

## Vontobel Fund - Active Beta Opportunities Plus

### Legal Document:

SFDR Website Disclosure for Article 8 financial products

### Summary

The Sub-Fund promotes environmental and social characteristics and invests in issuers that the Investment Manager considers well-prepared to handle financially material environmental and social challenges. Issuers will be selected based on the Investment Manager's ESG framework.

The ESG approach will be applied to the Sub-Fund's securities portfolio and target funds. For the avoidance of doubt, where the exposure to an asset class is built up via derivatives, a part or all of the securities portfolio may serve as collateral for such derivative transactions.

The Sub-Fund has not designated a reference benchmark for the purpose of attaining the environmental and social characteristics that it promotes.

In order to attain the environmental and social characteristics, the Sub-Fund applies the following ESG framework:

#### Exclusion approach:

The Sub-Fund excludes:

- securities of corporate issuers that derive a non-negligible part of their revenues from the following products and/or activities: unconventional / controversial weapons (0%), nuclear weapons (0%), conventional weapons (10%), coal (thermal, extraction/generation, 10%), other fossil fuels (i.e. Tar /Oil Sands...; 10%), tobacco (10%), adult entertainment (10%), gambling (10%), alcohol (10%). The percentage indicated reflect the revenue thresholds applied. For selected products and/or activities, additional limits apply as described below.
- securities issued by sovereigns that are not a party to conventions on chemical and biological weapon. For municipalities the criteria will be based on the corresponding country. The Sub-Fund may invest in securities issued by supranational organizations that cannot be party of such conventions, however, in that case, the majority of the countries represented by these organizations shall be party of such conventions. For sovereigns, the Sub-Fund will exclude securities of sovereign issuers that are considered non-democratic, based on a third-party research provider

#### Monitoring of critical controversies:

- The Investment Manager has established a monitoring process to track incidents or ongoing situations in which an issuer's activities may have adverse effects on environmental, social, and governance aspects. This process intends to ensure the alignment with global norms such as the UN Global Compact principles, the OECD Guidelines for Multinational Enterprises, and the UN Guiding Principles on Business and Human Rights. This process is initially based on the utilization of third-party data and subsequently entails a comprehensive structured review conducted by the Investment Manager. Securities of issuers are excluded where the Investment Manager has concluded that they (i) violate the norms and standards promoted by the Sub-Fund or (ii) are involved in critical controversies, including those related to governance matters. However, the Investment Manager recognizes that excluding such issuers from the Investment Manager's investments may not always be the best approach to mitigate the adverse effects of their activities. In these cases, the Investment Manager will monitor these issuers, where the Investment Manager believes that reasonable progress can be attained, for example, through active ownership activities, provided the issuer demonstrates good governance.

**Screening:**

- The Sub-Fund invests in securities of issuers that pass the minimum ESG rating (minimum is set at E, on a scale from A to G, with A being the best, and G being the worst rating), which is based on a proprietary methodology. If an issuer cannot be assigned a proprietary ESG rating, a minimum MSCI ESG rating of BB shall be used. The ESG model scores companies relative to the other companies in the related industry.
- The Sub-Fund invests in securities issuers that pass the minimum climate score (set at 10, on a scale from 0 to 100, with 0 being the worst and 100 being the best), which is based on the Investment Manager's proprietary methodology. The model is based on a combination of backward-looking metrics such as carbon intensity, and forward-looking metrics such as warming potential.
- The Sub-Fund invests in selected target funds that pass the Investment Manager's ESG assessment. Target funds are evaluated based on qualitative and quantitative criteria, which include sector-based exclusions, consideration of UN Global Compact, and the management of controversial ESG events.

**Partial investments in green, social or sustainability bonds:**

The Sub-Fund will invest at least 15% in green, social or sustainability bonds, either through direct investments in such bonds or indirectly through investments in funds that invest mainly in such bonds. These investments will be qualified as sustainable investments. Green, social or sustainability bonds are instruments where the proceeds will be applied to finance or refinance new and/or existing projects, with positive environmental and/or social outcomes. The direct investments are bonds categorized as green, social or sustainability bonds based on international standards such as the International Capital Market Association (ICMA). For indirect investments, the minimum proportion of sustainable investments of the target fund weighted by the exposure to the target fund is counted towards the sustainable investment quota of the Sub-Fund.

Additionally, the Sub-Fund follows an active ownership approach, which takes into account relevant environmental, social and governance matters. The Investment Manager sees these activities as a way to support the attainment of the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund is covered by the engagement pool of the Investment Manager's stewardship program, which is mainly based on a collaboration with a stewardship partner. The Investment Manager has limited influence on the stewardship partner's engagement program.

The binding elements of the investment strategy used to select the investments to achieve the E/S characteristics promoted are as follows:

- The Sub-Fund excludes securities of corporate issuers that derive a non-negligible part of their revenues from excluded products and/or activities listed above.
- The Sub-Fund excludes securities of issuers that are in violation of certain global norms and standards promoted by the Sub-Fund or that are exposed to critical controversies (unless the Investment Manager believes reasonable progress can be attained, for example, through active ownership activities). Such controversies may be related to environmental, social or governance issues.
- The Sub-Fund excludes securities of sovereign issuers that are considered "non-democratic", based on a third-party research provider.
- The Sub-Fund excludes securities of sovereign issuers that are not a party to conventions on chemical and biological weapon.
- The Sub-Fund invests in securities of issuers that pass the minimum proprietary ESG rating that has been set for this Sub-Fund (set at E).
- The Sub-Fund invests in securities of issuers that pass the minimum climate score that has been set for this Sub-Fund (set at 10).
- The Sub-Fund will invest at least 15% in green, social or sustainability bonds, either through direct investments in such bonds or indirectly through investments in funds that invest mainly in such bonds. The Sub-Fund invests in selected target funds that pass the Investment Manager's ESG assessment.

Finally, in an effort to measure the attainment of each of the E/S characteristics promoted, the Sub-Fund will report on the defined sustainability indicators as part of its annual periodic reporting. The sustainability indicators are derived from the binding elements of the investment strategy used to select the investments to achieve the promoted E/S characteristics.

**No sustainable investment objective**

This financial product promotes environmental or social characteristics but does not have as its objective a sustainable investment.

While the Sub-Fund does not have as its objective a sustainable investment, it will invest at least 15% in green, social or sustainability bonds either through direct investments in such bonds or indirectly through investments in funds that invest mainly in such bonds. These investments will be qualified as sustainable investments. The direct investments are bonds categorized as green, social or sustainability bonds based on international standards such as the International Capital Market Association (ICMA). For indirect investments, the minimum proportion of sustainable investments of the target fund weighted by the exposure to the target fund is counted towards the sustainable investment quota of the Sub-Fund.

The Investment Manager takes into account all the mandatory adverse impact indicators and any relevant additional adverse impact indicators by applying the following process: The Investment Manager identifies issuers that are exposed to principal adverse impacts on sustainability factors based on in-house research; data sources include ESG data providers, news alerts, and the issuers themselves. When no reliable third-party data is available, the Investment Manager may make reasonable estimates or assumptions. Where the Investment Manager identifies an investment as having a critical and poorly managed impact in one of the considered principal adverse impacts areas, and where no signs of remedial action or improvement have been observed, an action by the Investment Manager must be taken. Action mechanisms may include: exclusion, active ownership, tilting.

The Investment Manager has established a monitoring process to track incidents or ongoing situations in which an issuer's activities may have adverse effects on environmental, social, and governance aspects. This process intends to ensure the alignment with global norms such as the UN Global Compact principles, the OECD Guidelines for Multinational Enterprises, and the UN Guiding Principles on Business and Human Rights. This process is initially based on the utilization of third-party data and subsequently entails a comprehensive structured review conducted by the Investment Manager. Securities of issuers are excluded where the Investment Manager has concluded that they (i) violate the norms and standards promoted by the Sub-Fund or (ii) are involved in critical controversies, including those related to governance matters. However, the Investment Manager recognizes that excluding such issuers from the Investment Manager's investments may not always be the best approach to mitigate the adverse effects of their activities. In these cases, the Investment Manager will monitor these issuers, where the Investment Manager believes that reasonable progress can be attained, for example, through active ownership activities, provided the issuer demonstrates good governance.

**Environmental or social characteristics of the financial product**

*What are the environmental or social characteristics promoted by this financial product?*

The Sub-Fund promotes environmental and social characteristics and invests in issuers that the Investment Manager considers well-prepared to handle financially material environmental and social challenges. Issuers will be selected based on the Investment Manager's ESG framework. The ESG approach will be applied to the Sub-Fund's securities portfolio and target funds. For the avoidance of doubt, where the exposure to an asset class is built up via derivatives, a part or all of the securities portfolio may serve as collateral for such derivative transactions.

The Sub-Fund will invest at least 15% in green, social or sustainability bonds, either through direct investments in such bonds or indirectly through investments in funds that invest mainly in such bonds. These investments will be qualified as sustainable investments. Green, social or sustainability bonds are instruments where the proceeds will be applied to finance or refinance new and/or existing projects, with positive environmental and/or social outcomes. The direct investments are bonds categorized as green, social or sustainability bonds based on international standards such as the International Capital Market Association (ICMA). For indirect investments, the minimum proportion of sustainable investments of the target fund weighted by the exposure to the target fund is counted towards the sustainable investment quota of the Sub-Fund. The green bonds' objective is to enable capital-raising and investment for new and existing sound and sustainable projects with environmental benefits, that foster a net-zero emissions economy and protect the environment (example: renewable energy, pollution prevention and control, environmentally sustainable management of living natural resources and land use). Social bonds are use of proceeds bonds that raise funds for new and existing projects with positive social outcomes (example: direct emergency relief such as food, shelter and healthcare and specific projects designed to alleviate unemployment of affected populations). Sustainability bonds are bonds where the proceeds will be exclusively applied to finance or re-finance a combination of both green and social projects.

**Investment strategy**

*What investment strategy does this financial product follow to select the investments to attain the environmental and social characteristics, and what are the binding elements of this investment strategy?*

In order to attain the environmental and social characteristics, the Sub-Fund applies the following ESG framework: exclusion approach screening, monitoring of severe controversies, partial investments in green, social or sustainability bonds, sub-fund level commitment.

*Exclusion approach:*

The Sub-Fund excludes:

- securities of corporate issuers that derive a non-negligible part of their revenues from the following products and/or activities: unconventional / controversial weapons (0%), nuclear weapons (0%), conventional weapons (10%) coal (thermal, extraction/generation, 10%), other fossil fuels (i.e. Tar /Oil Sands...; 10%), , tobacco (10%), adult entertainment (10%), gambling (10%), alcohol (10%). The percentage indicated reflect the revenue thresholds applied. For selected products and/or activities, additional limits apply as described below.
- securities issued by sovereigns that are not a party to conventions on chemical and biological weapon. For municipalities the criteria will be based on the corresponding country. The Sub-Fund may invest in securities issued by supranational organizations that cannot be party of such conventions, however, in that case, the majority of the countries represented by these organizations shall be party of such conventions.
- For sovereigns, the Sub-Fund will exclude securities of sovereign issuers that are considered non-democratic, based on a third-party research provider.

The exclusion listed below are applied with the revenue thresholds indicated<sup>1</sup>:

<b>EXCLUSION</b>	<b>CRITERIA</b>	<b>EXCEPTIONS APPLIED?</b>
<b>Sector/business activity-based exclusions</b>		
Adult entertainment	Upstream: 10% of revenues Production: 10% of revenues Downstream: 10% of revenues	None.
Alcohol	Upstream: 10% of revenues Production: 10% of revenues Downstream: 10% of revenues	None.
Coal	Production: 10% of revenues Downstream (power generation, distribution): 10% of revenues	None.
Conventional weapons	Upstream: 10% of revenues Production: 10% of revenues Downstream: 10% of revenues	None.
Gambling	Upstream: 10% of revenues Production: 10% of revenues Downstream: 10% of revenues	None.
Nuclear weapons	Upstream: 0% of revenues Production: 0% of revenues Downstream: 0% of revenues	None.
Other Fossil Fuel (i.e. Tar /Oil Sands...)	Upstream: 10% of revenues Production: 10% of revenues Downstream: 10% of revenues	None.
Tobacco	Upstream: 10% of revenues Production: 10% of revenues Downstream: 10% of revenues	None.
Unconventional / controversial weapons	Upstream: 0% of revenues Production: 0% of revenues Downstream: 0% of revenues	None.
<b>Sovereign exclusions</b>		
Freedom house	Issuers that do not have the status "Democratic of the Freedom House Index are excluded.	None.
Biological Weapon Convention	Issuers not party to the Biological Weapon Convention are excluded.	The Sub-Fund may invest in bonds issued by supranational organizations that cannot be party of such conventions, however, in that case, the majority of the countries represented by these organizations shall be party of such conventions
Chemical Weapon Convention	Issuers not party to the Chemical Weapon Convention are excluded.	The Sub-Fund may invest in bonds issued by supranational organizations that cannot be party of such conventions, however, in that case, the majority of the countries represented by these organizations shall be party of such conventions

<sup>1</sup> The Investment Manager may apply exclusions to any three parts of the value chain or a combination. For example, Upstream could be financing including significant ownership of activities in the sector. Downstream could be distribution of products and services from the sector. The categories 'Upstream', 'Production', and 'Downstream' are used in the European ESG Template, and are included in this report for consistency.

*Screening:*

- The Sub-Fund invests in securities of issuers that pass the minimum ESG rating (minimum is set at E, on a scale from A to G, with A being the best, and G being the worst rating), which is based on a proprietary methodology. If an issuer cannot be assigned a proprietary ESG rating, a minimum MSCI ESG rating of BB shall be used. The ESG model scores companies relative to the other companies in the related industry.
- The Sub-Fund invests in securities issuers that pass the minimum climate score (set at 10, on a scale from 0 to 100, with 0 being the worst and 100 being the best), which is based on the Investment Manager's proprietary methodology. The model is based on a combination of backward-looking metrics such as carbon intensity, and forward-looking metrics such as warming potential. The Sub-Fund invests in selected target funds that pass the Investment Manager's ESG assessment. Target funds are evaluated based on qualitative and quantitative criteria, which include sector-based exclusions, consideration of UN Global Compact, and the management of controversial ESG events.

*Monitoring of severe controversies:*

The Investment Manager has established a monitoring process to track incidents or ongoing situations in which an issuer's activities may have adverse effects on environmental, social, and governance aspects. This process intends to ensure the alignment with global norms such as the UN Global Compact principles, the OECD Guidelines for Multinational Enterprises, and the UN Guiding Principles on Business and Human Rights. This process is initially based on the utilization of third-party data and subsequently entails a comprehensive structured review conducted by the Investment Manager. Securities of issuers are excluded where the Investment Manager has concluded that they (i) violate the norms and standards promoted by the Sub-Fund or (ii) are involved in critical controversies, including those related to governance matters. However, the Investment Manager recognizes that excluding such issuers from the Investment Manager's investments may not always be the best approach to mitigate the adverse effects of their activities. In these cases, the Investment Manager will monitor these issuers, where the Investment Manager believes that reasonable progress can be attained, for example, through active ownership activities, provided the issuer demonstrates good governance.

*Partial investments in green, social or sustainability bonds:*

The Sub-Fund will invest at least 15% in green, social or sustainability bonds, either through direct investments in such bonds or indirectly through investments in funds that invest mainly in such bonds. These investments will be qualified as sustainable investments. Green, social or sustainability bonds are instruments where the proceeds will be applied to finance or refinance new and/or existing projects, with positive environmental and/or social outcomes. The direct investments are bonds categorized as green, social or sustainability bonds based on international standards such as the International Capital Market Association (ICMA). For indirect investments, the minimum proportion of sustainable investments of the target fund weighted by the exposure to the target fund is counted towards the sustainable investment quota of the Sub-Fund.

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- The Sub-Fund excludes securities of corporate issuers that derive a non-negligible part of their revenues from excluded products and/or activities listed above.
- The Sub-Fund excludes securities of issuers that are in violation of certain global norms and standards promoted by the Sub-Fund or that are exposed to critical controversies (unless the Investment Manager believes reasonable progress can be attained, for example, through active ownership activities). Such controversies may be related to environmental, social or governance issues.
- The Sub-Fund excludes securities of sovereign issuers that are considered "non-democratic", based on a third-party research provider.
- The Sub-Fund excludes securities of sovereign issuers that are not a party to conventions on chemical and biological weapon.
- The Sub-Fund invests in securities of issuers that pass the minimum proprietary ESG rating that has been set for this Sub-Fund (set at E).
- The Sub-Fund invests in securities of issuers that pass the minimum climate score that has been set for this Sub-Fund (set at 10).
- The Sub-Fund will invest at least 15% in green, social or sustainability bonds, either through direct investments in such bonds or indirectly through investments in funds that invest mainly in such bonds
- The Sub-Fund invests in selected target funds that pass the Investment Manager's ESG assessment.

*Policy to assess good governance practices of the investee companies<sup>2</sup>:*

The Investment Manager will assess investee companies' good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance, by applying a critical controversies monitoring process. The Investment Manager has established a monitoring process to track incidents or ongoing situations in which an issuer's activities may have adverse effects on environmental, social, and governance aspects. This process intends to ensure the alignment with global norms such as the UN Global Compact principles, the OECD Guidelines for Multinational Enterprises, and the UN Guiding Principles on Business and Human Rights. This process is initially based on the utilization of third-party data and subsequently entails a comprehensive structured review conducted by the Investment Manager. Securities of issuers are excluded where the Investment Manager has concluded that they (i) violate the norms and standards promoted by the Sub-Fund or (ii) are involved in critical controversies, including those related to governance matters. However, the Investment Manager recognizes that excluding such issuers from the Investment Manager's investments may not always be the best approach to mitigate the adverse effects of their activities. In these cases, the Investment Manager will monitor these issuers, where the Investment Manager believes that reasonable progress can be attained, for example, through active ownership activities, provided the issuer demonstrates good governance

*Does the financial product consider Principal Adverse Sustainability Impacts? If yes, which areas/indicators are considered and how?*

Yes  No

The Investment Manager considers the list of principal adverse impacts on sustainability factors mentioned in the table below.

The Investment Manager identifies issuers that are exposed to these principal adverse impacts on sustainability factors based on in-house research; data sources include ESG data providers, news alerts, and the issuers themselves. When no reliable third-party data is available, the Investment Manager may make reasonable estimates or assumptions.

Where the Investment Manager identifies an investment as having a critical and poorly managed impact in one of the considered principal adverse impacts areas, and where no signs of remedial action or improvement have been observed, an action by the Investment Manager must be taken. Action mechanisms may include: exclusion, active ownership, tilting.

Information on how principal adverse impacts on sustainability factors were considered will be made available in the periodic reporting of the Sub-Fund.

The following Principal Adverse Sustainability Impacts Indicators<sup>3</sup> are considered in the investment strategy:

**TABLE # PRINCIPAL ADVERSE IMPACT INDICATOR****ENVIRONMENTAL ASPECTS****Greenhouse gas emissions**

1 3 GHG intensity of investee companies (scope 1 and 2)

**Environmental aspects - sovereigns and supranational**

1 15 GHG intensity

**SOCIAL ASPECTS****Controversial weapons**

1 14 Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)

**Social and employee rights**

1 10 Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises

**Social aspects - sovereigns and supranationals**

1 16 Investee countries subject to social violations

<sup>2</sup> including with respect to sound management structures, employee relations, remuneration of staff and tax compliance

<sup>3</sup> As set out in Table 1, 2 and 3 of Annex 1 of Regulation (EU) 2022/1288

## Proportion of investments

What is the asset allocation planned for this financial product?

INVESTMENTS	PERCENTAGE (OF NET ASSETS)	TYPE OF EXPOSURES
#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.	At least 70%	Mainly through direct exposures and potentially through target funds
Sustainable covers environmentally and socially sustainable investments	At least 15%	Mainly through direct exposures and potentially through target funds
Environmental objective		Mainly through direct exposures and potentially through target funds
Other environmental (not aligned with the EU Taxonomy)	No minimum	
Social objective	No minimum	Mainly through direct exposures and potentially through target funds
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.	Up to 30%	Mainly through direct exposures and potentially through target funds

Under “#2 Other”, The Sub-Fund may hold ancillary liquidity and use financial derivative instruments for investment and hedging purposes. While these instruments are not expected to detrimentally affect the attainment of the Sub-Fund’s environmental and social characteristics, no minimum environmental or social safeguards are applied.

Other investments include also unscreened investments and investments that do not qualify as aligned with environmental/social characteristics promoted by the Sub-Fund for investment or diversification purposes or investments for which ESG data is lacking. For such instruments, the monitoring process of critical controversies is applied. .

## Monitoring of environmental or social characteristics

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

- The attainment of the environmental and social characteristics is measured through the following list of sustainability indicators:
- Percentage of investments in securities of corporate issuers that derive a non-negligible part of their revenues from products and/or activities excluded by the Sub-Fund (excluded products and/or activities are indicated under the investment strategy section)
  - Percentage of investments in securities of sovereign issuers, that are considered “non-democratic”, based on a third-party research provider
  - Percentage of investments in securities of sovereign issuers that are not a party to conventions on chemical and biological weapon
  - Percentage of investments in securities of issuers that pass the minimum ESG Rating that has been set for this Sub-Fund (based on a proprietary methodology, minimum is set at E from A-G, G being the lowest). If the issuer cannot be rated by proprietary methodology a minimum MSCI ESG rating of BB is taken. Percentage of investments in securities of issuers that pass the minimum Climate score that has been set for this Sub-Fund (based on a proprietary methodology, minimum is set at 10 from 0-100, 0 being the lowest).
  - Percentage of investments in securities of issuers that are in violation with global norms and standards promoted by the Sub-Fund or that are exposed to critical controversies (unless the Investment Manager believes reasonable progress can be attained, for example, through active ownership activities) Such controversies may be related to environmental, social or governance issues.
  - Percentage of investments in green, social or sustainability bonds portfolio or in investment funds that invest mainly in such bonds
  - Percentage of investments in selected target funds that pass the Investment Manager’s ESG assessment.



The information used for the implementation of the ESG framework, and consequently the attainment of the environmental and social characteristics, are reviewed on a regular basis.

If a security does not comply with the binding criteria described above, the Investment Manager divests from such an issuer within a time period to be determined by the Investment Manager without exceeding in principle three months after such breach was detected, considering prevailing market conditions, and taking due account of the best interests of the shareholders. The Board of Directors or the Management Company of Vontobel Fund may decide to further postpone the rectification of such a breach or decide to carry out the divestment in several instalments over a longer period of time in exceptional cases, provided this is considered to be in the best interests of the shareholders.

Compliance with the binding elements applied by this Sub-Fund is monitored by the investment teams. For the elements that are in scope of the Sub-Fund's investment guidelines and subject to investment controls, the internal Investment Control unit has post-trade checks mechanisms in place. The independent Investment Control team conducts a daily post-trade review of portfolios using our portfolio management system. Should Investment Control and the respective portfolio manager fail to agree whether a breach has actually occurred (e.g. in case of a different interpretation of regulatory investment restrictions), Compliance analyses the case and then informs Investment Control of its assessment, which then follows up accordingly. The pre- and post-trade checks are parametrized either based on data retained directly from third-party ESG data provider or from the Investment Manager directly, especially where the followed approaches are based on proprietary methodologies of the Investment Manager. For documented ESG processes and controls, first line of defence controls are confirmed and self-assessed annually by the business owners via the Operation Risk and Control Self-Assessment (RCSA) process. The RCSA process is a systematic and regular business process aimed at reviewing specific inherent operational risks that Asset Management investments are exposed to, as well as an assessment of the control environment that is in place to mitigate those risks. Second line functions like Compliance carry out spot checks on some first line of defence controls.

## Methodologies

*What are the methodologies used for the implementation of the ESG framework?*

### *Exclusion approach:*

The Investment Manager retains data from third party data provider in order to analyze an issuer's exposure to activities excluded by the Sub-Fund, based on pre-defined thresholds. In order to qualify for initial investment, the issuer must not breach any of these exclusion criteria.

### *Screening:*

The Sub-Fund invests in securities of issuers that pass the minimum ESG rating of E, which is based on a proprietary methodology. The ESG model scores companies relative to the other companies in the related industry. By applying this minimum rating, the Sub-Fund will exclude worst ESG laggards (i.e. worst ESG performers). If an issuer cannot be assigned a proprietary ESG rating, a minimum MSCI ESG rating of BB shall be used. More information on MSCI ESG ratings can be found [here](#).

The Sub-Fund invests in securities of sovereign issuers that pass the minimum ESG rating of E, which is based on a proprietary methodology. If an issuer cannot be assigned a proprietary ESG rating, a minimum MSCI ESG rating of BB shall be used. More information on MSCI ESG ratings can be found [here](#).

The Sub-Fund evaluates a proprietary climate score for every security based on backward-looking metrics such as carbon intensity and forward-looking metrics such as climate value at risk. At least one data point per metric category is required to perform the score calculation. A minimum score of 10 is required for investment. The assessment is based on MSCI Sustainability data.

### *Monitoring of critical controversies:*

The Investment Manager has established a monitoring process to track incidents or ongoing situations in which an issuer's activities may have adverse effects on environmental, social, and governance aspects. This process intends to ensure the alignment with global norms such as the UN Global Compact principles, the OECD Guidelines for Multinational Enterprises, and the UN Guiding Principles on Business and Human Rights. This process is initially based on the utilization of third-party data and subsequently entails a comprehensive structured review conducted by the Investment Manager. Securities of issuers are excluded where the Investment Manager has concluded that they (i) violate the norms and standards promoted by the Sub-Fund or (ii) are involved in critical controversies, including those related to governance matters. However, the Investment Manager recognizes that excluding such issuers from the Investment Manager's investments may not always be the best approach to mitigate the adverse effects of their activities. In these cases, the Investment Manager will monitor these issuers, where the Investment Manager believes that reasonable progress can be attained, for example, through active ownership activities, provided the issuer demonstrates good governance.

*Partial investments in green, social or sustainability bonds:*

Green, social or sustainability bonds in the securities portfolio issued according to recognized process guidelines. As part of this process and in order to qualify for investment, the bond must fulfil three level of criteria. First, the bond must be linked to Use of Proceeds (green, social or sustainability). Second, it must be aligned with recognized standards such as the Green Bond Principles of the International Capital Market Association (ICMA). Finally, the bond must have received assurance from an external provider (such as Sustainalytics or Climate Bonds) to certify compliance with the standards. In order to perform this analysis, the Investment Manager will use data retained from Bloomberg.

**Data sources and processing**

*What are the data sources used to attain each of the environmental or social characteristics including the measures taken to ensure data quality, how data is processed and the proportion of data that is estimated?*

The following data sources are used for the implementation of the investment process:

- MSCI ESG Research
- Sustainalytics
- Bloomberg
- Factset
- reo

In order to ensure data quality, the Investment Manager:

- Regularly reviews data on issuers
- Uses multiple data sources
- Conducts proprietary research on issuers' critical ESG events

The data sources mentioned above are used in order to implement the ESG framework described in detail the "Investment strategy" section.

The Investment Manager may make reasonable estimates, when data is lacking. Additionally, third party ESG data provider may use estimates themselves. The proportion of data that is estimated by the Investment Manager is indicated to be low to medium, depending on the data type.

**Limitations to methodologies and data**

*What are the limitations to the methodologies and data sources?*

In assessing the eligibility of an issuer based on ESG research, there is a dependence upon information and data from third party ESG research data providers and internal analyses which may be based on certain assumptions or hypothesis that render it incomplete or inaccurate. As a result, there is a risk of inaccurately assessing a security or issuer. There is also a risk that the Investment Manager may not apply the relevant criteria of the ESG research correctly or that the Sub-Fund could have indirect exposure to issuers who do not meet the relevant criteria. This poses a significant methodological limit to the ESG strategy of the Sub-Fund. 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.

In order to maintain confidence that social and environmental characteristics are met, the investment manager may also engage with investees in order to fill data gaps or may use complimentary data from additional providers or directly from investee disclosures.

**Due diligence**

*What is the due diligence carried out on the underlying assets at initial investment and what are the internal and external controls in place?*

In order to qualify for initial investment, the investments aligned with the environmental and social characteristics must comply with the binding elements applied by the Sub-Fund. This compliance has to be ensured by the Investment Manager. For the elements that are in scope of the Sub-Fund's investment guidelines and subject to investment controls, the internal Investment Control unit has pre-trade checks mechanisms in place. The pre-trade checks allow portfolio managers to simulate trades and check each trade against restrictions, prior to placing orders, in order to prevent the occurrence of breaches. When submitting orders an automated check of the investment guidelines restrictions is performed, generating a warning to the portfolio managers, highlighting potential breaches that would materialize in case the orders would be executed.

**Engagement policies**

*Is engagement part of the environmental or social investment strategy?*

Yes  No

If so, what are the engagement procedures?

The Sub-Fund applies a comprehensive stewardship strategy supported by its partner, reo. The stewardship partner conducts engagement activities based around three approaches:

- Bottom-up approach – the stewardship partner engages with companies that have exceptionally poor ESG practices or severe ESG controversies (“priority companies”);
- Top-down approach – the stewardship partner selects companies for which practices should be improved based on thematic focus areas (e.g. climate risk management);
- Continuous risk management – the stewardship partner engages in response to controversies and breaches in global norms.

Additionally, the Sub-Fund follows an active ownership approach, which takes into account relevant environmental, social and governance matters. The Investment Manager sees these activities as a way to support the attainment of the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund is covered by the engagement pool of the Investment Manager’s stewardship program, which is mainly based on a collaboration with a stewardship partner. The Investment Manager has limited influence on the stewardship partner’s engagement program.

**Designated reference benchmark**

*Has a reference benchmark been designated for the purpose of attaining these characteristics promoted by the financial product?*

Yes  No

**Important information**

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. If you are in any doubt about the contents of this document or have any question, you should consult your professional and/or investment advisers.

The information in this document might have been revised either after the 1st of January 2023 (when the SFDR RTS came into effect) or following the launch of the financial product. The updates could have been made to offer more clarity on specific subjects or to align with any alterations in the financial product's ESG approach. You can locate the applicable date for this document at the top of the page and in the file name of this document.