

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee compa-

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned

## 12. Annex “Sustainable investment objective” to the Sub-Fund Vontobel Fund – Global Environmental Change

**Pre-contractual disclosure annex for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852**

**Product name:** Vontobel Fund – Global Environmental Change

**Legal entity identifier:** 529900ZUMAVW7HND8002

### Sustainable investment objective

Does this financial product have a sustainable investment objective?				
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No
<input checked="" type="checkbox"/>		It will make a minimum of <b>sustainable investments with an environmental objective: 80%</b>	<input type="checkbox"/>	It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments
	<input checked="" type="checkbox"/>	in economic activities that qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/>	with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
	<input checked="" type="checkbox"/>	in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/>	with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
			<input type="checkbox"/>	with a social objective
<input type="checkbox"/>		It will make a minimum of <b>sustainable investments with a social objective: ___%</b>	<input type="checkbox"/>	It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



### 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”.

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

### Sustainability indicators

measure how the sustainable objectives of this financial product are attained.

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

- 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 can be found in the website disclosures referenced below under "Exclusion approach")
- Percentage of investments in securities of corporate issuers that pass the minimum MSCI 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

#### ● **How do sustainable investments not cause significant harm to any environmental or social 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 takes into account all the relevant 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 investments with an environmental objective aligned with the EU Taxonomy do not significantly harm environmental or social sustainable investment objectives. This will be ensured through their compliance with the Technical Screening Criteria and minimum social safeguards of the Delegated Acts for the EU Taxonomy.



## Does this financial product consider principal adverse impacts on sustainability factors?

- Yes, the Investment Manager takes into account all the relevant 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.

- No



## What investment strategy does this financial product follow?

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: Impact Pillars contribution, exclusion approach, monitoring of critical controversies, screening.

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 assesses 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 issuers (corporate and/or other issuers) based on pre-defined criteria related to certain practices or involvement in certain activities (such as involvement in manufacturing or controversial weapons, and where applicable other types of controversial activities). More information about these

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance

pre-defined exclusion criteria are disclosed in the Exclusion Framework under <https://am.vontobel.com/view/GTCTA#documents>, and, if applicable, whether the exclusion applies to upstream, mid-stream/production or downstream activities, the revenue thresholds applied and potential exceptions considered. The exclusion criteria cover the exclusions set out in the Paris-Aligned Benchmarks Regulation.

**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. 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.

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

The 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. 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.

● ***What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?***

- 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 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 Sub-Fund invests in securities of corporate issuers that pass the minimum MSCI rating that has been set for this Sub-Fund (ESG score of B).

- The ESG analysis covers 100% of the Sub-Fund's securities. The use of ESG data may be subject to methodological limits.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

- **What is the policy to assess good governance practices of the investee companies?**  
 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.  
 The Sub-Fund further intends to ensure good governance of the investee companies via active ownership. The Investment Manager puts best effort in engaging with regards to ESG policies and to promote sustainability awareness.



## What is the asset allocation and the minimum share of sustainable investments?

The Sub-Fund is expected to invest at least 80% of its NAV in issuers that qualify as sustainable investments (#1 Sustainable), under normal market conditions.

**Asset allocation** describes the share of investments in specific assets.



The percentages indicated above refer to the Sub-Fund's net asset value.

- **How does the use of derivatives attain the sustainable investment objective?**  
 Not applicable. Derivatives are not used for the purpose of attaining the sustainable investment objective of the Sub-Fund.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

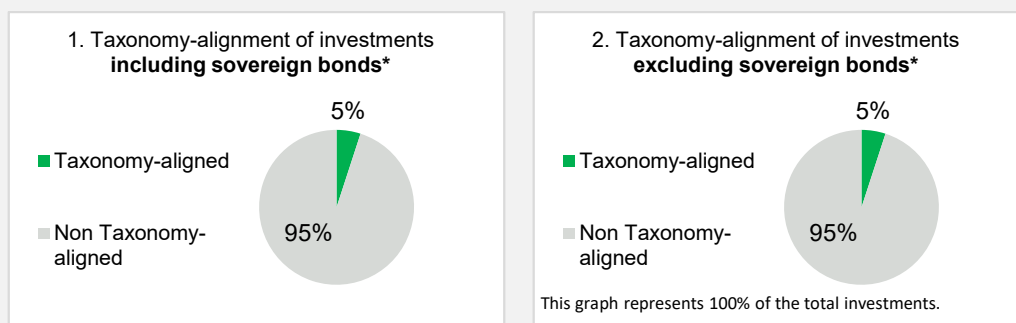
The Sub-Fund intends to partially invest in sustainable investments with an environmental objective as defined by the EU Taxonomy. These objectives are: “climate change mitigation”, “climate change adaptation”, “transition to a circular economy”.

It is expected that at least 5% of the Sub-Fund’s investments will be considered as aligned with the EU Taxonomy. This percentage reflects the alignment with the objectives “climate change mitigation” and “climate change adaptation”. At the date of the Sales Prospectus, the EU Taxonomy technical screening criteria are available only for the objectives “climate change mitigation” and “climate change adaptation”. As the Sub-Fund will solely invest in investee companies, none of the investments will consist of sovereign exposures. The Taxonomy alignment of the investment is calculated by turnover. In order to calculate and monitor the EU Taxonomy alignment of the Sub-Fund, the Investment Manager will use data reported by the investee companies themselves. Where investee companies do not report such data, the Investment Manager will use equivalent information obtained directly from investee companies and/or from third party data providers. The compliance with the criteria for environmentally sustainable economic activities will not be subject to an assurance provided by one or more auditors or a review by one or more third parties.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

- Yes:
  - In fossil gas
  - In nuclear energy
- No

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures

● **What is the minimum share of investments in transitional and enabling activities?**

The Sub-Fund will invest at least 1% in enabling activities but does not seek particular exposure to transitional activities.

<sup>1</sup>Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



## What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Sub-Fund will partially invest in environmentally sustainable investments, as defined by the EU Taxonomy. However, the Sub-Fund also invests in sustainable investments that are not aligned with the criteria set out by the EU Taxonomy. As all sustainable investments with an environmental objective may be aligned with the EU Taxonomy, the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is indicated to be 0%.



## What is the minimum share of sustainable investments with a social objective?

Not applicable. The Sub-Fund does not intend to invest in sustainable investments with a social objective.



## What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?

The remaining assets of 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 achievement of the Sub-Fund’s sustainable investment objectives, no minimum environmental or social safeguards are applied.



## Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

Not applicable.

**Reference benchmarks** are indexes to measure whether the financial product attains the sustainable investment objective.



## Where can I find more product specific information online?

More product-specific information can be found on the website:

<https://am.vontobel.com/view/GTCTA#documents>, under “Sustainability Related Disclosures”.