

Vontobel Fund – TwentyFour Sustainable Short Term Bond Income

Summary

No significant harm to the sustainable investment objective

The Investment Manager applies do no significant harm test (DSNH). The Investment Manager applies a process to take into account all the mandatory adverse impact indicators and any relevant additional adverse impact indicators.

The sustainable investments of corporate issuers are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights. Additionally, sovereign issuers are screened against social violations as referred to in international treaties and conventions, United Nations principles and, where applicable, national law.

Sustainable investment objective of the financial product

The Sub-Fund's sustainable investment objective consists of investing in securities of issuers that contribute towards the Paris Agreement's goal to hold the increase in the global average temperature to below 2°C above pre-industrial levels. The Sub-Fund invests at least 80% in sustainable investments. The sustainable investments' objectives are "climate change mitigation" and "climate change adaptation". The Sub-Fund may also invest in sustainable investments with a social objective, namely "empowerment".

Additionally, the Sub-Fund will exclude certain economic activities that the investment manager determines are detrimental to society or the environment and are incompatible with the sustainable investment objective of the Sub-Fund.

The Sub-Fund has not designated a reference benchmark for the purpose of attaining the sustainable investment objective.

Investment Strategy

While considering the Sub-Fund's investment objective and policy in the Special Part of the Sales Prospectus, in order to attain the sustainable investment objective, the Sub-Fund applies the following ESG framework: screening, exclusion approach and monitoring critical controversies.

Proportion of investments

The Sub-Fund invests at least 80% of its NAV directly in issuers that qualify as sustainable investments with an environmental objective, under normal market conditions, while investing at least 60% of its NAV in sustainable investments with an environmental objective (climate change mitigation, climate change adaptation).

The Sub-Fund does not commit to invest a minimum share in environmentally sustainable investments with an environmental objective aligned with the EU Taxonomy.

The Sub-Fund may invest directly and indirectly up to 20% of its net assets in investments which do not qualify as sustainable investments.

Monitoring of sustainable investment objective

The securities will be analyzed based on the binding elements prior to investment and monitored on a continuous basis. The securities in the portfolio have their sustainability performance periodically revaluated using the above-described sustainability framework. If a security does not comply with the binding criteria described below, 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.

Methodologies

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

Screening:

The objective of the sustainable investments is to invest in securities of issuers that contribute to either an environmental (climate change mitigation, climate change adaptation) or a social (empowerment) objective. In order to qualify as sustainable investment, and apart from following good governance, the investment:

- must not be classified as “Significant Harm”;
 - must be classified as “In transition” (which includes a commitment to transition) or “Positive contribution”
- This evaluation will be conducted by the Investment Manager.

As an issuer can contribute to an environmental (climate change mitigation, climate change adaptation) or a social (empowerment) objective at the same time, an investment can be counted as a sustainable investment with an environmental objective and a sustainable investment with a social objective.

The focus of the Sub-Fund will be on sustainable investments with an environmental objective. The Sub-Fund will invest at least 60% of its net assets in sustainable investments with an environmental objective and it may also invest in sustainable investments with a social objective. Accordingly, no minimum percentage for sustainable investments with a social objective has been defined.

The Sub-Fund invests in securities of corporate issuers that pass the minimum combined ESG score (minimum is set at 34, on a scale from 0 to 100, with 0 being the worst and 100 being the best score), using the Investment Manager’s proprietary methodology. These scores are the result of combination of qualitative and quantitative analysis. The Investment Manager’s proprietary relative value system, Observatory, combines third party data covering over 400 ESG metrics in conjunction with the portfolio managers’ overall relative value decision making. The quantitative scoring process varies the weighting of each measure across industries as the importance of ESG factors differs across industries. The scores are based on relative performance on environmental and social factors within the issuer’s industry, making issuers comparable against peers.

Exclusion approach:

- The Sub-Fund excludes securities of corporate issuers from the investment universe that consists of all companies that issue debt securities to the capital markets as well as developed market government Bond issues) in accordance with the Investment Manager’s exclusion framework that includes the SFDR Paris-aligned benchmark (PAB) exclusionary criteria: unconventional / controversial weapons (0%), conventional weapons (5%) energy (extraction): thermal coal (1%), Oil sands & Arctic drilling (production 5%; distribution 10%), Oil (production 5%; distribution 10%), Gas (production 5%; distribution 50%); Carbon intensive power generation: Thermal coal (5%), Other sources of high CO₂e intensity power generation (50%); other tobacco (production, 0%), adult entertainment (5%), alcohol (5%), gambling (5%), animal testing (for cosmetic purposes, 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 disclosed on the website.

Monitoring of critical controversies:

- The Investment Manager has established a monitoring process to track incidents or on-going 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.

Additionally, the Sub-Fund follows an active engagement 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 of the Sub-Fund.

The binding elements of the investment strategy used to select the investments to attain the sustainable investment objective are as follows:

- The Sub-Fund invests at least 80% of its net assets in sustainable investments, where at least 60% of its net assets are invested in sustainable investments with an environmental objective (climate change mitigation, climate change adaptation), based on the Investment Manager’s evaluation.
- 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 invests in securities of corporate issuers that pass the minimum combined ESG score (set at 34 out of 100) that have been set for this Sub-Fund as described in the “Investment Strategy” section above.

Finally, in an effort to measure the attainment of the sustainable investment object of the Sub-Fund, 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.

Data sources and processing

The investment process uses data from external ESG providers (e.g., Sustainalytics, MSCI), issuers, media, NGOs, and international organizations. The data sources mentioned are used to implement the ESG framework as described in detail in the

Investment Strategy section. The Investment Manager ensures data quality through regular reviews, multiple sources, and issuer engagement for gaps. Estimates are used when necessary, with a low to medium reliance on estimated data.

Limitations to methodologies and data

The implementation of the ESG strategy of the Sub-Fund relies on third-party data and/or internal analyses, which may be incomplete or inaccurate. There is no guarantee of accuracy, completeness, or proper application of ESG criteria.

Due diligence

The internal Investment Control unit conducts pre-trade checks, allowing portfolio managers to simulate and verify trades against restrictions. Automated checks highlight potential breaches before order execution to ensure compliance.

Engagement policies

The Investment Manager prioritizes direct engagement with investee companies and sovereigns, addressing business strategy, governance, and ESG issues. It also collaborates with Columbia Threadneedle Investments (reo©) for broader engagement and voting influence. This partnership enables greater impact, resource access, and collaboration, focusing on poor ESG practices, thematic issues, and controversies.

Designated reference benchmark

No index has been designated as a reference benchmark to attain the environmental and social characteristics promoted by this Sub-Fund.

No significant harm to the sustainable investment objective

In order to ensure that the sustainable investments that Sub-Fund intends to make do not cause significant harm to any environmental or social investment objective, the Sub-Fund takes into account all the mandatory indicators for adverse impacts and ensures that the Sub-Fund's investments are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

How have the indicators for adverse impacts on sustainability factors been taken into account?

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 makes 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 include: engagement and exclusion.

The Investment Manager considers excluding issuers that are (i) in violation of the norms or (ii) involved in severe controversies. Unless, in either case, the Investment Manager has identified a positive outlook (i.e., through proactive response by the issuer, proportionate rectification measures already announced or taken, or through active ownership activities with reasonable promise of successful outcomes).

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

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 securities of issuers that contribute towards the Paris Agreement's goal to hold the increase in the global average temperature to below 2°C above pre-industrial levels. The Sub-Fund invests at least 80% in sustainable investments. The sustainable investments' objectives are "climate change mitigation" and "climate change adaptation". The Sub-Fund may also invest in sustainable investments with a social objective, namely "empowerment".

Additionally, the Sub-Fund will exclude certain economic activities that the investment manager determines are detrimental to society or the environment and are incompatible with the sustainable investment objective of the Sub-Fund.

The Sub-Fund has not designated a reference benchmark for the purpose of attaining the sustainable investment objective.

Investment strategy

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

Screening:

The objective of the sustainable investments is to invest in securities of issuers that contribute to either an environmental (climate change mitigation, climate change adaptation) or a social (empowerment) objective. In order to qualify as sustainable investment, and apart from following good governance, the investment:

- must not be classified as “Significant Harm”;
- must be classified as “In transition” (which includes a commitment to transition) or “Positive contribution”

This evaluation will be conducted by the Investment Manager.

As an issuer can contribute to an environmental (climate change mitigation, climate change adaptation) or a social (empowerment) objective at the same time, an investment can be counted as a sustainable investment with an environmental objective and a sustainable investment with a social objective.

The focus of the Sub-Fund will be on sustainable investments with an environmental objective. The Sub-Fund will invest at least 60% of its net assets in sustainable investments with an environmental objective and it may also invest in sustainable investments with a social objective. Accordingly, no minimum percentage for sustainable investments with a social objective has been defined.

The Sub-Fund invests in securities of corporate issuers that pass the minimum combined ESG score (minimum is set at 34, on a scale from 0 to 100, with 0 being the worst and 100 being the best score), using the Investment Manager’s proprietary methodology. These scores are the result of combination of qualitative and quantitative analysis. The Investment Manager’s proprietary relative value system, Observatory, combines third party data covering over 400 ESG metrics in conjunction with the portfolio managers’ overall relative value decision making. The quantitative scoring process varies the weighting of each measure across industries as the importance of ESG factors differs across industries. The scores are based on relative performance on environmental and social factors within the issuer’s industry, making issuers comparable against peers.

Exclusion approach:

The Sub-Fund excludes securities of corporate issuers from the investment universe that consists of all companies that issue debt securities to the capital markets as well as developed market government Bond issues) in accordance with the Investment Manager’s exclusion framework that includes the SFDR Paris-aligned benchmark (PAB) exclusionary criteria: unconventional / controversial weapons (0%), conventional weapons (5%) energy (extraction): thermal coal (1%), Oil sands & Arctic drilling (production 5%; distribution 10%), Oil (production 5%; distribution 10%), Gas (production 5%; distribution 50%); Carbon intensive power generation: Thermal coal (5%), Other sources of high CO₂e intensity power generation (50%); other tobacco (production, 0%), adult entertainment (5%), alcohol (5%), gambling (5%), animal testing (for cosmetic purposes, 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 disclosed on the website.

EXCLUSION	CRITERIA	EXCEPTIONS APPLIED?
Sector/business activity-based exclusions		
Weapons		
Unconventional / controversial weapons	Upstream: 0% of revenues Production: 0% of revenues Downstream: 0% of revenues	None
Conventional weapons ¹	5% of revenues	None
Energy (Extraction)		
Thermal coal	1% of revenues	None
Oil sand & Arctic drilling	Production: 5% of revenues Distribution: 10% of revenues	None
Oil	Production: 5% of revenues Distribution: 10% of revenues	None
Gas	Production: 5% of revenues Distribution: 50% of revenues	None

¹ Controversial Weapons includes: Cluster Munitions, Anti-Personnel Mines, Chemical Weapons, Biological Weapons, Weapons utilising non-detectable fragments, White phosphorous, Blinding Lasers, Depleted Uranium and Nuclear weapons**

** For purposes of this exclusion, being ‘involved in nuclear weapons’ means the issuer derives revenue from direct involvement in the specific production of nuclear warheads or nuclear bombs and missiles. Specific production of nuclear warheads refers to non-state owned issuers involved in the production and/or storage of fissile materials used in such warheads and / or the operation of government owned facilities involved in warhead production.

Carbon intensive power generation		
Thermal coal	5% of revenues	None
Other sources of high CO2e intensity power generation	50% of revenues	None
Other controversial activities		
Tobacco	Production: 0% of revenues	None
Adult entertainment	Production: 5% of revenues	None
Alcohol	Production: 5% of revenues	None
Animal testing	Production: 5% of revenues	Excluded for cosmetic purposes only.
Gambling	Operations: 5% of revenues	None
Sovereign exclusions		
UN Sanctions	The Investment Manager's Compliance team maintains a restricted list which is applicable to all assets managed by the Investment Manager	None

Monitoring of critical controversies:

The Investment Manager has established a monitoring process to track incidents or on-going 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.

Binding elements

The binding elements of the investment strategy used to select the investments to attain the sustainable investment objective are as follows:

- The Sub-Fund invests at least 80% of its net assets in sustainable investments, where at least 60% of its net assets are invested in sustainable investments with an environmental objective (climate change mitigation, climate change adaptation), based on the Investment Manager's evaluation.
- 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 invests in securities of corporate issuers that pass the minimum combined ESG score (set at 34 out of 100) that have been set for this Sub-Fund as described in the "Investment Strategy" section above.

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

The investee companies are rated for governance aspects using the Investment Manager's ESG Observatory score. Common governance indicators include sound management structures, such as board independence and diversity, employee ownership, remuneration of staff, tax compliance, rights of minority shareholders, executive remuneration, and audit and accounting oversight, in addition to those governance factors which are specific to ABS, including structural features of a transaction that evidence adequate protection to bondholders and alignment of interest. These governance indicators are a major component of the Investment Manager's ESG Observatory score. 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.

The Sub-Fund further intends to ensure good governance of the investee companies via active engagement. All engagements directly conducted by the Investment Manager are recorded in the Investment Manager's Observatory database.

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:

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

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 makes 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 include: engagement and exclusion.

The Investment Manager considers excluding issuers that are (i) in violation of the norms and (ii) involved in critical controversies. Unless, in either case, the Investment Manager has identified a positive outlook (i.e., through proactive response by the issuer, proportionate rectification measures already announced or taken, or through active ownership activities with reasonable promise of successful outcomes).

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* Indicators³ are considered in the investment strategy:

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 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)
Energy	
1	4 Exposure to companies active in the fossil fuel sector
1	5 Share of non-renewable energy consumption and production
1	5 Share of non-renewable energy consumption and production
1	6 Energy consumption intensity per high impact climate sector
Biodiversity	
1	7 Activities negatively affecting biodiversity-sensitive areas
Water	
1	8 Emissions to water
Waste and resources	
1	9 Hazardous waste and radioactive waste ratio
Environmental aspects – sovereigns and supranationals	
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
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
Social aspects – sovereigns and supranationals	
1	16 Investee countries subject to social violations

³ 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 Sustainable investments covers sustainable investments with environmental or social objectives.	At least 80%	Only through direct exposures
Environmental objective	At least 60%	Only through direct exposures
Environmental objective (not EU Taxonomy aligned)	At least 60%	Only through direct exposures
#2 Not sustainable includes investments which do not qualify as sustainable investments.	Up to 20%	Only through direct exposures

Under “#2 Other”, the Sub-Fund will be invested in accordance with the investment objective of the Sub-Fund, including in cash and cash equivalents for liquidity purposes and use of derivatives for the purposes set out in the Special Part. 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 of the Sub-Fund is measured through the following list of sustainability indicators:

- Percentage of sustainable investments by investing in securities of corporate issuers that contribute to an environmental (climate change mitigation, climate change adaptation) objective or social (empowerment) objective
- Percentage of investments in securities of corporate issuers that pass the minimum combined E&S score (set at 15 out of 100) and the minimum combined ESG score (set at 34 out of 100) that has been set for this Sub-Fund as described in the investment strategy section
- 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)

How are the environmental or social characteristics and the sustainability indicators monitored throughout the lifecycle of the financial product and the related internal/external control mechanism?

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 below, 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.

The investment manager is responsible for ensuring compliance with the binding elements applied by this Sub-Fund. Numerical ESG restrictions are coded in the Investment Manager's trading and compliance system and the Investment Manager's Risk function monitors alignment on a daily basis. Where the investment manager's portfolio management team makes qualitative judgement-based assessments, this process is monitored through a combination of regular attestations by the investment teams and periodic sample checks by the Compliance team.

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:

As part of the investment selection process, the universe of investments of the Sub-Fund will be screened using the Investment Manager's proprietary environmental ("E"), and social ("S") scoring model. The Investment Manager believes that ESG factors can materially impact on a company's valuation, financial performance and related risk/return and as such, will consider pertinent ESG factors when determining whether the potential investee company is aligned with the overall objective of the Sub-Fund and in determining the E and S score. The range of ESG factors will not remain static and will evolve further over time and the ESG factors to be considered will vary depending on the investee company under consideration.

The Investment Manager will screen companies to determine whether the Sub-Fund should acquire or retain a position within its portfolio. If issuers have an average E&S below the minimum that has been set at 15 for this Sub-Fund or a combined ESG score below the minimum that has been set at 34 for this Sub-Fund (respectively on a scale from 0 to 100, with 0 being the worst and 100 being the best score), they will not be considered for investment (i.e. will be excluded from the investable universe based on the E and S score). The Investment Manager's active approach to ESG allows for a nuanced approach and the consideration of controversies (for example, predatory pricing or accidental pollution of the environment) and momentum (where an investee company has a credible plan to improve weaknesses identified in its EGS credentials). The E and S Scoring model helps the Investment Manager to identify key ESG issues that a specific sector or issuer may be facing.

The screening process involves a comprehensive analysis process, which may include the use of specialized rating agencies and systems, such as Observatory. As part of the screening process, the Investment Manager uses commercially available databases and frameworks. The use of specialized rating agencies and systems inform an initial E and S score of the investable universe. As a second step, the portfolio management team will undertake its own analysis to supplement this scoring. The Investment Manager's proprietary E and S Scoring Model provides all members of the portfolio management team with sector specific and issuer specific information on key issues. Based on this cumulative information, the Investment Manager applies its proprietary scoring model to calculate an issuer's E and S combined score of the investable universe.

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.

Sustainable Investments:

The objective of the sustainable investments that the financial product partially intends to make is to invest in securities of issuers that contribute to either an environmental (climate change mitigation, climate change adaptation) or a social objective (empowerment).

In order to qualify as sustainable investment, and apart from following good governance, the investment:

- Must not be classified as "Significant Harm"
- Must be classified as "In transition" (which includes a commitment to transition) or "Positive contribution"

In respect of the environmental objectives "climate change mitigation" and "climate change adaptation", the investment will be classified as "In transition" or "Positive contribution" if it fulfils at least one of the following conditions:

- The issuer has aligned or committed to align to the Science Based Targets initiative ("SBTi").
- The issuer is achieving Net Zero, or is aligned to a Net Zero Pathway, or is aligning towards a Net Zero Pathway or is committed to aligning
- The issuer's weighted average carbon intensity must be at least 30% lower than the average issuers' holdings in the representative sector.
- The issuer has demonstrable momentum and transition criteria.
- The proceeds are used to finance green projects, or for asset backed securities, the pool of mortgages/loans are considered to have a positive environmental profile (example: loans for houses with good energy rating, auto loans composed exclusively of hybrid/EV vehicles or fleet CO2 emissions are meeting CO2 emissions targets under applicable EU regulation or other green projects that meet recognised standards for environmental performance).

Where the issuer is currently not aligned with net zero but, in the view of the Investment Manager, will be moving towards a commitment and/or alignment will be assessed on a timetable.

In respect of the social objective "empowerment", the investment will be classified as "In transition" (which includes a commitment to transition) or "Positive contribution" if it fulfils at least one of the following conditions:

- The issuer is either already aligned or has committed to align with SDG 10 (reduced inequalities) and it follows a responsible lending policy in respect to the mortgage portfolio.
- The issuer is either already aligned or has committed to align with SDG 11 (Sustainable cities and communities) and it follows a responsible lending policy in respect to the mortgage portfolio.

The focus will lie on sustainable investments with an environmental objective. The Sub-Fund may also invest up to 20% of its net assets in sustainable investments with a social objective. Accordingly, no minimum percentage for sustainable investments with a social objective has been defined.

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:

- External ESG data providers: ASSET4, and other third-party ESG data provider;
- Information directly provided by the issuers;
- Additional fundamental information from media, NGOs as well as international organizations.

In order to ensure data quality, the Investment Manager:

- Regularly reviews data;
- Uses multiple data sources;
- May directly engage with the issuers.

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

The Investment Manager may make reasonable estimates, when data is lacking by using data made available by companies. 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. For asset backed securities the proportion of data that is estimated by the Investment Manager based on data made available by companies is medium to high.

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 Investment Manager applies a comprehensive stewardship strategy. Engagement is part of the investment process. It includes communications between the management teams of investee companies, typically in case of specific issues or controversies that may cover ESG concerns or where data is lacking. Engagement may occur prior to investment, be ongoing or as a result of monitoring. The Investment Manager's Engagement Policy is available on its website www.twentyfouram.com

Additionally, the Sub-Fund follows an active engagement 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 of the Sub-Fund.

Designated reference benchmark

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.