

Vontobel Fund – Global Environmental Change

Legal Document:

SFDR Website Disclosure for Article 9 financial products

Summary

The Sub-Fund's sustainable investment objective consists of investing in issuers that contribute to pre-defined so called "Impact Pillars" through their products and services, based on pre-determined revenue thresholds and on the Investment Manager's assessment using a proprietary impact score. The Impact Pillars are: clean energy infrastructure, resource-efficient industry, clean water, building technology, low emission transportation and lifecycle management. The targeted companies provide products and services along the whole value chain, which tackle today's pressing environmental problems i.e., such as environmental pollution, climate change, resource limitations, technological advances and growing needs for water and wastewater infrastructure. The Sub-Fund partially intends to invest in sustainable investments with an environmental objective as defined by the EU Taxonomy. These objectives are amongst others: "climate change mitigation", "climate change adaptation", "transition to a circular economy".

In order to attain the sustainable investment objective, the Sub-Fund applies the following ESG framework:

Impact Pillars contribution:

The Sub-Fund invests in issuers that contribute to the Impact Pillars through their products and services. In order to qualify for investment,

- the investee companies must have a positive contribution to at least one of the Impact Pillars, where the company must derive at least 20% of its revenues from economic activities that contribute to at least one of the Impact Pillars. Accordingly, if an issuer derives more than 20% of its revenues from economic activities that contribute to at least one of the Impact Pillars and complies with the remaining elements of the investment strategy, it will be considered a sustainable investment.
- the investee companies must have a positive impact strategy score ("Impact Strategy score"). The Investment Manager systematically assess the investee companies impact strategies, based on a qualitative scoring of six criteria (score from -3 to +3), reflecting the benefits linked to an investee company's strategy, also relative to peers or similar industries. These six scores aggregate to an overall Impact Strategy score for each company.

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%), coal (extraction/thermal, 1%), other unconventional oil and gas (i.e. tar /oil sands, shale gas...; 5%), conventional oil and gas extraction (5%), coal power generation (5%), nuclear energy generation (20%), tobacco (5%), adult entertainment (5%), alcohol (5%), gambling (5%), fur (5%), palm oil (5%). The percentage indicated reflect the revenue thresholds applied related to the production of such products and/or activities. For selected products and/or activities, additional limits apply as described below.

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 corporate issuers that pass the minimum ESG rating (minimum is set at B, on a scale from AAA to CCC, with AAA being the best, and CCC being the worst rating), which is provided by a third-party ESG data provider selected by the Investment Manager, namely MSCI ESG. This model evaluates sector-specific environmental, social and governance criteria. The criteria refer to companies' actions and performance in relation to environmental protection in production, environmental product design, employee relations, environmental and social supply chain standards and management systems. The ESG model scores companies relative to the other companies in the related industry.

The binding elements of the investment strategy used to select the investments to achieve the Sub-Fund's sustainable investment objective are as follows:

- The Sub-Fund invests in issuers that have a positive Impact Strategy score.
- The Sub-Fund invests in issuers that derive at least 20% of its revenues from economic activities that contribute to at least one of the Impact Pillars.
- 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 invests in securities of corporate issuers that pass the minimum MSCI ESG rating that has been set for this Sub-Fund (ESG score of B)
- The application of the binding elements, as described above, leads to the exclusion of at least 20% of the investments considered prior to the application of the investment strategy (i.e. global listed equity markets).
- The ESG analysis covers 100% of the Sub-Fund's securities. The use of ESG data may be subject to methodological limits.

Finally, in an effort to measure the attainment of each of the sustainable investments with an environmental objective, 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 sustainable investments with an environmental objective.

No significant harm to the sustainable investment objective

How have the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

For the portion of sustainable investments, 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.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

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.

Sustainable investment objective of the financial product

What is the sustainable investment objective of this financial product?"

The Sub-Fund's sustainable investment objective consists of investing in issuers that contribute to pre-defined so called "Impact Pillars" through their products and services, based on pre-determined revenue thresholds and on the Investment Manager's assessment using a proprietary impact score. The Impact Pillars are: clean energy infrastructure, resource-efficient industry, clean water, building technology, low emission transportation and lifecycle management. The targeted companies provide products and services along the whole value chain, which tackle today's pressing environmental problems i.e., such as environmental pollution, climate change, resource limitations, technological advances and growing needs for water and wastewater infrastructure. The Sub-Fund partially intends to invest in sustainable investments with an environmental objective as defined by the EU Taxonomy. These objectives are amongst others: "climate change mitigation", "climate change adaptation", "transition to a circular economy".

Investment strategy

What investment strategy does this financial product follow to select the investments to attain the sustainable investment objective, and what are the binding elements of this investment strategy?

In order to attain the sustainable investment objective, the Sub-Fund applies the following ESG framework:

Impact Pillars contribution:

The Sub-Fund invests in issuers that contribute to the Impact Pillars through their products and services. In order to qualify for investment,

- the investee companies must have a positive contribution to at least one of the Impact Pillars, where the company must derive at least 20% of its revenues from economic activities that contribute to at least one of the Impact Pillars. The Impact Pillars are mapped to Sustainable Development Goals (“SDGs”). Accordingly, the investee companies are expected to make a positive contribution to the SDGs through their products and services (operational contributions of investee companies are not considered). If an issuer derives more than 20% of its revenues from economic activities that contribute to at least one of the Impact Pillars and complies with the remaining elements of the investment strategy, it will be considered a sustainable investment.
- the investee companies must have a positive impact strategy score (“Impact Strategy score”). The Investment Manager systematically assess the investee companies impact strategies, based on a qualitative scoring of six criteria (score from -3 to +3), reflecting the benefits linked to an investee company’s strategy, also relative to peers or similar industries. These six scores aggregate to an overall Impact Strategy score for each company.

Exclusion approach:

The Sub-Fund excludes involvement in the products and business activities listed in the table below – subject to the permitted revenue thresholds next to it. The Investment Manager obtains data from a third-party data provider to analyze an issuer’s exposure to the activities listed below. To qualify for potential investment, the issuer must not breach any of these exclusion criteria.

The exclusion listed below are applied with the revenue thresholds indicated.

As the financial product holds the Febelfin Toward Sustainability Label, additional exclusion criteria set out by the Towards Sustainability Quality Standard Criteria label may apply, which are available at <https://towardssustainability.be>.

The exclusions listed below are applied with the revenue thresholds indicated¹:

EXCLUSION	CRITERIA	EXCEPTIONS APPLIED?
Sector/business activity-based exclusions		
Adult entertainment	Upstream: 5% of revenues Production: 5% of revenues Downstream: 5% of revenues	None.
Alcohol	Production: 5% of revenues Downstream: 10% of revenues	None.
Coal (thermal)	Upstream: 1% of revenues Production: 1% of revenues Downstream: 1% of revenues	Companies with more than 1 % of total revenues in coal power and heat generation are excluded. Companies with expansion plans for new coal power plants are excluded.
Fur	Upstream: 5% of revenues Production: 5% of revenues Downstream: 5% of revenues	None.
Gambling	Upstream: 5% of revenues Production: 5% of revenues Downstream: 5% of revenues	None.
Gas	Production: 5% of revenues	This is defined as conventional gas extraction.
Military Contracting	Upstream: 5% of revenues Production: 5% of revenues Downstream: 5% of revenues	If weapon related revenues.
Nuclear energy	Production: 20% of revenues	Plant location risks and operational safety track record of nuclear facilities are carefully assessed and can lead to an exclusion.
Nuclear weapons	Upstream: 0% of revenues Production: 0% of revenues Downstream: 0% of revenues	None.
Oil	Production: 5% of revenues	This is defined as conventional oil extraction.
Other Fossil Fuel (i.e. Tar /Oil Sands, Shale Gas...)	Production: 5% of revenues	This is defined as unconventional oil and gas extraction.
Palm Oil	Upstream: 5% of revenues Production: 5% of revenues Downstream: 5% of revenues	None.
Tobacco	Production: 5% of revenues Downstream: 10% of revenues	None.
Unconventional / controversial weapons	Upstream: 0% of revenues Production: 0% of revenues Downstream: 0% of revenues	None.

Topics such as animal testing, genetic engineering and GMO are not systematically excluded based on revenue thresholds, but rather analyzed on a case-by-case basis. For example, for animal testing, the Investment Manager would assess the investee company's practices such as public Animal Care and Testing Policy or their adherence to the '3R principle'.

¹ 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 document for consistency.

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 corporate issuers that pass the minimum ESG rating (minimum is set at B, on a scale from AAA to CCC, with AAA being the best, and CCC being the worst rating), which is provided by a third-party ESG data provider selected by the Investment Manager, namely MSCI ESG. This model evaluates sector-specific environmental, social and governance criteria. The criteria refer to companies' actions and performance in relation to environmental protection in production, environmental product design, employee relations, environmental and social supply chain standards and management systems. The ESG model scores companies relative to the other companies in the related industry.

Binding elements:

The binding elements of the investment strategy used to select the investments to achieve the Sub-Fund's sustainable investment objective are as follows:

- The Sub-Fund invests in issuers that have a positive Impact Strategy score.
- The Sub-Fund invests in issuers that derive at least 20% of its revenues from economic activities that contribute to at least one of the Impact Pillars.
- 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 invests in securities of corporate issuers that pass the minimum MSCI ESG rating that has been set for this Sub-Fund (ESG score of B)
- The application of the binding elements, as described above, leads to the exclusion of at least 20% of the investments considered prior to the application of the investment strategy (i.e. global listed equity markets).
- The ESG analysis covers 100% of the Sub-Fund's securities. The use of ESG data may be subject to methodological limits.

What is the policy to assess good governance practices of the investee companies²?

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.

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

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

Yes No

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.

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

The Investment Manager considers Principal Adverse Sustainability Impacts Indicators³:

TABLE # PRINCIPAL ADVERSE IMPACT INDICATOR

ENVIRONMENTAL ASPECTS

Greenhouse gas emissions	
1	1 Total GHG emissions (scope 1 and 2)
1	1 Scope 1 GHG emissions
1	1 Scope 2 GHG emissions
1	1 From 1 January 2023, Scope 3 GHG emissions
1	1 Total GHG emissions (scope 1, 2 and 3)
1	2 Carbon footprint (scope 1 and 2)
1	2 Carbon footprint (scope 1, 2 and 3)
1	3 GHG intensity of investee companies (scope 1 and 2)
1	3 GHG intensity of investee companies (scope 1, 2 and 3)
Other emissions related aspects	
2	4 Investments in companies without carbon emission reduction initiatives
Energy	
1	4 Exposure to companies active in the fossil fuel sector
1	5 Share of non-renewable energy consumption and production
1	6 Energy consumption intensity per high impact climate sector
2	5 Breakdown of energy consumption by type of non-renewable sources of energy
Biodiversity	
1	7 Activities negatively affecting biodiversity-sensitive areas
Water	
1	8 Emissions to water
2	6 Water usage and recycling
2	7 Investments in companies without water management policies
2	8 Exposure to areas of high water stress
Waste and resources	
1	9 Hazardous waste ratio
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

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

1	11	Lack of processes and compliance mechanisms to monitor UN Global Compact Principles and OECD Guidelines for Multinational Enterprises
1	12	Unadjusted gender pay gap
1	13	Broad gender diversity
Human rights		
3	9	Lack of a human rights policy
3	14	Number of identified cases of severe human rights issues and incidents
Anti-corruption and anti-bribery		
3	17	Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws

Proportion of investments

What is the asset allocation planned for this financial product?

INVESTMENTS	PERCENTAGE (OF NET ASSETS)	TYPE OF EXPOSURES
#1 Sustainable investments covers sustainable investments with environmental or social objectives.	At least 80%	Only through direct exposures
Environmental objective	At least 80%	Only through direct exposures
Environmental objective (EU Taxonomy aligned)	At least 5%	Only through direct exposures
Environmental objective (not EU Taxonomy aligned)	Up to 95%	Only through direct exposures
#2 Not sustainable includes investments which do not qualify as sustainable investments.	Up to 20%	Through direct exposures for unscreened investments, through indirect exposures for hedging instruments.

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

Monitoring of sustainable investment objective

What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?

The attainment of the sustainable investment objective is measured through the following list of sustainability indicators:

- Percentage of investments in securities of corporate issuers that derive more than 20% of their revenues from economic activities that contribute to at least one of the Impact Pillars (based on a proprietary methodology)
- Percentage of investments in securities of corporate issuers that have a positive Impact Strategy score (based on a proprietary methodology)
- 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 corporate issuers that pass the minimum MSCI ESG score that has been set for this Sub-Fund (ESG score of B)
- Percentage of investments in 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
- Percentage of securities covered by ESG analysis

The information used for the implementation of the ESG framework, and consequently the attainment of the sustainable investment objective, 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?

Impact Pillars contribution:

- Each investment case details the relevance of the investee companies' business activities, and a purity factor is defined based on the revenues generated with products and services that contribute to at least one of the defined impact pillars. Revenue segment reporting of investee companies is used for this purity assessment and a minimum of 20 percent revenue contribution from the impactful activities is required. Typically, the purity factor of our portfolio holdings is above 50 percent. The purity factor calculation is reviewed at least annually.

The Investment Manager also includes a structured assessment and documentation of each investee company's strategy relevant to their impactful businesses and services. This assessment is translated in an "Impact Strategy score". In order to qualify for investment, the investee companies must have been assigned a positive Impact Strategy score. The Investment Manager systematically assess the investee companies impact strategies, based on a qualitative scoring of six criteria (score from -3 to +3), reflecting the benefits linked to an investee company's strategy, also relative to peers or similar industries, which are aggregated with equal weights to an overall impact strategy score for each company. The six criteria are the following:

1. Management strategy: commitment to expand impactful activities possibly combined with reduction of critical ones
2. Internal drivers for impactful products & services: Capex allocation, R&D budget or acquisitions will serve as indicators
3. External drivers for impactful products & services: growth potential of end-market and possibly achievable profitability drives the score
4. Measuring and reporting key performance indicators on impact achievements: what gets measured gets managed, often a driver for improvements in management and culture
5. Potential risks related to impactful activities: such as policy or regulatory changes, customer preferences, technology risks or hurdles, competitor
6. Potential risks related to non-impactful activities: regulatory requirements or emission limits may lead to increasing costs, stranded assets or legacy liabilities

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 corporate issuers that pass the minimum ESG rating, which is provided by a third-party ESG data provider selected by the Investment Manager, namely MSCI ESG. This model evaluates sector-specific environmental, social and governance criteria. The criteria refer to companies' actions and performance in relation to environmental protection in production, environmental product design, employee relations, environmental and social supply chain standards and management systems. The ESG model scores companies relative to the other companies in the related industry. In order to qualify for investment, the issuer must have at least a B rating (AAA being the best, and CCC being the worst rating). MSCI ESG rating methodology can be found on the provider's website.

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.

Data sources and processing

What are the data sources used to attain the sustainable investment objective 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:

- External ESG data providers: MSCI ESG Research, Sustainalytics, reo services and Factset
- Information directly provided by the issuers

In order to ensure data quality, the Investment Manager:

- Regularly reviews data
- Uses multiple data sources
- May directly engage with the issuers when data gaps occur

The data sources mentioned above are used in order to implement the ESG framework as described in detail in 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 sustainable investment objective 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 Investment Manager directly engages with the management of companies on relevant topics as part of the fundamental research activities. In particular, the Investment Manager carries out informal fact-finding engagements as part of our structured research process – either due to data gaps or to better understand a company’s performance and policies. These engagements address material sustainability issues that are substantial with regard to our sustainable investment objective. Additionally, for areas flagged as key ESG factors, the Investment Manager seeks to understand the company’s plans to manage and mitigate them. Through these consultations, the Investment Manager encourages companies to improve their ESG management practices as well as impact and sustainability disclosures. Key engagement objectives are linked to the impact pillars of the Sub-Fund.

The Sub-Fund also 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 sustainable investment objective of 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.

In terms of voting activities, the Investment Manager applies the following process. Portfolio managers and analysts can receive alerts of forthcoming shareholder meetings together with the voting recommendations provided by the engaged proxy voting advisor, REO. Portfolio managers and analysts review the voting recommendations and if they agree with them, no action is required and Vontobel votes accordingly. In certain cases, they may have a different opinion, for example if the standard recommendation does not match their in-depth knowledge of the company in question and its management, which may have been gained in the context of engagement activities. The portfolio manager can change the vote on an item on the agenda, with appropriate documentation, thus providing justification for any choices that deviate from those recommended by the engaged proxy-voting service provider. The overruling process is described in our voting policy. This process ensures that we execute our voting obligations and make decisions in the interests of our clients. The respective management company coordinate these aspects and the related processes.

Attainment of the sustainable investment objective

Has a reference benchmark been designated for the purpose of attaining the sustainable investment objective of 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.