

Green Bond Strategy

The sustainable investment objective of the Green Bond Strategy is to mobilize capital markets towards the transition to a low carbon society, natural capital preservation and adaptation to climate change.

A fund which is managed in accordance with the Green Bond Strategy invests primarily in green bonds financing climate change mitigation or adaptation projects or other environmental sustainability projects, notably in the following fields: energy efficiency, renewable energy, raw materials, water and land, waste management, greenhouse gas emissions reduction, biodiversity preservation or circular economy.

Green bonds are a specific asset category where the bond proceeds are specifically earmarked to raise money for climate and environmental projects. As such, in order to avoid any significant harm to a sustainable investment objective, principal adverse impacts are screened at the project level and based on issuer's disclosure in order to exclude potential investments that could significantly harm the environmental investment objectives.

In addition the fund applies exclusion criteria for severe violations of United Nations Global Compact Violators (Divestment of companies that are unwilling to change after engagement), controversial weapons or companies that manufacture weapons or derive more than 10% of their revenues from weapons, companies involved in the production of tobacco, and companies involved in the distribution of tobacco in excess of 5% of their revenues, companies that derive more than 30 % of their revenue from thermal coal extraction and utility companies that generate more than 30% of their revenues from coal. For sovereign issuers, an insufficient Freedom House Index score is considered. The current exclusion criteria may be updated from time to time. Instead of aforementioned exclusions, specific lists might be applied based on client's request.

A fund's manager monitors the sustainability profile of issuers. In case this sustainability profile is poor as measured by the average SRI Rating of the issuer, the bonds from this issuer would not be eligible to the Green Bond Strategy.

For publicly listed asset classes, environmental, social and human rights characteristics are assessed using external sustainability research data (i.e. MSCI, Sustainalytics, Vigeo and ISS ESG), and / or internal research. The sustainability research aims at assessing issuers which can be corporate issuers, sovereign issuers or sub-sovereign agency issuers. The environmental assessment covers the issuer's environmental management and policy. The social assessment covers the issuer's social responsibility. The business behaviour assessment covers the issuer's trade relationships and their product safety (this does not apply for securities issued by a sovereign entity). The governance assessment covers the issuer's system of rules, practices, and processes by which it is directed and controlled while in the case of sovereign entities the government policies are covered. Currently there are no designated benchmarks for the respective funds in use. The information on periodic reports is expected to be available in 2022.

Investing involves risk. The value of an investment and the income from it may fall as well as rise and investors might not get back the full amount invested. Past performance is not a reliable indicator of future results.

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