

**PRE-CONTRACTUAL DISCLOSURE FOR THE FINANCIAL PRODUCTS REFERRED TO IN ARTICLE 8, PARAGRAPHS 1, 2 AND 2A, OF REGULATION (EU) 2019/2088 AND ARTICLE 6, FIRST PARAGRAPH, OF REGULATION (EU) 2020/852**

**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 companies follow good governance practices.

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 with the Taxonomy or not.

<b>Product name:</b>	<b>Legal entity identifier (Lei-Code):</b>
<b>Univest - Global Credit Bonds Sub-Fund ("Sub-Fund")</b>	549300FUT7JBP8S15778
<b>Environmental and/or social characteristics</b>	
<b>Does this financial product have a sustainable investment objective?</b>	
<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <b>Yes</b>	<input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <b>No</b>
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective:</b> _____%  <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective:</b> _____%	<input checked="" 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 10 % of sustainable investments  <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input checked="" 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 promotes E/S characteristics, but <b>will not make any sustainable investments.</b>



## What environmental and/or social characteristics are promoted by this financial product?

This Sub-Fund promotes environmental characteristics within the meaning of Article 8 of the Disclosure Regulation.

The Sub-Fund's ESG objective is to invest in companies with an environmental objective by considering carbon emissions on portfolio level and by excluding coal related activities. Further objective of the Sub-Fund is to invest notably in bonds of companies who are well-prepared for the climate transition.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

### ■ *What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?*

The Sub-Fund applies activity-based exclusions. Companies with the following activities are excluded:

- Coal (Production) > 35% Revenue
- Unconventional Weapons (Production) > 0% Revenue

The Sub-Fund applies norm-based screening in connection with UN Global Compact.

If the Sub-Fund invests in sovereigns, the following exclusions will apply:

- Sovereigns with serious violations of democratic and human rights are excluded on basis of Freedom House evaluation.

The Sub-Fund has the following E/S indicators:

- 30% reduction in carbon intensity of the portfolio to 31 December 2024 from a 2019 base value of 230.8 tons CO<sub>2</sub>e / \$M revenue and demonstrate increasing alignment of the portfolio's holdings and strategy with a trajectory consistent with the aims of the Paris Climate Agreement. WACI is the Weighted Average Carbon Intensity (weighted as tCO<sub>2</sub>e/\$Mio revenues);
- CDP score for the 3 most carbon intensive sectors (materials, energy, utilities). At least 70% of the portfolio investments in the sectors energy, materials and utilities must have a CDP score of C or better. The investments of the Sub-Fund are not limited to the sectors energy, materials and utilities.

### ■ *What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?*

The sustainable investment objective of this Sub-Fund is to have a positive impact on climate change mitigation by investing:

- i) in companies that have set a decarbonisation targets which are in line with a 1.5 degree celsius global warming scenario that is verified (approved and committed) by the Science Based Target Initiative;
- ii) and in ICMA Green Bonds.

Climate change mitigation is achieved by reducing carbon emissions which is the initial goal of science based targets and green bonds.

**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 right, anti-corruption and anti-bribery matters.

■ ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

All mandatory PAI indicators of table I of Annex I of level 2 Disclosure Regulation are taken into account to assess DNSH with specific thresholds to determine whether an investment meets the DNSH requirement.

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

This Sub-Fund considers all mandatory PAI indicators which ensure that no investment significantly harm environment and social concerns, by activity-based thresholds for CO2 and norm-based screenings.

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

This Sub-Fund restricts specifically investments violating UN Global Compact Principles and OECD Guidelines for Multinational Enterprises to ensure compliance with internationally agreed guidelines. Every Investment Manager considers respective exclusion which are proceeded from the used data vendors.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



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

Yes, this Sub-Fund is considering the following principal adverse impacts:

The mandatory PAIs are taken into account with the investment process of sustainable investments.

For sustainable investments following environmental related PAI are considered:

1. GHG emissions
2. Carbon footprint
3. GHG intensity of investee companies
4. Exposure to companies active in the fossil fuel sector
  - Generation of revenues from conventional O&G
  - Generation of revenues from unconventional O&G
  - Generation of revenues from Thermal Coal (power generation)
  - Generation of revenues from Thermal Coal (mining)
5. Share of non-renewable energy consumption and production

- Non-renewable energy consumption and production
- 6. Energy consumption intensity per high impact climate sector
  - Low Carbon Transition Management Score
- 7. Activities negatively affecting biodiversity-sensitive areas
  - Biodiversity & Land Use Management Score
- 8. Emissions to water
  - Water Stress Assessment Score
- 9. Hazardous waste and radioactive waste ratio
  - Waste Treatment Solutions
  - Generation of revenues from nuclear

For sustainable investments following social related PAI are considered:

- 10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
  - Company Summary
- 11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
  - Labor Due Diligence Policy (ILO)
  - UN Global Compact Alignment
- 12. Unadjusted gender pay gap
  - Gender pay gap
- 13. Board gender diversity
  - Female Directors Percentage
- 14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)
  - Nuclear Weapons
  - Controversial Weapons

For sustainable investments following sovereign related PAI are considered:

- 15. GHG intensity (environmental)
  - Paris Agreement Ratification Status
- 16. Investee countries subject to social violations (social)
  - Freedom House

Information on PAI is available in the annual report of the Sub-Fund (annual reports as of 01.01.2023).

No



### **What investment strategy does this financial product follow?**

This Sub-Fund is managed actively and invests predominantly in corporate bonds and in other fixed income investments.

Environmental factors are integrated into the investment process by considering greenhouse gas intensities on portfolio level and excluding coal related activities. This Sub-Fund has furthermore a contribution of 10% sustainable investments with a climate mitigation objective.

The Investment Manager also considers ESG factors when selecting, retaining and selling investments.

The Investment Manager engages further alignment with the Sub-Fund's objectives to ensure all investments support the objectives of the Sub-Fund. This is proceeded by the Investment Manager himself and not in the name of the Sub-Fund.

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

■ **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The following binding elements will be applied for this Sub-Fund:

- At least 70% of the portfolio investments in the sectors energy, materials and utilities must have a CDP score of C or better. For the avoidance of any doubt, the investments of the Sub-Fund are not limited to the sectors energy, materials and utilities.
- No investments in companies whose own activities or parents/subsidiaries activities (based on 50% ownership) are related to anti-personal mines, cluster munition and depleted uranium.
- No investments in companies that are non-compliant with UN Global Compact Principles.
- No investments in companies that generate more than 35% of its revenues from coal extraction or coal power generation.

■ **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

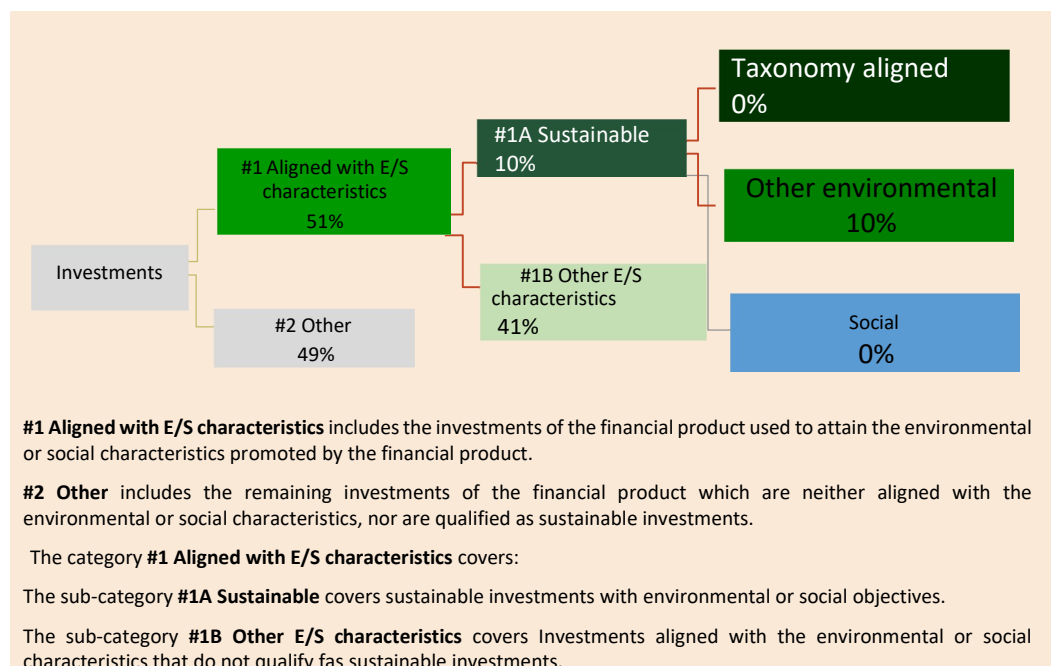
Not applicable

■ **What is the policy to assess good governance practices of the investee companies?**

The Investment Manager shall assess whether the companies in which the investments are made follow good governance practices. The Investment Manager must report on this. In addition, the Sub-Fund excludes companies based on the UN GLOBAL COMPACT (UN GC).

**What is the asset allocation planned for this financial product?**

The minimum proportion of the Sub-Fund's investments made to meet the advertised environmental and/or social characteristics is 51% of the Net Asset Value of the Sub-Fund.



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



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

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditures** (OpEx) reflecting the green operational activities of investee companies.

■ **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Derivatives are used in accordance with the requirements of the investment limits and guidelines. For the sustainability strategy, derivatives are neutral positions in the portfolio and are not explicitly used to attain the environmental and/or social characteristics of the Sub-Fund.



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

The Sub-Fund promotes environmental characteristics which may contribute positively to the EU Taxonomy objective climate change mitigation and adaptation.

The minimum proportion of sustainable investments with an environmental objective as defined by the EU Taxonomy is 0%.

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

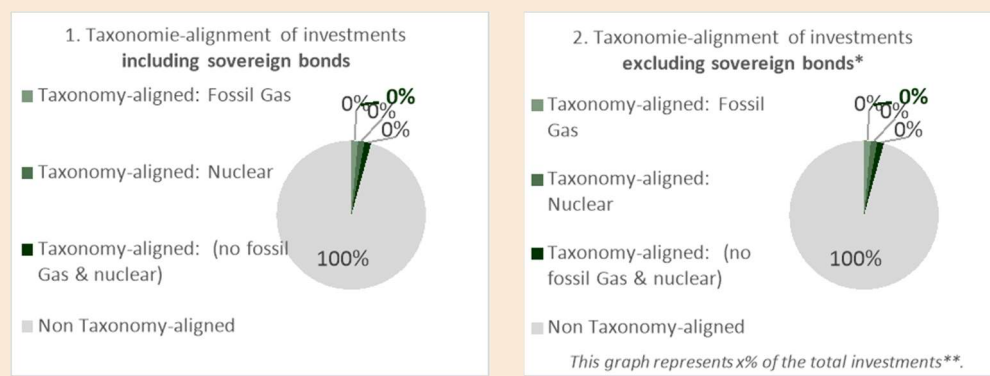
- Yes:  In fossil gas  In nuclear energy
- No

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 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.

*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?**

Not applicable

<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. 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.

\*\* As there is no Taxonomy-alignment, there is no impact on the graph if sovereign bonds are excluded (i.e. the percentage of Taxonomy-aligned investments remains 0%) and the Management Company therefore believes that there is no need to mention this information.



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 minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is of 10%.



**What is the minimum share of socially sustainable investments?**

Not applicable



**What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?**

Cash is for liquidity management and hedging instruments are to manage currency exposure of the Sub-Fund.

For other investments that do not fall under the sustainability strategy of the Sub-Fund, it is ensured that these are not used contrary to the sustainability strategy. Insofar as derivatives may be acquired, it is ensured that the underlying is compliant with the sustainability strategy. If an index is used as the underlying, it is ensured that the index has sustainability characteristics. Due to the financial instruments available on the market, there may be deviations in the sustainability characteristics of the underlying index from the Sub-Fund characteristics. All derivatives whose underlying could be classified as not in line with the sustainability strategy, as well as currency holdings that do not match the Sub-Fund currency, may not be included as a significant component in the Sub-Fund. The use of derivatives to offset negative market fluctuations is not included. In addition, investments may be specifically excluded from the sustainability strategy that are not subject to an explicit review of minimum environmental and/or social protection.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable

■ **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

Not applicable

■ **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

Not applicable

■ **How does the designated index differ from a relevant broad market index?**

Not applicable

■ **Where can the methodology used for the calculation of the designated index be found?**

Not applicable

**Where can I find more product-specific information online?**

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

[https://www.universal-investment.com/-/media/Project/Universal-Investment-Reference-Page/Universal-Investment/Fondsmittelungen/Univest-Global-Credit-Bonds-Sub-Fund\\_ESG\\_Neu.pdf](https://www.universal-investment.com/-/media/Project/Universal-Investment-Reference-Page/Universal-Investment/Fondsmittelungen/Univest-Global-Credit-Bonds-Sub-Fund_ESG_Neu.pdf)

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

