on the Fund are well above the reference index.*** Namely, using MSCI ESG data the Fund's impact indicator was 3.7 times bigger than the reference index (23 percent vs 6 percent as of June 30, 2022; see Figure 14), and using ISS ESG data the Fund has an impact score of 73 percent vs the reference index 57 percent (see Figure 15). The charts below present a historical evolution, showing that the positive difference versus the reference index has increased this year.

Figure 14: MSCI ESG—The Fund's revenues exposure to impact solutions in 2021 and 2022



Source: MSCI ESG, Vontobel Asset Management, as of June 30, 2022.
Certain Information ©2021 MSCI ESG Research LLC. Reproduced by permission, for more information see https://www.msci.com/notice-and-disclaimer.

Figure 15: ISS ESG—Percentage of Fund with high impact score is 1.3 × higher than the reference index



Source: ISS ESG, Vontobel Asset Management, as of June 30, 2022.

EU Taxonomy analysis

In order to meet the EU's climate and energy targets for 2030 and reach the objectives of the European green deal, it is vital that asset owners direct investments towards sustainable projects and activities. The so-called EU Taxonomy establishes "a list of environmentally sustainable economic activities" and "a common language" to help asset owners in such capital allocation exercise and avoid greenwashing.[28]

Although the ***Vontobel Fund II – Global Impact Equities Fund is not a green fund per se as it invests in both environmental and social activities***, we report what percentage of Fund sales is ***potentially aligned with the EU Taxonomy***.[29] ***This number does not capture the social alignment of the Fund as the EU has not finalized its social taxonomy***. Once available, we will monitor the EU social alignment too, and report on both aspects together to illustrate the dual focus—E and S—of our Fund. Meanwhile, it is important to understand that a sustainable investment strategy that is in line with the SFDR, article 2 (17), can also contribute to an environmental objective ***outside*** the EU Taxonomy.

We present here findings based on third-party methodology—by MSCI ESG and ISS ESG. All findings show that ***the Fund is better positioned than the reference index*** and it offers exposure to many economic activities defined as green and suits well the needs of asset owners wanting to allocate capital to reach the objectives of the European Green deal.

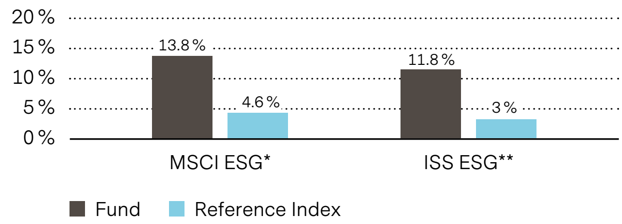
MSCI ESG Taxonomy analysis

The second analysis was conducted according to the MSCI ESG manager data and methodology. In reviewing investments and companies for potential alignments with the EU Taxonomy, MSCI ESG uses their Sustainable Impact Metrics (SIM) as sensible proxy to assess the taxonomy alignment. While the definition of "green" or "sustainable" differs in some ways, MSCI's SIM dataset has a similar objective as the EU Taxonomy and can be used as a first screening for potential alignment. We applied the MSCI datapoint "EST_EU_TAXONOMY_MAX_REV" to the portfolio. According to their methodology our Fund has 13.8 percent of estimated EU Taxonomy aligned revenues compared to 4.6 percent for the reference index MSCI ACWI (see Figure 13).

ISS ESG Taxonomy results

Regarding taxonomy assessment, we asked ISS ESG to conduct an analysis based on their data and methodology. The ISS ESG EU Taxonomy alignment report evaluates the alignment at portfolio level against the six climate and environmental-related objectives set out by the regulatory text, by determining investee companies' involvement in taxonomy-eligible economic activities, quantifying the respective revenues from these activities, and subsequently applying the three technical assessment steps of "substantial contribution", "do no significant harm", and "minimum social safeguards".[30] The ISS ESG results show that the Vontobel Fund II – Global Impact Equities consists of 11.8 percent revenues from taxonomy-eligible business activities. In contrast, our reference index, the MSCI ACWI contains only 3.0 percent taxonomy-eligible revenues, see Figure 16.

Figure 16: AuM potentially aligned to the EU Taxonomy: two different methodologies come to similar conclusions



Source: MSCI ESG, ISS ESG, Vontobel Asset Management, as of June 30, 2022.
* % AuM EU Taxonomy aligned.
** % Aligned / likely aligned / potentially aligned.

27 ESG Quality Score measures the ability of underlying holdings to manage key medium to long-term risks and opportunities arising from environmental, social, and governance factors. It is based on MSCI ESG Ratings and is measured on a scale of 0 to 10 (worst to best).
28 Click here for the European Commission's EU Taxonomy. Some parts of the taxonomy regulation are yet to be approved (as of Oct. 31, 2021), and details are not yet defined for all requirements.
29 Estimated "EU Taxonomy alignment—maximum percentage of revenue" indicates a company's estimated maximum percentage of revenue from products and services addressing environmental objectives, based on the MSCI SIM framework. Companies with a red and orange flagpoint to environmental controversies, and those with a red flag in "social and governance controversies" are excluded from the list for failing to meet the "Do no significant harm" as well as "Minimum social safeguards" criteria of the EU Taxonomy. Also excluded are tobacco producers and companies with any involvement in controversial weapons.
30 Further information on ISS ESG methodology can be found: ISS Governance.

Appendix

Potential Avoided Emissions (PAE)
Avoided emissions are emissions that would have been released if an action or intervention had not taken place. The emissions avoided by using a more efficient product or service are often conditional to either consumer or market behavior. This analysis does not make absolute predictions about behavior or market developments. Consequently, we have chosen to use potentially avoided emissions (PAE) to underline that the avoided emissions presented are not assured or verified by a third party and are dependent on certain behaviors.

Further information on the PAE methodology and data applied by ISS ESG can be found in the Impact Report 2022 for the Vontobel Fund – Clean Technology

Voting and engagement

For the Vontobel Fund II – Global Impact Equities we consider active ownership as very important for the development of sustainable economies, societies, and environment. Material ESG issues can impact the future success of a company and therefore its investment potential. Consequently, we put a strong emphasis on direct engagement with our portfolio holdings, particularly on environmental and social issues and thereof arising opportunities, as this is an integral part of our research activities.

In selecting an investment for our portfolio, we typically have identified a specific connection between the products and services and our impact pillars. The theory of change explains the pathway between the sustainability challenges and the different company solutions. These challenges are also the core focus of the majority of our engagement processes. As an impact fund, we rely on engagement as the fundamental vehicle for our investor contribution and therefore we want to demonstrate a clear connection between our impact priorities and our engagement actions.

The Voting and Engagement Guidelines for the Vontobel Fund II – Global Impact Equities were updated and specified in 2022. They are on one hand based on the overarching Vontobel Voting and Engagement Guidelines and on the other hand, they describe the key objectives of our engagement, which are relevant for the investment objectives of this Fund.

Regarding collaborative engagements we work with Columbia Threadneedle's reo® since January 2022. Such collaborative engagements allow us to exercise greater influence than the size of our holdings would otherwise permit and to benefit from Columbia Threadneedle's reo® specialist resources and experience. We regularly observe that the type of engagement which helps drive structural changes is most effective in the context of long-established dialogue and a relationship of trust.

Figure 17: Statistics on our voting and engagement activities 2021 (since launch of the Fund)

Nr of fact-finding engagements	61
Nr of collaborative engagements	15
Nr of AGM* votings	34
– In line with management	12
– Against management	22

Source: Vontobel Asset Management, Hermes EOS, as of June 30, 2022.
* AGM: Annual General Meeting.

Impact Indicators: data, calculation and data quality and references.

Wherever possible, we rely on reported data from the companies held in the Fund. This includes annual reports, CSR reports, websites, or other investor information. Requesting additional data and motivating companies to measure and publicly disclose the required data and indicators is part of our engagement work. An email explaining our needs, comprising last year's impact report plus a list with all the impact indicators was sent to the portfolio holdings in April 2022. More than 30 companies took the time to thoroughly answer our survey, some however only with limited data. The relevant environmental and social metrics for the portfolio companies – mainly linked to their products and services – were applied where data was available or could be estimated. The analysis included all companies in which the Vontobel Fund II – Global Impact Equities was invested in as of June 30, 2022. We aimed to obtain the most recently available environmental data from the invested companies; for over 90 percent, the data is from company's fiscal year 2021.

Translation of the individual impact indicator into a comparative

The following reference values and sources were applied for the impact indicators in figure 4 to translate the associated impact data into more tangible equivalents:

- ***Renewable energy generated:*** Electricity consumption by households per capita in the EU in 2020 was 1596 kWh per capita.
  Source: https://ec.europa.eu/eurostat.
- ***Circular economy:*** Approx. 13,654 t of raw material consumption per capita in 2020 in the EU-27. Source: https://ec.europa.eu/eurostat.
- ***Drinking water provided:*** On average, 144 liters of water per person per day is supplied to households in Europe. (updated in 2021: per year: 144 l × 365 days = 52,560 l or 52.56 m^3). https://www.eea.europa.eu.
- ***Water recycled / treated / saved:*** see drinking water
- ***Waste treated / processed / recycled:*** 505 kg of municipal waste per capita per year were generated in the EU in 2020. Source: https://ec.europa.eu/eurostat.
- ***Cargo / passenger transport by rail:*** replaces car travels: average occupation in Germany: 1.46 passenger and average fuel consumption of 7.4 l / 100 km. Cargo: Net load of a 40 t truck is 27 t and average diesel consumption of 35 l/100 km.
- ***Carbon footprint:*** Car average annual distance travelled in Germany 2020: 13,693 km; Average CO_2 emission of newly registered EU cars in 2020: 107.5 g CO_2/km. Source: European environment agency (EEA) → Total CO_2 per car / year: 1472 kg CO_2 / year: Source: www.kba.de.
- ***Potential Avoided Carbon Emissions (PAE):*** see carbon footprint.
- ***Sustainable food production:*** Amount of nutritious calories produced. The amount of food produced (in tons) is individually converted into calories (https://www.nutritionix.com/database). The calories are converted into number of people that can be fed for a day. According to www.nhs.uk a recommended average daily calorie intake per person is 2250 cal.

Important remarks

The impact generated by the companies materializes through two steps. First, investors, e.g. Vontobel, allocate capital to what they have identified as a promising company. Second, the company's products and services then generate the desired real-world effect. We investors and long-term providers of capital, aim to support these companies to expand their impactful activities and improve their business practices to create a more sustainable environment and society.

Third-party verification

ISS ESG

REVIEW STATEMENT

Impact Indicators for Vontobel Fund II – Global Impact Equities
30.09.2022

Review Summary

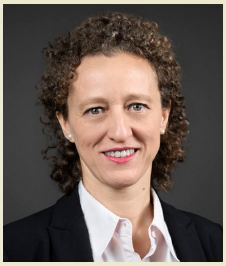
ISS ESG has reviewed the impact indicators reported in the impact report by Vontobel Asset Management.

- *ISS ESG has reviewed the impact indicators stated by the Listed Impact Team in the Sustainable Equities Boutique of Vontobel Asset Management. The team sent out an inquiry form to the holdings to gather the necessary data points in Spring 2022.*
- *ISS ESG reviewed a self-selected sample of 2-3 data points per type of metric provided by the Listed Impact Team.*
- *The information revised corresponds to that communicated by the investee companies and reflects the positive impact generated by the holdings in the Vontobel Fund II - Global Impact Equities.*

ISS ESG provides corporate and country ESG research and ratings that enables its clients to identify material social and environmental risks and opportunities, including through advisory services.

Contact us

We would welcome feedback or suggestions from investors and companies to help us further develop our impact report.



Elena Tedesco, CFA
Portfolio Manager
T +39 02 6367 3471
elena.tedesco@vontobel.com

Pascal Dudle, CEFA
Team Head & Portfolio Manager
T +41 58 283 55 16
pascal.dudle@vontobel.com

Matthias Fawer, PhD
Senior ESG & Impact Analyst
T +41 58 283 50 21
matthias.fawer@vontobel.com

Marco Lenfers, CFA®
Client Portfolio Manager
T +41 58 283 51 66
marco.lenfers@vontobel.com

Legal note
This marketing document was produced by one or more companies of the Vontobel Group (collectively "Vontobel") for institutional clients, for distribution in AT, FR, DE, LU, CH, GB, IT, ES and SE.

This document is for information purposes only and does not constitute an offer, solicitation or recommendation to buy or sell shares of the fund/fund units or any investment instruments, to effect any transactions or to conclude any legal act of any kind whatsoever. Subscriptions of shares of the fund should in any event be made solely on the basis of the fund's current sales prospectus (the "Sales Prospectus"), the Key (Investor) Information Document ("K(I)ID"), its articles of incorporation and the most recent annual and semi-annual report of the fund and after seeking the advice of an independent finance, legal, accounting and tax specialist. This document is directed only at recipients who are institutional clients, such as eligible counterparties or professional clients as defined by the Markets in Financial Instruments Directive 2014/65/EC ("MiFID") or similar regulations in other jurisdictions, or as qualified investors as defined by Switzerland's Collective Investment Schemes Act ("CISA").

Neither the Sub-Fund, nor the Management Company nor the Investment Manager make any representation or warranty, express or implied, with respect to the fairness, correctness, accuracy, reasonableness or completeness of an assessment of ESG research and the correct execution of the ESG strategy. As investors may have different views regarding what constitutes sustainable investing or a sustainable investment, the fund may invest in issuers that do not reflect the beliefs and values of any specific investor.

Past performance is not a reliable indicator of current or future performance. Performance data does not take into account any commissions and costs charged when shares of the fund are issued and redeemed, if applicable. The return of the fund may go down as well as up, e.g. due to changes in rates of exchange between currencies. The value of the money invested in the fund can increase or decrease and there is no guarantee that all or part of your invested capital can be redeemed.

Interested parties may obtain the above-mentioned documents free of charge from the representative in ***Switzerland***: Vontobel Fonds Services AG, Gotthardstrasse 43, 8022 Zurich, the paying agent in Switzerland: Bank Vontobel AG, Gotthardstrasse 43, 8022 Zurich , the paying agent in ***Austria***: Erste Bank der oesterreichischen Sparkassen AG, Graben 21, A-1010 Vienna, the paying agent in ***Germany***: LBBW Landesbank Baden-Württemberg, Große Bleiche 54-56, 55116 Mainz, the paying agent in ***France***: Société Générale Securities Services Tour Granite 17, cours Valmy Paris La Défense 7, 75886 Paris Cedex 18, France, from the authorized distribution agencies and from the offices of the fund at 11-13 Boulevard de la Foire, L-1528 ***Luxembourg.*** Refer for more information on the fund to the latest prospectus, annual and semi-annual reports as well as the key (investor) information documents ("K(I)ID"). These documents may also be downloaded from our website at vontobel.com/am. A summary of investors rights is available in English under the following link: www.vontobel.com/vamsa-investor-information.

The K(I)ID is available in Swedish.

Refer for more information regarding subscriptions in ***Italy*** to the Modulo di Sottoscrizione. For any further information: Vontobel Asset Management S.A., Milan Branch, Piazza degli Affari 2, 20123 Milano, telefono: 0263673444, email clientrelation.it@vontobel.com.

In ***Spain***, funds authorized for distribution are recorded in the register of foreign collective investment companies maintained by the Spanish CNMV (under number 280). The KID can be obtained in Spanish from Vontobel Asset Management S.A., Spain Branch, Paseo de la Castellana, 95, Planta 18, E-28046 Madrid or electronically from atencionalcliente@vontobel.es.

The fund authorised for distribution in the ***United Kingdom*** and entered into the UK's temporary marketing permissions regime can be viewed in the FCA register under the Scheme Reference Number 466625. The fund is authorised as a UCITS scheme (or is a sub fund of a UCITS scheme) in a European Economic Area (EEA) country, and the scheme is expected to remain authorised as a UCITS while it is in the temporary marketing permissions regime. This information was approved by Vontobel Asset Management SA, London Branch, which has its registered office at 3rd Floor, 70 Conduit Street, London W1S 2GF and is authorized by the Commission de Surveillance du Secteur Financier (CSSF) and subject to limited regulation by the Financial Conduct Authority (FCA). Details about the extent of regulation by the FCA are available from Vontobel Asset Management SA, London Branch, on request. The K(I)ID can be obtained in English from Vontobel Asset Management SA, London Branch, 3rd Floor, 70 Conduit Street, London W1S 2GF or downloaded from our website vontobel.com/am.

Vontobel Asset Management AG
Gotthardstrasse 43
8022 Zurich
Switzerland

vontobel.com/am