

Vontobel

# Erklæring om de viktigste negative effekter (Principal Adverse Impacts, PAI) av investeringsbeslutninger på bærekraftsfaktorer

Vontobel

30 June 2025

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**Finansmarkedsaktør:** Vontobel Holding AG (Identifikator for juridisk enhet: 529900G69W5VR3DDPW23)**Sammendrag**

Vontobel Holding AG tar hensyn til de viktigste negative effektene av sine investeringsbeslutninger på bærekraftsfaktorer. Denne erklæringen er den konsoliderte erklæringen om de viktigste negative effektene på bærekraftsfaktorer til følgende datterselskaper av Vontobel Holding AG:

<b>Finansmarkedsaktører innenfor omfanget av SFDR:</b>	<b>Identifikator for juridisk enhet</b>
Bank Vontobel AG	549300L7V4MGECYRM576
Bank Vontobel Europe AG Fisjonen ved absorbering av Vontobel Asset Management S.A., Munich Branch av Bank Vontobel Europe AG ble fullført per 1. oktober 2024.	529900KKJ9XOK6WO4426
Vontobel Asset Management S.A.	529900LO1T9ADP03SQ41
Vontobel Asset Management S.A., Milan Branch	-
Vontobel Wealth Management SIM S.p.A.	815600EEA65C5119FF38
<b>Finansmarkedsaktører utenfor omfanget av SFDR:</b>	
Vontobel Asset Management AG	549300FM29R281J1VG65
TwentyFour Asset Management LLP	R7PBZAZDQSEPF1VM14
Vontobel Asset Management Inc.	529900PRE50EJ9PW6187
Vontobel Swiss Financial Advisers AG	67FTM1PK7URN4JC4C454
Vontobel. (Hong Kong) Ltd. (tidligere Vontobel Asset Management Asia Pacific Limited)	529900RXGFTT3SZOTG70
Vontobel Asset Management Australia Pty. Limited	529900386ZA62ZNOWW30

Dette dokumentet dekker informasjon om de forskriftsmessige leveranser som kreves av forordning (EU) 2019/2088 («SFDR») og spesifisert av kommisjonens delegerede forordning (EU) 2022/1288 («SFDR Regulatory Technical Standards» eller «SFDR RTS») artikkel 4, om hvordan de ovenfor oppførte juridiske enhetene til Vontobel («Vontobel») tar hensyn til de viktigste negative effekter (PAI) på bærekraftsfaktorer i investeringsbeslutninger.

Denne erklæringen om de viktigste negative effektene på bærekraftsfaktorer dekker referanseperioden fra 1. januar til 31. desember 2024.

Vontobel bruker en aktiv tilnærming til kapitalforvaltning i flere virksomheter, der hver virksomhet i Vontobel-konsernet tilpasser sin egen investerings- og bærekraftstilnærming (eller ESG) i samsvar med kravene til aktivklassene som den investerer i og sin egen bærekraftsstrategi. Graden og måten PAI vurderes på, avhenger blant annet av investeringsstrategien og tilgjengeligheten av pålitelige data. Tilnærmingen som brukes for å vurdere PAI avhenger av indikatorens art, så vel som av den spesifikke konteksten til investeringen som forårsaker den negative effekten.

PAI-indikator 1.14 (se tabellen nedenfor) vurderes for alle finansielle produkter ved å ekskludere selskaper som er involvert i produksjon eller salg av kontroversielle våpen (antipersonellminer, klaseammunisjon, kjemiske våpen og biologiske våpen).

For finansielle produkter innenfor omfanget av SFDR rapporterer Vontobel om de vurderte PAI-indikatorene i produktenes periodiske rapporter, med mindre annet er angitt i produktets juridiske dokumentasjon. Vontobel tar hensyn til informasjon som rapporteres av tredjeparts kollektive investeringordninger, men disse kan være begrenset, noe som betyr at Vontobels evne til å vurdere PAI-er for investeringer i tredjeparts kollektive investeringsordninger kan være begrenset. Der det er aktuelt, prioriteres PAI-er i henhold til de bærekraftige målene eller egenskapene til det finansielle produktet.

Den pre-kontraktuelle dokumentasjonen for finansielle produkter som bruker investeringsstrategier for å fremme miljømessige og/eller sosiale egenskaper (Art. 8 SFDR) eller som har bærekraftig investering som investeringsmål (Art. 9 SFDR), kan inneholde ytterligere informasjon om hvordan slike finansielle produkter tar hensyn til PAI i investeringsbeslutninger på bærekraftsfaktorer.

Effektiviteten til Vontobels metodikk for å vurdere PAI-eksponering er underlagt tilstrekkelig datakvalitet og datadekning. Vontobel innhenter de nødvendige PAI-målingene fra tredjeparts dataleverandører og kan bruke proprietære kilder der det er hensiktsmessig for å vurdere negative effekter på finansproduktnivå. Datakilder inkluderer tredjeparts dataleverandører, nyhetsvarsler og selve utstederne. Hvis pålitelig tredjepartsdata ikke er tilgjengelig, kan Vontobel foreta rimelige estimater eller antagelser.

Der Vontobel mener at en investering har en kritisk og dårlig håndtert innvirkning i et av de viktigste skadevirkningsområdene, og der ingen tegn til utbedring eller forbedring er observert, må Vontobel iverksette handling. Handlingsmekanismer kan inkludere ekskludering, aktivt eierskap (stemmegivning og/eller engasjement), tilting eller evaluering og løpende overvåking av utstederen, der det er hensiktsmessig («ESG-integrasjon»).

PAI-tallene vist i seksjon 1. nedenfor er basert på data fra MSCI ESG Research LLC<sup>1</sup> («MSCI») og gjelder alle investeringer foretatt av Vontobel, uavhengig av om de tar hensyn til PAI i investeringsbeslutninger eller ikke. Beskrivelsen av handlingene som er utført i tabellen i avsnitt 1. refererer til handlingene utført av finansielle produkter som tar hensyn til disse PAI-er.

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<sup>1</sup> MSCI ESG Research LLC er et datterselskap av MSCI Inc. Se <https://www.msci.com/notice-and-disclaimer-for-reporting-licenses>.

## 1. Description of the principal adverse impacts on sustainability factors

### Indicators applicable to investments in investee companies

Adverse sustainability indicator	Metric	Impact [2024]	Impact [2023]	Explanation	Actions taken, and actions planned and targets set for the next reference period	
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	3'727'802.45 tCO2e	3'594'836.89 tCO2e	Vontobel did not set a specific target with regards to the adverse sustainability indicators. The variation of the indicators in the current reporting period compared to the previous periods results primarily from market movements of the underlying assets.	Some or all the following actions were taken for some financial products according to article 8 SFDR and article 9 SFDR in relation to the corresponding PAI indicator:  active ownership, tilting, ESG integration, exclusion.  These actions are also planned to be taken for the next reference period.  Vontobel did not set overall specific targets with regards to the adverse sustainability indicators for the next reference period. Targets set at the level of individual financial products remain unaffected.
		Scope 2 GHG emissions	1'228'036.74 tCO2e	1'084'093.90 tCO2e		
		Scope 3 GHG emissions	31'302'594.72 tCO2e	30'313'895.00 tCO2e		
		Total GHG emissions	36'254'704.77 tCO2e	34'992'494.31 tCO2e		
	2. Carbon footprint	Carbon footprint	234.87 tCO2e per EUR million invested	256.72 tCO2e per EUR million invested		
	3. GHG intensity of investee companies	GHG intensity of investee companies	475.45 (tCO2e / EUR million revenues) per EUR million invested	548.05 (tCO2e / EUR million revenues) per EUR million invested		
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	4.43%	4.53%		

5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	48.26%	45.20%	<p>Vontobel did not set a specific target with regards to the adverse sustainability indicators.</p> <p>The variation of the indicators in the current reporting period compared to the previous periods results primarily from market movements of the underlying assets or methodological changes made by our data provider.</p> <p>The changes in <b>PAI indicators 1.5 and 1.6</b> can be explained by a methodological change. For more information, see section 5.</p>	<p>Please note that the numbers published in the Impact columns are on a best-effort basis and that currently, for these PAI indicators, data availability and/or quality is limited. Vontobel monitors the availability and quality of data for the PAI and might consider the data available while assessing investment risks and opportunities.</p> <p>Vontobel did not set overall specific targets with regards to the adverse sustainability indicators for the next reference period. Targets set at the level of individual financial products remain unaffected.</p>
6. Energy consumption intensity per high impact climate sector <sup>2</sup>	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	NACE A: 0.21 GWh / EUR million revenue	NACE A: 0.79 GWh / EUR million revenue		
6. Energy consumption intensity per high impact climate sector <sup>3</sup>	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	NACE B: 0.96 GWh / EUR million revenue	NACE B: 2.27 GWh / EUR million revenue		

<sup>2</sup> NACE (*Nomenclature statistique des activités économiques dans la Communauté européenne*/standard European nomenclature of productive economic activities) A (Agriculture, forestry and fishing)

<sup>3</sup> NACE B (Mining and quarrying)

6. Energy consumption intensity per high impact climate sector <sup>4</sup>	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	NACE C: 0.17 GWh / EUR million revenue	NACE C: 0.30 GWh / EUR million revenue	<p>Vontobel did not set a specific target with regards to the adverse sustainability indicators.</p> <p>The variation of the indicators in the current reporting period compared to the previous periods results primarily from market movements of the underlying assets or methodological changes made by our data provider.</p> <p>The change in <b>PAI indicator 1.6</b> can be explained by a methodological change. For more information, see section 5.</p>	<p>Please note that the numbers published in the Impact columns are on a best-effort basis and that currently, for this PAI indicator, data availability and/or quality is limited. Vontobel monitors the availability and quality of data for the PAI and might consider the data available while assessing investment risks and opportunities.</p> <p>Vontobel did not set overall specific targets with regards to the adverse sustainability indicators for the next reference period. Targets set at the level of individual financial products remain unaffected.</p>
6. Energy consumption intensity per high impact climate sector <sup>5</sup>	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	NACE D: 2.54 GWh / EUR million revenue	NACE D: 3.05 GWh / EUR million revenue		
6. Energy consumption intensity per high impact climate sector <sup>6</sup>	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	NACE E: 0.89 GWh / EUR million revenue	NACE E: 3.61 GWh / EUR million revenue		
6. Energy consumption intensity per high impact climate sector <sup>7</sup>	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	NACE F: 0.03 GWh / EUR million revenue	NACE F: 0.00 GWh / EUR million revenue		
6. Energy consumption intensity per high impact climate sector <sup>8</sup>	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	NACE G: 0.04 GWh / EUR million revenue	NACE G: 0.02 GWh / EUR million revenue		

<sup>4</sup> NACE C (Manufacturing)

<sup>5</sup> NACE D (Electricity, gas, steam and air conditioning supply)

<sup>6</sup> NACE E (Water supply; sewerage; waste management and remediation activities)

<sup>7</sup> NACE F (Construction)

<sup>8</sup> NACE G (Wholesale and retail trade; repair of motor vehicles and motorcycles)

	6. Energy consumption intensity per high impact climate sector <sup>9</sup>	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	NACE H: 0.76 GWh / EUR million revenue	NACE H: 0.94 GWh / EUR million revenue	Vontobel did not set a specific target with regards to the adverse sustainability indicators.  The variation of the indicators in the current reporting period compared to the previous periods results primarily from market movements of the underlying assets or methodological changes made by our data provider.	Please note that the numbers published in the Impact columns are on a best-effort basis and that currently, for this PAI indicator, data availability and/or quality is limited. Vontobel monitors the availability and quality of data for the PAI and might consider the data available while assessing investment risks and opportunities.
	6. Energy consumption intensity per high impact climate sector <sup>10</sup>	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	NACE L: 0.13 GWh / EUR million revenue	NACE L: 0.13 GWh / EUR million revenue	The change in <b>PAI indicator 1.6</b> can be explained by a methodological change. For more information, see section 5.	Vontobel did not set overall specific targets with regards to the adverse sustainability indicators for the next reference period. Targets set at the level of individual financial products remain unaffected.

<sup>9</sup> NACE H (Transporting and storage)

<sup>10</sup> NACE L (Real estate activities)

Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	6.62%	0.04%	<p>Vontobel did not set a specific target with regards to the adverse sustainability indicators.</p> <p>The variation of the indicators in the current reporting period compared to the previous periods results primarily from market movements of the underlying assets or methodological changes made by our data provider.</p> <p>The changes in <b>PAI indicators 1.7 and 1.8</b> can be explained by a methodological change. For more information, see section 5.</p>	<p>Some or all the following actions were taken for some financial products according to article 8 SFDR and article 9 SFDR in relation to the corresponding PAI indicator:</p> <p>active ownership, tilting, ESG integration, exclusion.</p> <p>These actions are also planned to be taken for the next reference period.</p> <p>Vontobel did not set overall specific targets with regards to the adverse sustainability indicators for the next reference period. Targets set at the level of individual financial products remain unaffected.</p>
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.00 metric tons / EUR million invested	0.47 metric tons / EUR million invested		<p>Please note that the numbers published in the Impact columns are on a best-effort basis and that currently, for these PAI indicators, data availability and/or quality is limited. Vontobel</p>

Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	1.17 metric tons / EUR million invested	1.41 metric tons / EUR million invested	<p>Vontobel did not set a specific target with regards to the adverse sustainability indicators.</p> <p>The variation of the indicators in the current reporting period compared to the previous periods results primarily from market movements of the underlying assets or methodological changes made by our data provider.</p> <p>The change in <b>PAI indicator 1.9</b> can be explained by methodological changes. For more information, see section 5.</p>	<p>monitors the availability and quality of data for the PAI and might consider the data available while assessing investment risks and opportunities.</p> <p>Vontobel did not set overall specific targets with regards to the adverse sustainability indicators for the next reference period. Targets set at the level of individual financial products remain unaffected.</p>
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## INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.23%	0.51%	<p>Vontobel did not set a specific target with regards to the adverse sustainability indicators. The variation of the indicators in the current reporting period compared to the previous periods results primarily from market movements of the underlying assets or</p>	<p>Vontobel aims to invest in companies that comply with the UN Global Compact principles and the OECD Guidelines for Multinational Enterprises. If a company is identified as potentially non-compliant through our screening process, an internal assessment is conducted and potential actions are evaluated.</p> <p>Please refer to section 2.1.2 for more information.</p>
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<p>11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises</p>	<p>Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises</p>	<p>1.30%</p>	<p>42.58%</p>	<p>methodological changes made by our data provider.  The changes in <b>PAI indicators 1.11 and 1.12</b> can be explained by methodological changes. For more information, see section 5.</p>	<p>Some or all the following actions were taken for some financial products according to article 8 SFDR and article 9 SFDR in relation to the corresponding PAI indicator:  active ownership, tilting, ESG integration, exclusion.  These actions are also planned to be taken for the next reference period.  Vontobel did not set overall specific targets with regards to the adverse sustainability indicators for the next reference period. Targets set at the level of individual financial products remain unaffected.</p>
<p>12. Unadjusted gender pay gap</p>	<p>Average unadjusted gender pay gap of investee companies</p>	<p>7.06 (ratio in %)</p>	<p>3.03 (ratio in %)</p>		<p>Please note that the numbers published in the Impact columns are on a best-effort basis and that currently, for this PAI indicator, data availability and/or quality is limited. Vontobel monitors the availability and quality of data for the PAI and might consider the data available while assessing investment risks and opportunities.  Vontobel did not set overall specific targets with regards to the adverse sustainability indicators for the next reference period. Targets set at the level of individual financial products remain unaffected.</p>

	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	42.52 (ratio in %)	40.63 (ratio in %)	Vontobel did not set a specific target with regards to the adverse sustainability indicators. The variation of the indicators in the current reporting period compared to the previous periods results primarily from market movements of the underlying assets.	Some or all the following actions were taken for some financial products according to article 8 SFDR and article 9 SFDR in relation to the corresponding PAI indicator:  active ownership, tilting, ESG integration, exclusion.  These actions are also planned to be taken for the next reference period.  Vontobel did not set overall specific targets with regards to the adverse sustainability indicators for the next reference period. Targets set at the level of individual financial products remain unaffected.
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	0%	Vontobel excludes controversial weapons.	Vontobel intends to keep the share of investments in investee companies involved in the manufacture or selling of controversial weapons at 0% in the next reference period.  Please refer to section 2.1.1. for more information.

**Indicators applicable to investments in sovereigns and supranationals**

Adverse sustainability indicator		Metric	Impact [2024]	Impact [2023]	Explanation	Actions taken, and actions planned and targets set for the next reference period
Environmental	15. GHG intensity	GHG intensity of investee countries	18.99 tCO2e / EUR million GDP per EUR million invested	24.73 tCO2e / EUR million GDP per EUR million invested	Vontobel did not set a specific target with regards to the adverse sustainability indicators. The	Some or all the following actions were taken for some financial products according to article 8 SFDR and article 9

Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	5.75 (count)	5.25 (count)	variation of the indicators in the current reporting period compared to the previous periods results primarily from market movements of the underlying assets.	SFDR in relation to the corresponding PAI indicator:  active ownership, tilting, ESG integration, exclusion.  These actions are also planned to be taken for the next reference period.  Vontobel did not set overall specific targets with regards to the adverse sustainability indicators for the next reference period. Targets set at the level of individual financial products remain unaffected.
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**Indicators applicable to investments in real estate assets**

Adverse sustainability indicator	Metric	Impact [2024]	Impact [2023]	Explanation	Actions taken, and actions planned and targets set for the next reference period	
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	n/a	n/a	n/a	Not applicable given investment universe of our financial products.
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	n/a	n/a	n/a	Not applicable given investment universe of our financial products.

**Other indicators for principal adverse impacts on sustainability factors**

**Additional climate and other environment-related indicators**

Adverse sustainability indicator	Adverse impact on sustainability factors (qualitative or quantitative)	Metric
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**Indicators applicable to investments in investee companies**

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

Water, waste and material emissions	14. Natural species and protected areas	1. Share of investments in investee companies whose operations affect threatened species 2. Share of investments in investee companies without a biodiversity protection policy covering operational sites owned, leased, managed in, or adjacent to, a protected area or an area of high biodiversity value outside protected areas	1. 5.26% 2. No data available	1. 3.43% 2. No data available	Vontobel did not set a specific target with regards to the adverse sustainability indicators. The variation of the indicators in the current reporting period compared to the previous periods results primarily from market movements of the underlying assets.	Please note that the numbers published in the Impact columns are on a best-effort basis and that currently, for this PAI indicator, data availability and/or quality is limited. Vontobel monitors the availability and quality of data for the PAI and might consider the data available while assessing investment risks and opportunities.  Vontobel did not set overall specific targets with regards to the adverse sustainability indicators for the next reference period. Targets set at the level of individual financial products remain unaffected.
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**Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters**

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Adverse sustainability indicator	Adverse impact on sustainability factors (qualitative or quantitative)	Metric
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**Indicators applicable to investments in investee companies**

Human rights	14. Number of identified cases of severe human rights issues and incidents	Number of cases of severe human rights issues and incidents connected to investee companies on a weighted average basis	0.03 (count)	0.02 (count)	Vontobel did not set a specific target with regards to the adverse sustainability indicators. The variation of the indicators in the current reporting period compared to the previous periods results primarily from market movements of the underlying assets.	Vontobel aims to invest in companies that comply with the UN Global Compact principles and the OECD Guidelines for Multinational Enterprises. If a company is identified as potentially non-compliant through our screening process, an internal assessment is conducted and potential actions are evaluated.  Please refer to section 2.1.2. for more information
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## **2. Description of policies to identify and prioritizes principal adverse impacts on sustainability factors**

Vontobel's ESG Investing and Advisory Policy details how Vontobel integrates Sustainability Risks and Principal Adverse Sustainability Impacts in its investment decisions.

It builds on internationally recognized standards for due diligence and reporting, in particular the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. In addition, Vontobel adheres to voluntary due diligence, and reporting standards, including UN Global Compact principles (UNGC) and GRI's sustainability reporting framework. Local rules may apply as appropriate.

This policy reflects Vontobel current approach, and Vontobel expect that this Policy will evolve over time to reflect changes in business practices, business structures, technology, and the law. However, this policy will be reviewed at least annually. The last iteration of this policy was approved by the governing body of Vontobel Holding AG on 1<sup>st</sup> February 2025.

### **2.1. Methodology to identify and prioritize principal adverse impacts on sustainability factors**

Vontobel applies an active multi-boutique asset management approach, whereby each boutique within Vontobel tailors its investment and sustainability (or ESG) approach independently according to the requirements of the asset classes in which it invests and its own sustainability strategy. The degree and the way the PAI are considered depends on factors such as the investment strategy and the availability of reliable data. The approach applied to consider the PAI depends on the nature of the indicator, as well as on the specific context of the investment that is causing the adverse impact.

For financial products in scope of SFDR, Vontobel reports on the considered PAI indicators in the products' periodic reports, unless stated otherwise in the product legal documentation. Vontobel takes into consideration the information reported by third party collective investments which may be limited and, therefore, the ability of Vontobel to consider PAI for investments into third party collective investments may be limited. Where applicable, PAI are prioritized given the sustainable objectives or characteristics of the financial product.

The pre-contractual documentation for financial products that have investment strategies designed to promote environmental and/or social characteristics (Art. 8 SFDR) or have Sustainable Investment as their investment objective (Art. 9 SFDR) may contain further information on how such financial products consider PAI of their investment decisions on sustainability factors.

#### **2.1.1. Controversial weapons (PAI indicator 1.14)**

Vontobel prohibits investments in companies that manufacture controversial weapons (weapon systems and core components). The list of prohibited companies is made available to all staff responsible for investments on a quarterly basis.

#### **2.1.2. Critical controversies and breaches of international norms (PAI indicators 1.10 and 3.14)**

Critical controversies and breaches of international norms (collectively 'Critical ESG Events') are often related to Principal Adverse Sustainability Impacts, such as significant negative impact on the environment, forced labor or child labor. Moreover, these instances can signal insufficient management of sustainability risks by a company or a government and excessive harm to society or the environment, which is beyond the tolerance of many of Vontobel's investors and stakeholders.

To identify and monitor Potential Critical ESG Events (PCEE), Vontobel investment teams are informed by ESG data and assessment methodologies provided by external ESG data providers such as MSCI or Sustainalytics. The ESG assessment methodology of such providers typically takes into account the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, the ILO Core Conventions, and the UN Global Compact. A full description of the respective ESG rater's methodology can be found on their webpages.

The data obtained from third-party data providers may be incomplete, inaccurate or unavailable. As a result, there exists a risk of incorrectly assessing a security or issuer, resulting in the incorrect inclusion or exclusion of a security.

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To properly understand the impact and validity of PCEE, investment teams conduct their own research to assess their impact on the relevant portfolio and on wider stakeholders. Securities of issuers will be excluded when Vontobel confirms Critical ESG Events and determines that the issuer's activities cause excessive harm to society or the environment, such as through violations of international norms and standards mentioned above, or as a result of involvement in critical controversies, including those related to governance matters.

However, Vontobel recognizes that excluding such issuers may not always be the best approach to mitigate the adverse effects of their activities. In these cases, Vontobel will monitor these issuers, where it believes that reasonable progress can be attained, for example, through active ownership activities, see section 3 for more detail.

## **2.2. Responsibility for the implementation of those policies**

Dedicated investment managers within the Vontobel Legal Entities are responsible for the management of investment solutions considering PAI based on their specific investment approaches and processes, including ongoing evaluation and monitoring of ESG factors within their defined risk and investment frameworks. As an active multi-boutique asset manager, each boutique tailors its investment and ESG approach independently according to the requirements of the asset classes in which it invests and its own sustainability strategy.

## **2.3. Data sources and limitations**

Vontobel investment teams have recourse to a broad range of data sources. Vontobel does not rely on a single source of information, and Vontobel strives to build a holistic picture on trends and companies. On top of data directly made available by issuers and other publicly available data, Vontobel considers data from different sources, including leading ESG data providers like MSCI or Sustainalytics, but also insights from sell-side broker services. Where Vontobel identifies a need, Vontobel may use a local or a specialist ESG data provider to enhance Vontobel insights. The data provider currently selected for the calculation of PAI metrics is MSCI.

In some cases, the information related to an indicator may be insufficient. Thus, fact-finding engagement may be conducted directly by Vontobel investment specialists and ESG analysts. This involves actively requesting information on ESG aspects, either where such information is not available at all, or where insufficient information has been provided in response to Vontobel questions. The data obtained from MSCI or companies may be incomplete, inaccurate, or in some instances unavailable. As a result, there exists a risk of incorrectly assessing a security or issuer: resulting in the incorrect inclusion or exclusion of a security.

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## **3. Engagement policies**

Vontobel considers engagement to be an important element of its investment activities. Vontobel uses both direct engagements, which are undertaken by Vontobel investment and ESG professionals, as well as indirect engagements, which are undertaken by professional proxy voting and engagement service providers (proxy agents).

Vontobel believes in the direct contact between investee company management teams and investment professionals, such as portfolio managers and analysts who have the specific expert knowledge and understanding of the context in which the company has been selected as an investment. For this reason, Vontobel does not have an engagement team on group level formulating an engagement plan for certain adverse impacts caused by investments made by Vontobel. The investment managers and the management companies can be supported by proxy agents in their engagement activities and decision-making processes. Further information on our voting and engagement approach can be found on: <https://am.vontobel.com/en/esg-investing>.

Reasons to engage with an investee company may include: business strategy, corporate governance issues, change in the capital structure, remuneration issues, and identified environmental and social risks.

Engagement includes ongoing communications between the investment team and / or proxy agent and the management teams of investee companies and can range from ongoing updates and questioning of the current and future business model related to sustainability/ESG risks or factors, to engagement on specific ESG issues of concern, such as PAI caused by the investee company. In certain circumstances, engagement could be escalated through additional meetings with the management and dialogue with the board chairman and non-

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executive directors. Vontobel investment teams and/or ESG analysts (or Vontobel proxy agents) may also join collaborative engagement platforms to leverage wider investment pressure on certain topics.

Where these engagements do not progress in the direction that the investment team believes is in the best interests of shareholders or direct engagement has limited prospects of success, other options are considered, including (where applicable):

- Voting against resolutions at shareholder meetings;
- Collaborating with other institutional investors; and/or
- Divesting some or all of the investment.

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#### 4. References to international standards

As a global investment firm, Vontobel aims to empower investors with the necessary knowledge, tools and investment options to consider sustainability in building better futures. We achieve this by contributing to the UN's SDGs and, since 2017, committing to the UN Global Compact principles. The UN Global Compact is a strategic initiative of the United Nations for companies, such as Vontobel, that commit themselves to aligning their business activities and strategies with ten universally accepted principles covering human rights, labor standards, environmental protection, and anti-corruption. Through these efforts we aim for our impact to be proportionate to our reach whilst promoting key sustainability principles. In addition to the UN Global Compact, Vontobel works in industry associations in order to advance ESG investing practices and is an active participant in several initiatives such as the UN Principles for Responsible Investment (PRI) or the Global Impact Investing Network (GIIN). An overview of all initiatives and memberships can be found at [www.vontobel.com/ratings-memberships](http://www.vontobel.com/ratings-memberships).

In 2023, Vontobel has analyzed the impact of forward-looking climate scenarios (orderly, disorderly, hot house) to the firm's revenues generated by our assets under management. The forward-looking climate scenarios are available to Vontobel investment teams. The scenarios are largely based on Phase II of the Network for Greening the Financial System's (NGFS) model outputs released in June 2021.

The list below shows a selection of international standards considered in investment decisions:<sup>11</sup>

- UN Global Compact (PAI indicators 1.10 and 3.14);
- OECD Guidelines for Multinational Enterprises (PAI indicators 1.10 and 3.14);
- United Nations Declaration of Human Rights (PAI indicators 1.10 and 3.14);
- Convention on Cluster Munitions (PAI indicator 1.14).

Please refer to section 2.1. for more details about the methodology. Additional information about the standards is available in our ESG Investing and Advisory Policy available at <https://am.vontobel.com/en/esg-investing>.

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<sup>11</sup> Reflecting developing market practices, the list was shortened to only include standards that relate to PAI indicators.

## 5. Historical comparison

Vontobel does not set specific targets with regards to the PAI indicators. Changes observed in 2024 compared to 2023 and 2022 result primarily from market movements of the underlying assets, methodological changes made by our data provider, or both.

In 2024, our data provider revised its methodology for the following indicators:

- **PAI indicators 1.5, 1.6, 1.9 and 1.12:** the methodology now incorporates estimated values alongside reported values;
  - **PAI indicator 1.7:** the methodology includes a wider range of factors for identifying companies with activities that negatively impact biodiversity-sensitive areas;
  - **PAI indicator 1.8:** to better align with regulatory criteria, the methodology now considers only the amount of emissions of actual pollutants or effluents emitted to water by the company;
  - **PAI indicator 1.11:** the methodology considers a broader range of factors related to human rights policies, including due diligence processes and grievance mechanisms.
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