Sustainability-related Website Disclosure

Global Ethical High Yield
Legal entity identifier:5493002GYTWIB4B51790

Summary

The Sub-Fund does not aim for a sustainable investment objective but considers indicators for adverse impacts on sustainability factors, excluding investee companies violating the United Nations Global Compact (UNGC) principles and the Organisation for Economic Development (OECD) Guidelines for Multinational Enterprises. The Sub-Fund does not invest in companies involved in fossil fuel expansion, controversial weapons, tobacco production, alcohol, pornography, gambling, and sovereigns with weak democracies and low standards on human rights.

The investment strategy is actively managed, employing exclusion criteria to achieve the environmental and social characteristics promoted by the Sub-Fund and using stewardship to influence investee companies. Companies engaged in activities such as fossil fuel production, unconventional extraction, thermal coal production, coal-based energy, and those violating international norms are excluded. Exceptions may be made for companies with credible transition plans aligned with the International Energy Agency (IEA) Net Zero Emissions scenario.

Monitoring of environmental and social characteristics is ensured through compliance mechanisms during pre-trade and post-trade stages, using data primarily from MSCI ESG Research. Random sample checks are conducted to maintain data quality. Methodologies include measuring compliance with exclusion lists and transparency on carbon emissions.

Due diligence involves comprehensive review of financial and non-financial information from multiple sources to ensure compliance with exclusion lists. The investment manager uses trading platforms with integrated compliance mechanisms to block trades breaching exclusion criteria and flags current holdings violating updated exclusion lists. Engagement policies allow the investment manager to influence investee companies through engagements.

The Sub-Fund commits to having at least 80 percent of investments aligned with its environmental and social characteristics, with a minimum of 50 percent being sustainable investments. Methodological limitations and data scarcity, particularly regarding greenhouse gas emissions, are acknowledged, with continuous review to ensure alignment with evolving standards and regulatory requirements.

No sustainable investment objective

As part of the assessment of whether an investment causes significant harm, consideration is given to indicators of negative impacts on sustainability factors. For each of the indicators, a threshold value has been established for when an investee company causes significant harm.

For further information, please refer to the investment manager’s methodology document.

Investee companies that are assessed to be, or potentially to be, in violation of the United Nations Global Compact (UNGC) principles and the Organisation for Economic Development (OECD) Guidelines for Multinational Enterprises, will not be considered aligned and hence will not qualify as sustainable.

For further information, please refer to the investment manager’s methodology document.

Environmental or social characteristics of the financial product

The Sub-Fund has the following environmental and social characteristics:

Investee companies:*

- **Climate:** The Sub-Fund does not invest in companies that expand their production of fossil fuels in conflict with the International Energy Agency (IEA's) Net Zero Emissions scenario or companies with significant revenue from activities related to fossil fuels.
- **International norms:** The Sub-Fund does not invest in companies that are assessed to be, or potentially be, in violation of international norms including, but not limited to, the United Nations Global Compact (UNGC) principles and the Organisation for Economic Development (OECD) Guidelines for Multinational Enterprises.
- **Weapons:** The Sub-Fund does not invest in companies involved in any activities related to controversial weapons or companies with significant revenue related to conventional weapons or firearms.
- **Tobacco:** The Sub-Fund does not invest in companies involved in the cultivation and production of tobacco, or companies with significant revenue related to the trade of tobacco.
- **Alcohol:** The Sub-Fund does not invest in companies with significant revenue related to the production or trade of alcohol.
- **Pornography:** The Sub-Fund does not invest in companies with significant revenue related to the production or distribution of pornography.
- **Gambling:** The Sub-Fund does not invest in companies with significant revenue related to the provision of gambling.

*Issuers of corporate bonds (potentially issuers of covered bonds).

Sovereigns:

- **Democracy and human rights:** The Sub-Fund does not invest in sovereigns that have weak democracies and low standards on human rights.

The Sub-Fund does not use a reference benchmark for the purpose of attaining the environmental and social characteristics promoted by the Sub-Fund.

Investment strategy

The Sub-Fund is actively managed. The Sub-Fund uses exclusion criteria to attain the environmental and social characteristics promoted by the Sub-Fund and has the opportunity to use stewardship.

<u>Exclusion criteria</u>

Investee companies
Climate

- Companies that use 5 pct. or more of their capital expenditures (CapEx) for expanding production of fossil fuels in conflict with the IEA's Net Zero Emissions scenario.
  Exceptionally, the investment manager may invest in companies engaged in the above mentioned activities if the investment manager has a justified expectation that the company can be influenced through active ownership to transition and develop its business in line with the IEA's Net Zero Emissions scenario. This requires, among other things, that the company meets at least one of the following criteria:

  - Objectives that are in line with the goal of keeping global temperature increases below 1.5 degrees and a maximum of two degrees.
  - A score from the Transition Pathway Initiative of at least 4.
  - A sufficient/significant share of CapEx directed towards green assets.

- Plans for the phase-out of existing production and reserves.
- PAB exclusions according to Article 12(1)(a-g) of Commission Delegated Regulation (EU) 2020/1818.

- Companies that derive 1 pct. or more of their revenues from exploration, mining, extraction, distribution, or refining of hard coal and lignite.
- Companies that derive a combined total of 5 pct. or more of their revenues from:
  - Exploration, extraction, manufacturing, distribution, or refining of oil fuels and gaseous fuels.
  - Exploration, mining, extraction, distribution, or refining of hard coal and lignite.
- Companies that derive 25 pct. or more of their revenues from the retail of oil fuels and gaseous fuels.
- Companies that derive 5 pct. or more of their revenues from electricity generation, based on fossil fuels (greenhouse gas intensity of more than 100 g CO2 e/kWh)

Companies covered by the above exclusion criteria can be exempt from exclusion if they comply with the following:

- Paris-aligned Benchmarks ("PAB") exclusions according to Article 12(1) (a-g) of Commission Delegated Regulation (EU) 2020/1818
- At least 90 pct. on average of the company's energy-related capital investments (CapEx) in new capacity for three consecutive years, including the most recent fiscal year, are made in the renewable energy sector
- Revenue from renewable energy constitutes at least 50 pct. of the company's total revenue. The share is calculated as an average over one, two, or three of the most recent fiscal years.
- The company has no revenue from tar sands, shale oil or gas, or other forms of fracking activities and/or extraction of oil shale and/or Arctic extraction.

International norms

- Companies assessed by the investment manager to be, or potentially to be, in violation of international norms including but not limited to the UNGC principles and the OECD Guidelines for Multinational Enterprises.
- Companies assessed by the investment manager's data provider to be in violation of the UNGC principles or the OECD guidelines for Multinational Enterprises.

Weapons

- Companies involved in any activities related to controversial weapons.
- Companies that derive 5 pct. or more of their revenues from production or distribution of conventional weapons or firearms.

Tobacco

- Companies involved in the cultivation and production of tobacco.
- Companies that derive 5 pct. or more of their revenues from the distribution or retail of tobacco products.

Alcohol

- Companies that derive 5 pct. or more of their revenues from the production, distribution, and sale of alcohol.

Pornography

- Companies that derive 5 pct. or more of their revenues from the production or distribution of pornography.

Gambling

- Companies that derive 5 pct. of more of their revenues from the provision of gambling.

The above exclusion criteria comply with the Paris-aligned Benchmarks exclusions, Article 12(1)(a-g) of Commission Delegated Regulation (EU) 2020/1818.

Sovereigns

Democracy and human rights

- Countries that have a "Democracy Index" score lower than 4 as well as a standardized "Global Slavery Index" score of 9 or higher.
- Countries that have a "Democracy Index" score lower than 2 as well as a "Freedom" score of 5 or lower.

<u>Stewardship – Engagements with investee companies</u>

The investment manager has the opportunity to engage with investee companies either directly, in collaboration with others or through external parties, to influence the investee companies on environmental, social, and governance-related factors.

For further information, please refer to the investment manager's Stewardship Policy.

The assessment of good governance practices of the investee companies is based on the investment manager's test of good governance practices. The test includes five parameters for good governance practices, including management structures, governance structures, employee relations, remuneration of staff, and tax compliance. Each parameter is supported by three to seven underlying indicators, which the manager has assessed as relevant for evaluating the investee company's compliance with the respective parameters based on their significance for the overall parameters and data availability.

For further information, please refer to the investment manager's methodology document.

Proportion of investments

A minimum of 80.00 percent of the Sub-Fund's investments will be aligned with the Sub-Fund's environmental and/or social characteristics.

Minimum 50.00 percent of the Sub-Fund's investments will be sustainable investments. At least 0.10 percent will have an environmental objective. At least 0.10 percent will have a social objective. The remaining investments under "#2 other" comprise cash and derivates. These investments do not promote any environmental or social characteristics. There are no minimum environmental or social safeguards for these investments.

Monitoring of environmental or social characteristics

The environmental or social characteristics promoted by the financial product and the sustainability indicators used to measure the fulfillment of each of the environmental or social characteristics promoted by the financial product are monitored throughout the Sub-Fund's lifecycle by ensuring compliance with exclusion criteria via pre-trade and post-trade compliance.

Methodologies

The Sub-Funds' environmental and social characteristics are based on the exclusion criteria applied to the Sub-Fund. The Sub-Fund measures if the environmental and social characteristics promoted by the Sub-fund are met by measuring compliance of the Sub-Fund's investments with the applicable exclusion lists which reflects the exclusion criteria as detailed in the Sub-Fund's Investment strategy.

The sustainability indicators, for the environmental characteristic climate, also include indicators on carbon emissions. As the Sub-Fund does not commit to cap or reduce emissions, the indicators are included merely for the purpose of increasing transparency and comparability across products.

Data sources and processing

The primary data provider is MSCI ESG Research. Other data providers are used as supplements for specific criteria.

To ensure data quality, the investment manager performs ad hoc checks and random sample checks at certain intervals to ensure data from data providers coincide with data from other available data sources.

Estimated data is used if reported data is not available. Given the vast amounts of various types of data, it is not possible to disclose the proportion of estimated data, as it varies significantly across data points and asset classes. As companies are not obliged to report proportions of their revenues related to certain activities and only a few companies are obliged to report proportion of taxonomy aligned activities, most of the data that is used is based on estimates or assessments.

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Limitations to methodologies and data

Non-financial data, that forms the basis of this type of disclosure, is characterized by scarcity of reported data and a lack of consistent calculation methodologies. Thus, a certain margin of error must be expected for data that relies on assessments and estimates. Primary reported data may even be subject to a certain degree of uncertainty. This is particularly true for greenhouse gas emission data, where the underlying calculation methods and auditing standards vary between regulatory regimes and companies.

The investment manager continuously reviews applicability and accuracy of calculation methodologies of data points received from data providers to ensure that data aligns with the evolving market standards and regulatory requirements.

Due diligence
The investment manager reviews financial and non-financial information from multiple sources when reviewing new investment opportunities. The review includes a screening to identify whether the investment is in breach with applicable exclusion lists.

The investment manager uses trading platforms with integrated compliance mechanisms to block any trades breaching with applicable exclusion lists. The compliance mechanisms also ensure that current holdings are flagged if they breach with applicable exclusion criteria, when exclusion lists are updated. Any holdings in breach with applicable exclusion lists will be sold.

These compliance mechanisms are handled by an independent unit, Investment controlling.

Engagement policies
The investment manager has the opportunity to engage with investee companies either directly, in collaboration with others or through external parties, to influence the investee companies on environmental, social, and governance-related factors.

Change Log
29-12-2022: Version 1: Initial version
21-05-2025: Version 2: Updated in conjuction with review of SFDR 2025