

***Information to be published and maintained on websites as per SFDR-level I Art. 10(1) and SFDR-level II Art. 23 and Art. 24-36 for a SFDR-Art. 8 product***

| VERSION HISTORY |                                    |   |
|-----------------|------------------------------------|---|
| DATE            | PREVIOUS UPDATES                   | MAIN CHANGES  |
| 13/06/2025      | 03/12/2024; 28/06/2024; 01/01/2023 | Amendments related to changes of the NEF Prospectus |

## Sustainability-related disclosures

Following the entry into force of the COMMISSION DELEGATED REGULATION (EU) 2022/1288 of the European Parliament and of the Council of 6 April 2022 (the “**SFDR-level II**”) supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council (the “**SFDR-level I**”) with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of ‘do no significant harm’, specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports, as amended, which forms part of the EU’s package of measures relating to environmental, social and governance issues, NEAM (hereafter referred to as “**NEAM**” or the “**Management Company**”) is committed, inter alia, to publish on its website information in compliance with chapter IV of SFDR-level II.

### Resumen

- **Nombre del subfondo: NEF Ethical Balanced Conservative**  
**Identificador de la entidad jurídica: 549300VJBQJ1VJ63E142**
- Sin objetivo de inversión sostenible: este producto financiero promueve algunas características medioambientales, sociales y de gobierno corporativo («**ESG**»). Aunque no tiene como objetivo la inversión sostenible, cuenta con un porcentaje de inversiones sostenibles que contribuirán a los Objetivos de Desarrollo Sostenible de la ONU («**ODS de la ONU**»). Union Investment Luxembourg S.A. (la «**Gestora de Inversiones**») determina si las inversiones en emisores pueden tener una incidencia adversa significativa en los factores de sostenibilidad («Principales Incidencias Adversas» o «**PIA**»). En caso de que se identifique un perjuicio significativo, la actividad económica no supera la evaluación de no causar un perjuicio significativo («**DNSH**») y no puede considerarse una actividad económica sostenible. El Subfondo tiene en cuenta las principales incidencias adversas de sus inversiones mediante una combinación de procesos internos, como la calificación ESG, las estrategias de exclusión de emisores asociados a conductas o actividades controvertidas y la implicación.

La Sociedad Gestora supervisa el cumplimiento de la definición de inversión sostenible que se base en la contribución a uno o más ODS de la ONU, tenga cierta alineación con los objetivos de la Taxonomía o se invierta en un Bono verde/social/sostenible o equivalente. Además, para confirmar que la parte de las inversiones sostenibles que realiza parcialmente el producto financiero no causa un perjuicio significativo a ningún objetivo de inversión sostenible medioambiental o social, la Sociedad Gestora realiza

periódicamente de forma independiente una prueba DNSH (prueba de no causar un perjuicio significativo, por sus siglas en inglés) de la cartera.

- Características medioambientales o sociales del producto financiero: el Subfondo promueve algunas características ESG, trata de invertir principalmente en acciones y bonos emitidos por empresas con perfiles medioambientales, sociales y de gobierno corporativo de buena calidad. En particular, utilizará una calificación ESG, como se explica con más detalle en las demás secciones del informe del sitio web.

El Subfondo no invertirá en emisores soberanos de países o estados federales en los que se aplique la pena de muerte y que presenten un mayor riesgo de corrupción, blanqueo de capitales («BC») y financiación del terrorismo («FT»). También se abstendrá de invertir en empresas implicadas en sectores controvertidos como alcohol, armamento, bombas de racimo, juegos de azar, armas nucleares, energía nuclear, entretenimiento para adultos y tabaco.

- Estrategia de inversión: el Subfondo es un subfondo ético y equilibrado, cuyo objetivo es lograr la revalorización del capital, respetando los principios ESG a medio/largo plazo, mediante una asignación activa del riesgo principalmente en renta fija y renta variable. El Subfondo podrá invertir en acciones, OIC/OICVM de capital variable, acciones y bonos, o instrumentos de renta fija.

El Subfondo promueve características medioambientales y sociales («E/S») de forma continuada en el marco del proceso de inversión mediante la aplicación tanto de una evaluación negativa (criterios de exclusión) como de un filtro positivo a través de una integración ESG completa, concretamente a través de un enfoque basado en cinco pasos que consiste en la restricción del universo de inversión, la aplicación del filtro ESG, el cribado negativo de emisores corporativos, la lista de exclusión de emisores soberanos, los porcentajes mínimos de inversión cubiertos por el análisis ESG y de inversiones sostenibles. La estrategia de inversión incluye la valoración de las prácticas de gobierno corporativo de las empresas participadas.

- Proporción de inversiones: el Subfondo invierte al menos el 80 % de su patrimonio neto en activos que se han determinado como «admisibles» según el proceso ESG en vigor. El Subfondo tendrá un mínimo del 5 % de sus activos en inversiones sostenibles. Hasta un 20 % de las inversiones podrían no ajustarse a estas características.
- Seguimiento de las características medioambientales o sociales: la Gestora de inversiones supervisa a diario el cumplimiento por parte de las inversiones de las características E/S promovidas. Además, la gestión de riesgos de la Sociedad Gestora supervisa el cumplimiento de los elementos obligatorios. De este modo, el Subfondo utiliza indicadores medioambientales y sociales para supervisar su perfil de sostenibilidad.

- Métodos: la consecución de las características E/S promovidas se evalúa mediante la aplicación de una metodología propia de evaluación ESG. La metodología aplica una serie de criterios ESG (el «Filtro ESG») para evaluar la consecución de las características medioambientales y sociales promovidas. La Sociedad Gestora recurre a proveedores externos de datos ESG para supervisar el perfil de sostenibilidad del Subfondo.
- Fuentes y tratamiento de datos: el software propio de la Gestora de Inversiones para la gestión sostenible de la cartera utiliza datos procedentes de terceros proveedores de datos. La calidad de los datos se garantiza mediante el uso de estos diversos proveedores de servicios para beneficiarse de unos datos de la mayor calidad posible. La Sociedad Gestora también se basa en dos proveedores de servicios y en la información pública de las empresas para realizar su seguimiento.
- Limitaciones de los métodos y los datos: la Gestora de Inversiones y la Sociedad Gestora se basan en datos facilitados por terceros proveedores de datos que pueden aplicar modelos diferentes y pueden contener datos inexactos o incompletos. La Gestora de Inversiones y la Sociedad Gestora tienen constantemente en cuenta y mitigan estas limitaciones.
- Diligencia debida: la Gestora de Inversiones evalúa el emisor que considera admisible según el universo de inversión llevando a cabo una diligencia debida apropiada. Se ha establecido un sistema interno de directrices y procesos que deben cumplir todas las unidades y que se supervisa en función de los riesgos. El proceso de inversión sostenible del Subfondo también se basa en las principales normas nacionales e internacionales que sirven de referencia para la acción. La Sociedad Gestora también procede a una diligencia debida anual de la Gestora de Inversiones delegada para evaluar el cumplimiento del compromiso asumido en el documento precontractual, el proceso de inversión ESG y los resultados en materia de sostenibilidad del Subfondo.
- Políticas de implicación: la Gestora de Inversiones pretende entablar un diálogo constructivo con las empresas en las que invierte como gestora de activos responsable y activa. El objetivo principal es influir activamente en las empresas en términos de oportunidades y riesgos relacionados con los factores ESG.

### *No sustainable investment objective*

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment. It will nevertheless commit to have a minimum portion of 5% of sustainable investments.

Such sustainable investments will contribute to at least one of the United Nations Sustainable Development Goals (the “**UN SDGs**”) that relate to environmental and/or social objectives. Corresponding goals include the promotion of renewable energies and sustainable mobility,

the protection of water and soil, and access to education and health. Furthermore, a contribution is to be made to the areas of energy efficiency, green buildings, clean water, environmental protection, sustainable consumption and the social sector. Therefore, investments are made in assets of issuers whose products/services contribute to these objectives.

Additionally, the partial investment in sustainable investments according to article 2(17) SFDR-level I is ensured by the Management Company who runs ex-post independently checks on the portfolio at least quarterly.

The Management Company on a quarterly basis runs ex-post independently checks and considers that, in order to be classified as sustainable investment, an investment should either:

1. Be aligned with the EU Taxonomy objectives. A company can be qualified as sustainable investment in case it has more than 20% of its revenues aligned with the EU Taxonomy, or
2. Contribute positively to one or more UN SDGs targets. Despite UN SDGs targets both environmental and social matters, the ultimate target revolves around human society development in a sustainable way, therefore is meant to contribute to a social objective, or
3. Be a Green Bonds, Social Bonds, Sustainable Bonds, or bonds linked to Sustainable /ESG/UN SDGs projects which is meant to contribute to a social or environmental objective depending on the nature of the bond. Such bonds should follow guidelines concerning the use of proceeds such as ICMA or CBI or other recognized independent party.

Regarding point 2, the positive contribution is determined usually by using ISS SDG impact rating. However other equivalent SDG impact analysis could be used. ISS SDG impact rating ranges from -10 to +10. To contribute positively the ISS SDG impact rating should be at least 2.

The ISS SDG impact rating is based on 3 pillars:

- Product and services identify contribution or obstruction to SDGs, based on revenues. The score is ranging from -10 to +10 based on the percentage of revenues contributing or obstructing with the goal, +10 imply a 100% contribution.
- Operations management: evaluate impact along the value chain, based on corporate ESG practices and impact. The score is ranging from -10 to +10.
- Controversies: identify alleged or verified failure to respect norms that obstruct SDG. The score ranges from 0 (no controversies) to -8 (large negative controversies).

Once these 3 ratings are compiled for each goal, both operation management and controversies are added together and compared to the product and services score. Then the following logic is applied: Highest positive score if only positive scores, Lowest negative

score if only negative scores, sum of the positive and the negative score in case of mixed scores.

As for the investments in economic activities that contribute to environmental and/or social objectives, it must be ensured that the latter do no significantly harm any sustainable environmental or social investment objectives.

To ensure this, the economic activities of the issuers in whose asset's investments are made are reviewed on the basis of principal adverse impact indicators. Based on these indicators, an analysis is carried out by the Union Investment Luxembourg S.A. (the "**Investment Manager**") to determine whether investments in issuers may have a significant adverse impact on sustainability factors ("**Principal Adverse Impact**" or "**PAI**"). In case that a significant harm is identified, the economic activity fails the do not significant harm ("**DNSH**") assessment and cannot be considered as sustainable economic activity.

For the sustainable investments realized by the Sub-Fund, indicators of the principal adverse impacts on sustainability factors are considered.

The Investment Manager considers principal adverse impacts of its investments through a combination of the internal process of the Investment Manager like, environmental, social and governance ("**ESG**") rating, exclusion strategies, of issuers associated with controversial conduct or activities and engagement. The PAI as per table 1 (notably) are taken into account as shown in the processes below:

| Principal adverse impacts | Principal adverse impacts on investment decisions               | Union ESG Internal Score | Union Exclusion strategy | Union Engagement |
|---------------------------|---|--------------------------|--------------------------|------------------|
| Greenhouse gas emissions  | 1. GHG emissions  | YES                      | YES                      | YES              |
|                           | 2. Carbon footprint   | YES                      | YES                      |                  |
|                           | 3. GHG intensity of investee companies                          | YES                      | YES                      |                  |
|                           | 4. Exposure to companies active in the fossil fuel sector       | YES                      | YES                      |                  |
|                           | 5. Share of non renewable energy consumption and production     | YES                      | YES                      |                  |
|                           | 6. Energy consumption intensity per high impact climate sector  | NO                       | YES                      |                  |
| Biodiversity              | 7. Activities negatively affecting biodiversity sensitive areas | YES                      | YES                      | YES              |
| Water                     | 8. Emissions to water   | YES                      | YES                      | YES              |

|                             |   |     |     |     |
|-----------------------------|---|-----|-----|-----|
| Waste                       | 9. Hazardous waste ratio  | YES | YES | YES |
| Social and employee matters | 10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises  | YES | YES | YES |
|                             | 11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises | YES | YES |     |
|                             | 12. Unadjusted gender pay gap   | YES | YES |     |
|                             | 13. Board gender diversity  | YES | YES |     |
|                             | 14. Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)                                   | NO  | YES |     |

The OECD Guidelines for Multinational Enterprises, the core labour standards of the International Labour Organization (“ILO”) and the United Nations Guiding Principles on Business and Human Rights (“UNGC”) are used in decisions on sustainable investments. To address this, the Investment Manager has issued guidelines that foresee these sets of rules. These guidelines are the “Human Rights Policy Statement” and the “Union Investment Engagement Policy” available on the Investment Manager website. The Management Company also verifies independently that all investments considered as sustainable, are respecting the OECD and UN Global Compact guidelines.

Additionally, the Management Company periodically run ex-post DNSH test independently on the portfolio, to confirm that the sustainable investments that the financial product partially makes do not significant harm any environmental or social sustainable investment objective.

The DNSH test is based on several pillars among which:

- Norm-based screen: to identify issuer based on the issuer’s link with any breaches of international standards notably the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles (“UNGP”) on Business and Human Rights are used in decisions on sustainable investments;

- Activity-based screen: the screening out of issuers based on their participation in activities with significant negative impacts on society or the environment;
- Sustainability indicators; to ensure that minimum environmental, social and governance characteristics are attained;
- PAI evolution: quantitative data (where available) on PAI indicators is used to evaluate whether an issuer is involved in activities that cause significant harm to any environmental or social objective.

As a general matter, “the “do no significant harm” principle, as referred to in article 6 of the “EU Taxonomy” Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investments does not apply to this Sub-Fund since the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

In case of breaches of this minimum percentage the Investment Manager will be enquired to provide evidence on the sustainability nature of the investments. Based on evidence sent by the Investment Manager and data coming from the Management Company service providers and/or public information the Management Company risk team will give his opinion about the sustainability of the security which should be validated by the Management Committee.

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

The Sub-Fund promotes some ESG characteristics, while seeking to invest mainly in stocks and bonds issued by companies with a good ESG profile that will represent the investment universe. It will notably use an ESG rating as further explained in the other sections of this website disclosure.

The Sub-Fund promotes environmental and social characteristics as follows:

The Sub-Fund invests primarily in assets selected based on sustainability criteria. Sustainability is understood to mean ecological (Environment - E) and social (Social - S) criteria as well as good corporate and government management (Governance - G). Corresponding criteria include limitation of CO2 emissions (Environment), and labour relations (Social). When considering environmental and social characteristics, the Sub-Fund invests in assets of issuers that apply good corporate governance practices.

The Sub-Fund has not designated a reference benchmark for the purpose of attaining the environmental and/or social characteristics promoted.

### ***Investment strategy***

The Sub-Fund is an ethical and balanced sub-fund, whose objective is to achieve capital appreciation, by respecting ESG principles on medium/long term, through an active allocation of the risk mainly in bonds and equities.

ESG analysis is embedded into the Investment Manager's portfolio management systems. Indeed, the Investment Manager has taken the commitment to integrate ESG criteria into the investment process of the Sub-Fund, with an objective to invest mainly in stocks and bonds issued by companies with a good quality ESG profile, in addition to the financial objectives.

The investment strategy followed by this Sub-Fund is shaped according to a Five-steps based approach:

1. The "ESG Filter" process as further described in the methodology section relative to the ESG rating (positive screening);
2. The "Exclusion List" <sup>(1)</sup> made of :
  - Companies involved in activities related to controversial weapons;
  - Companies with important revenues generated from services/products which are oriented towards armaments or warfare;
  - Companies involved in cultivation and production of tobacco;
  - Companies in violation of the United Nations Global Compact (UNGC) principles or the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises;
3. Compliance with the exclusion list (negative screening). This list is made of companies that are to be excluded if their main business activity is carried out in any of the following business areas:
  - o Adult entertainment;
  - o Alcohol
  - o Coal
  - o Gambling
  - o Unconventional oil & gas

If an issuer falls into any of the above mentioned categories after investment, the Investment Manager should sell the security within a reasonable timeframe. However, it may continue to be held, if consent has been obtained from the Management Company.

4. The "Exclusion List" made of sovereign issuers in countries or federal state where the death penalty applies and with higher corruption and money laundering ("**ML**") and terrorism financing ("**TF**") risk.

If an issuer main business activity becomes one of the above business areas after investment, the Investment Manager should sell the security within a reasonable timeframe. However, it may continue to be held, if consent has been obtained from the Management Company.

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<sup>1</sup> The Sub-Fund's « Exclusion List » is in accordance with the Climate Transition Benchmark (CTB) as per letter a) to c) of article 12 of Commission Delegated Regulation (EU) 2020/1818.

5. The financial product shall have at least 95% of its assets (excluding ancillary liquid assets) covered by the ESG analysis.

The financial product shall invest at least 5% of its assets in 'sustainable investments' as defined in Article 2 (17) of the SFDR regulation.

The good governance practice is assessed by the Investment Manager, before investment and on an ongoing basis, with the following indicators:

For securities within the framework of the sustainable investment strategy of the sub-fund, it is assumed that the issuers of these securities apply good corporate governance practices. To this end, exclusion criteria are defined by the Investment Manager, that are based on the ten principles of the UNGC.

The ten principles of the UNGC include guidelines for dealing with human rights, labour rights, corruption and environmental violations. Companies should respect the protection of international human rights and ensure that they are not complicit in human rights abuses. They should work for the abolition of child labour and the elimination of all forms of forced labour, as well as the elimination of discrimination in respect of employment and occupation. They shall accelerate the development and diffusion of environmentally friendly technologies, promote environmental awareness and follow the precautionary principle in dealing with environmental problems. They shall work against all forms of corruption, including extortion and bribery.

In addition, the Investment Manager requires issuers to comply with good corporate governance standards with regard to, among other things, shareholder rights, composition and remuneration of the Executive Board and Supervisory Board, corporate actions, auditors and transparency. For this purpose, the Investment Manager analyses the corporate governance of the issuers. This analysis is based, among other things, on the annual or annual reports published by the issuers and is supported by data from various providers and research by proxy advisors.

The good governance principle is assessed by the Management Company, after investment and on an ongoing basis, following the below indicators:

- The company must be traded on a regulated market in order to be considered having a good governance, as in order to be listed several policies and procedures regarding governance must be in place; or
- The company should have a minimum Governance Pillar Score of 25 according to Refinitiv or equivalent third-party ESG rating provider.

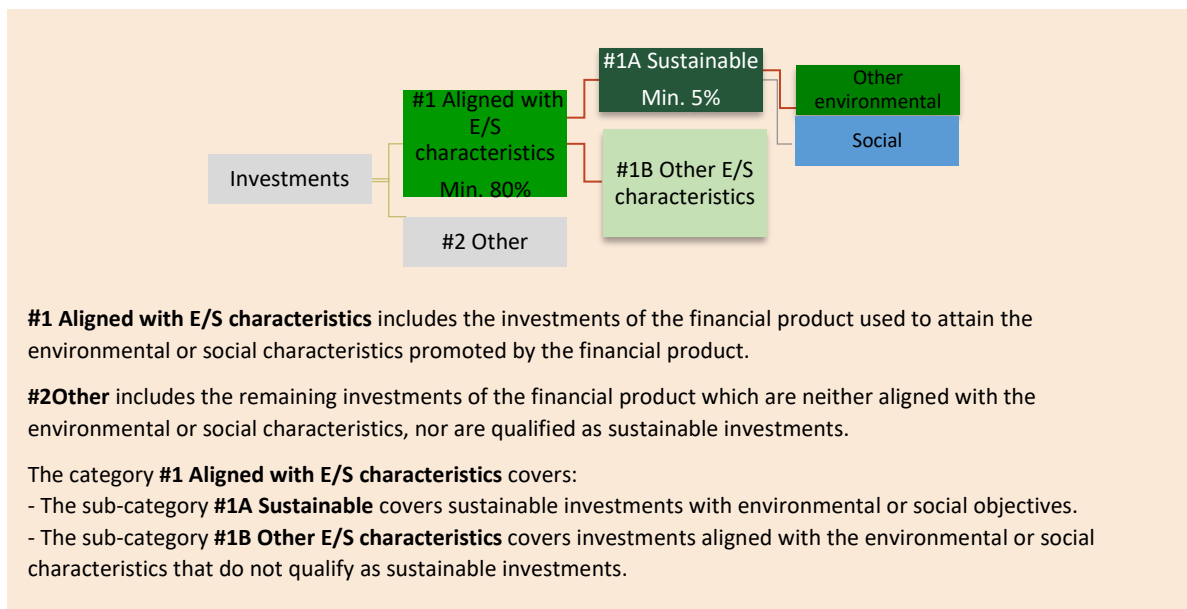
### *Proportion of investments*

The Sub-Fund invests at least 80% of its net assets in assets that have been determined as "eligible" as per the ESG process in place (hence in investments that are aligned with the

promoted environmental and social characteristics (**#1 Aligned with E/S characteristics**), including:

- a minimum of 5% in sustainable investments (**#1A sustainable**);
- (**#1B Other E/S characteristics**) includes securities of issuers which are deemed to maintain favourable ESG characteristics but are not sustainable investments.

Up to 20% of the investments might not be aligned with these characteristics. A more detailed description of the specific asset allocation of this Sub-Fund can be found in the prospectus of this financial product.



### Monitoring of environmental or social characteristics

The promotion of environmental and social (“E/S”) characteristics is carried out by the Sub-Fund on a continuous basis as part of the investment process (i.e. adherence to the exclusion policy is monitored with strict pre-trade restrictions).

In addition, risk management of the Management Company monitors on a daily basis adherence to the mandatory elements. In this manner, the Sub-Fund uses the environmental and social indicators to assess whether the promoted objective is achieved.

### Methodologies

The attainment of the promoted E/S characteristics is assessed via the application of a proprietary ESG assessment methodology. The methodology applies a variety of “ESG Filter” to

assess the attainment of the promoted environmental and social characteristics, which are as follows:

- All issuers should have, in principle, an ESG rating.
- The Sub-Fund will invest in issuers with a ESG rating greater than or equal to 41.67 according to Refinitiv or equivalent third-party ESG rating providers or 30 as defined per Union Investment's in-house research – UniESG Score.\*
- If an issuer ESG rating is downgraded below the above mentioned minimum score, the Investment Manager should sell it within a reasonable timeframe. However, it may continue to be held, if consent has been obtained from the Management Company.
- The Investment Manager can invest up to 5% of the portfolio assets under management in securities where no ESG rating is readily available, but where the Investment Manager has good reason to believe that the securities will receive a good ESG rating within a reasonable period of time by either a third-party ESG rating provider or the Investment Manager in-house research.
- Once the ESG rating or analysis becomes available, should it not be in line with the limits of the mandate, the course of action will follow the process as described for ESG rating downgrades.
- Average ESG Portfolio Rating should not be below 66 according to Refinitiv or equivalent third-party ESG rating provider or 45 according to UniESG Score\*.

In addition to the rating, the follows should be taken into account:

- a. Corporate bond and equity issuers: the Sub-Fund shall exclude all of the following companies from its eligible universe:
  - Companies involved in activities related to controversial weapons;
  - Companies with important revenues generated from services/products which are oriented toward armaments or warfare;
  - Companies involved in cultivation and production of tobacco;
  - Companies in violation of the United Nations Global Compact (UNGC) principles or the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises;
  - Companies whose main business activity is carried out in controversial sectors such as coal, unconventional oil and gas, alcohol, gambling and adult entertainment are not investible.
  
- b. Sovereign issuers: government bonds are allowed if they are issued by countries with a low corruption and ML/TF risk rating. Government bonds issued by country with high corruption and ML/TF risk are identified by either of the following:
  - FATF High Risk and monitored jurisdiction
  - EU, UN and OFAC sanctions
  - Corruption Perception Index (CPI)
  - Know Your Country data (KYC)

Government bonds issued by countries having a significant level of corruption or other predicate offences to ML/TF are forbidden.

Countries that apply the death penalty are excluded; in case of a Federation, the exclusion is implemented only to the individual Federal State that applies the death penalty.

- c. The targeted open-ended UCIs/UCITS: those funds are included solely when all the following conditions are met:
- They are at least classified as article 8 funds according to Regulation (EU) 2019/2088 ("SFDR – Level I");
  - They consider principal adverse impacts of its investment decisions on sustainability factors; and
  - Their minimum percentage of sustainable investments is equal or higher than the Sub-Fund.

Bonds issued by supranational issuers are accepted irrespective of the issuer and do not require a minimum ESG rating at individual issuer level.

Should a sovereign related issuer (e.g. agencies, local authorities, sovereign owned/sponsored/guaranteed, etc.) not be covered by Union Investment's internal ESG rating research or a third-party ESG rating providers, the same methodology as for all other issuers described above will apply.

Green Bonds, Social Bonds, Sustainable Bonds, and all bonds linked to Sustainable/ UN SDGs projects might be accepted irrespective of the issuer, flagged in the controversial sectors above.

*\* The UniESG Score can be used to measure the degree of sustainability of companies and countries. All dimensions of sustainability - especially environmental, social, and good corporate governance - are taken into account in that score. In the environmental area, the level of sustainability is measured on the basis of topics such as the reduction of greenhouse gas emissions, the preservation of biodiversity, water intensity or the reduction of waste. In the social area, the level of sustainability is measured on the basis of topics such as the treatment of employees, the guarantee of health and safety standards, labour standards in the supply chain or the safety and quality of products and services. In the area of good corporate and state governance, the company analyses compliance with good governance standards on the basis of data from various providers and research by proxy advisors. The level of sustainability is measured, for example, on topics such as corruption, compliance, transparency and risk and reputation management..*

## **Data sources and processing**

### **Investment Manager level**

Data used to analyse issuers and/or assets with regard to sustainability indicators is obtained from external service providers. In order to ensure a high data quality, the Investment Manager uses various service providers (e.g., MSCI ESG Research LLC, ISS ESG, RepRisk, Trucost and

UNDP, Freedom House, Transparency International (Corruption Index)) in order to benefit from the highest possible data quality.

Providers of sustainability data are checked during the selection process with regard to the quality of the data they are to supply. Control actions are carried out as part of the delivery of data. These are, in particular, checks on the regular receipt of data and whether data have been supplied in the manner defined by the company. In addition, checks are made to ensure that the data supplied has been correctly imported into the Investment Manager's internal systems.

Raw data flows into software for sustainable portfolio management, which processes the corresponding data automatically. On the basis of these results, it can be checked for the Sub-Fund, for example, whether the specified exclusion criteria are met.

Only a very small proportion of this data is estimated due to a lack of reporting at company level. Average values for industries or sectors are used for this purpose.

The investable third-party UCIs are screened by assessing their pre-contractual annex.

### **Management Company level**

The Management Company, in his role of oversight, uses the following data sources:

- ESG score: Refinitiv, ISS;
- the exclusion process uses: Refinitiv, ISS, public information;
- the valuation of sustainability risk is mainly based on Refinitiv data and ISS Datadesk data.

Whenever the issuer's sustainability risk cannot be measured by neither Refinitiv nor ISS Datadesk, the Investment Manager is requested to submit his internal ESG score and analysis which is further analysed by the Management Company and compare with other ESG ratings providers and others public information.

The quality of the data is ensured by the comparison of different data service providers available at Manco level (Refinitiv and ISS) as well as through the comparison with delegated Investment Manager evidence and public information.

In the case of Refinitiv and ISS the data processing is automatic. In the case data are processed manually the Management Committee is reviewing the analysis performed by the risk team to ensure a final cross-review.

In some cases, companies are limited in what information they can disclose and estimates need to be made. For this reason, data providers regularly estimate data points, with continuous improvements being made to the coverage and methodology. The management company itself makes no estimates of sustainability indicators. The need for estimates will

decrease continuously, in part due to the expansion of sustainability-related reporting obligations for companies, for example in relation to the criteria for the EU Taxonomy.

### *Limitation to methodologies and data*

Currently, only certain companies are required to publish sustainability information in their annual reports. Where a complete assessment of the companies and/or assets with regard to the fulfilment of the environmental and social characteristics is not possible due to a lack of data availability, recourse can be made to in-house research. In these cases, sustainability indicators are assigned to the issuers, thus enabling the Sub-Fund to fulfil its environmental and/or social characteristics.

Furthermore, company dialogs addressed content that is more difficult to measure or quantify due to a lack of reporting. The analyses of the issuers and/or assets of the Sub-Fund as well as the engagement are carried out on a regular basis, i.e. at least annually and on an event-driven basis. For more information on engagement, please refer to the section "Engagement Policy".

Despite the partially limited data situation, it can therefore be achieved through the measures described that the environmental and/or social characteristics promoted by the financial product are fulfilled.

The Management Company relies on major data providers to proceed to its supervision on sustainability profile of the Sub-Fund. Despite a large dataset of issuers worldwide, some of them might not be covered yet due to lack on information or disclosure.

On a best effort basis, the Management Company will use public information, notably companies' own sustainability report and will leverage the Investment manager sustainability's expertise to ensure that E/S characteristics promoted are indeed met by those issuers, despite potential limited disclosure.

### *Due diligence*

The Investment Manager assesses the issuer it considers eligible as per the investment universe by conducting an appropriate due diligence as per the process outlined in this section.

The Investment Manager is committed to the fiduciary principle and acts exclusively in the interests of investors. This principle is integrated into the company's business processes. To this end, an internal system of guidelines and processes has been established, which must be complied with by all units and is monitored in a risk-oriented manner by the responsible compliance department within the Investment Manager.

In addition to complying with the relevant applicable laws and regulatory requirements, the Sub-Fund's sustainable investment process is based on leading national and international standards that serve as a benchmark for action.

In particular, the Investment Manager relies on the following sets of rules:

- the United Nations Principles for Responsible Investment (PRI);
- the UN Global Compact;
- the Oslo Convention on Cluster Munitions;
- the Ottawa Convention on the Prohibition of Anti-Personnel Mines;
- the BVI Code of Conduct;
- the BVI Guidelines for Sustainable Real Estate Portfolio Management;
- the Sustainability Code of the Real Estate Industry;

During the acquisition and ongoing analysis of the Sub-Fund's assets, sustainability risks are taken into account as part of the company's general due diligence obligations and in the risk analysis.

The Management Company also proceeds to an annual due diligence of the delegated Investment Manager to assess the compliance with the engagement taken in the pre-contractual document, the ESG investment process and the sustainability performance of the sub fund. The following points are assessed on yearly basis:

- o ESG scoring methodologies
- o ESG integration in Investment Process & RMP
- o Exclusion policy
- o Sustainable Investment Implementation
- o Sustainable Investment alignment
- o DNSH analysis
- o PAI consideration in the Investment process
- o Annex IV/V of SFDR-level II
- o Engagement activity
- o Policies on sustainable matters

All these topics are reviewed and are assessed qualitatively, from Bad to Very good; such analysis is presented and approved by the Management Committee and by the Board of Directors of the Management Company.

### ***Engagement policies***

As part of the Sub-Fund's investment strategy, the Investment Manager aims to enter into a constructive dialogue with the invested companies, either alone or in association, as a responsible and active asset manager. This approach is referred to as engagement. The primary objective is to actively influence companies in terms of opportunities and risks related

to ESG factors. On the one hand, these dialogs examine whether and to what extent sustainability is part of the business strategy. On the other hand, it is required to consistently pursue sustainability to the extent that it is beneficial for the investor.

Responsible corporate management is expected to take into account not only purely economic targets, but also social, ethical and environmental aspects. These target figures are particularly endorsed by society if they promote the long-term interests of shareholders and creditors and thus the long-term value of the company. Companies are required to comply with good corporate governance standards with regard to, among other things, shareholder and creditor rights, composition and compensation of the Executive Board and Supervisory Board, corporate actions, auditors and transparency.

In this way, a positive contribution is to be made to sustainably increasing the value of the company and to responsible corporate governance.

In the event of serious violations of, for example, the principles of the UN Global Compact or the labor standards of the International Labor Organization (ILO), and if no positive result has been achieved through engagement dialogs with issuers, this may in extreme cases lead to the exclusion of issuers from the investment universe.

The Management Company encourages investment managers to take part in the active and responsible role as shareholder in the companies the sub-fund(s) invest in with emphasis on sustainability, activity and responsibility.