NEAM asset management

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	**LAST UPDATE**	**MAIN CHANGES**
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.

Sintesi

- **Nome del Comparto: NEF Ethical Corporate Bond - Euro**
  Legal Entity Identifier: 5493006FF9WQPFQWK638

- Nessun obiettivo di investimento sostenibile: Questo prodotto finanziario promuove caratteristiche ambientali o sociali. Pur non avendo come obiettivo l'investimento sostenibile, ha una parte di investimenti sostenibili. Gli obiettivi degli investimenti sostenibili affrontati da Raiffeisen Kapitalanlage-Gesellschaft m.b.H (il "**Gestore degli Investimenti**") riguardano i miglioramenti nelle aree delle caratteristiche E/S descritte di seguito.

  La Società di Gestione controllerà la conformità con la definizione di investimento sostenibile che si basa sul contributo a uno o più SDG dell'ONU, che ha un certo grado di allineamento con gli obiettivi della tassonomia UE o che è investito in un'obbligazione Green/Social/Sostenibile o equivalente. Inoltre, per confermare che gli investimenti sostenibili che il prodotto finanziario effettua in parte non arrecano un danno significativo ad alcun obiettivo di investimento sostenibile ambientale o sociale, la Società di Gestione esegue a posteriori un test DNSH indipendente sul portafoglio almeno una volta all'anno.

- Caratteristiche ambientali o sociali del prodotto finanziario: Il **Comparto** promuove le caratteristiche ambientali, sociali e di governance ("**ESG**") cercando di investire principalmente in obbligazioni globali con un buon profilo ESG che rappresentano l'universo d'investimento. In particolare, utilizzerà un rating ESG, come ulteriormente spiegato nelle altre sezioni della presente informativa. Viene costantemente presa in considerazione un'ampia gamma di caratteristiche ambientali e sociali ("**E/S**"), in particolare i cambiamenti climatici, l'inquinamento e i rifiuti, le opportunità di miglioramento ambientale (come le tecnologie verdi e le energie rinnovabili) e le questioni sociali e relative ai dipendenti (come la riduzione degli infortuni sul lavoro). Il governo societario, il comportamento imprenditoriale e l'etica aziendale (in generale il "buon governo") sono in ogni caso prerequisiti per un investimento. Non vi è alcuna limitazione a specifiche caratteristiche ambientali o sociali.

- Strategia di investimento: Il Gestore degli Investimenti tiene conto, in ogni fase del suo processo di investimento, dei criteri ESG che il prodotto finanziario promuove. I tre pilastri della sostenibilità ambientale (E), sociale (S) e della governance aziendale responsabile

(G) costituiscono la base di ogni decisione di investimento. Ciò avviene a diversi livelli del processo di investimento, collegando l'analisi finanziaria tradizionale con l'analisi ESG. Un indicatore ESG aziendale e sovrano sviluppato dal Gestore degli Investimenti sulla base di dati ESG interni ed esterni costituisce il fulcro della strategia d'investimento. La strategia d'investimento del Comparto prevede i seguenti elementi vincolanti: filtro ESG, criteri negativi per le società, criteri negativi aggiuntivi, criteri negativi per i paesi, percentuali minime di investimenti coperti dall'analisi ESG e di investimenti sostenibili.

- Quote degli investimenti: Il Comparto investe almeno il 70% del proprio patrimonio netto in attività che sono state definite "idonee" in base al processo ESG in atto, sia attraverso un'esposizione diretta che indiretta. Il Comparto deterrà un minimo del 10% del proprio patrimonio in investimenti sostenibili. Fino al 30% degli investimenti non è allineato a queste caratteristiche.

- Monitoraggio delle caratteristiche ambientali o sociali: la conformità degli investimenti alle caratteristiche E/S promosse viene monitorata costantemente dal Gestore degli Investimenti. Inoltre, il risk management della Società di Gestione controlla il rispetto degli elementi obbligatori. In questo modo, il Comparto utilizza il Rating ESG per valutare se le caratteristiche E/S promosse sono state raggiunte.

- Metodologie: Il raggiungimento delle caratteristiche E/S promosse viene valutato attraverso l'applicazione di una metodologia di valutazione ESG proprietaria. La metodologia applica una serie di criteri ESG per valutare il raggiungimento delle caratteristiche ambientali e sociali promosse. La Società di Gestione si affida a fornitori esterni di dati ESG per monitorare il profilo di sostenibilità del Comparto.

- Fonti e trattamento dei dati: I dati sono ottenuti da una combinazione di fonti interne ed esterne. Sia il Gestore degli Investimenti che la Società di Gestione hanno messo in atto processi per garantire la qualità dei dati. La Società di Gestione si affida anche a due fornitori di servizi e alle informazioni pubbliche delle società per effettuare il proprio monitoraggio.

- Limitazioni delle metodologie e dei dati: Il Gestore degli Investimenti e la Società di Gestione si affidano a dati forniti da fornitori di dati di terze parti che applicano modelli diversi e possono contenere dati incompleti o imprecisi. L'integrazione di nuove informazioni e la revisione del quadro di riferimento adottato vengono effettuate costantemente. Tali limiti operativi non hanno un impatto significativo sulla strategia ESG del Comparto.

- Dovuta diligenza: Gli investimenti del Comparto sono costantemente monitorati dal sistema del Gestore degli Investimenti per garantire la conformità alle regole del Comparto, tenendo conto delle caratteristiche ambientali e/o sociali e dei rischi di sostenibilità. La Società di Gestione procede inoltre a una due diligence annuale del Gestore degli Investimenti delegato incentrata sulle questioni di Sostenibilità, che copre, tra l'altro, l'integrazione ESG nel processo di investimento, l'integrazione dei PAI e la conformità generale con l'impegno assunto nel documento precontrattuale.

- Politiche di impegno: Il Gestore degli investimenti è coinvolto in un impegno attivo con le società, al fine di tutelare al meglio gli interessi dei propri clienti. Ulteriori informazioni sulla politica di engagement, compresa la politica sui diritti di voto, e la relazione annuale sull'engagement sono disponibili sul sito web del Gestore degli Investimenti www.rcm.at o www.rcm-international.com alla voce Corporate Governance.

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 proportion of 10% of sustainable investments according to article 2(17) SFDR-level I.

The objectives of the sustainable investments addressed by Raiffeisen Kapitalanlage-Gesellschaft m.b.H (the "**Investment Manager**") cover improvements in the areas of climate change, natural capital and biodiversity, pollution and waste, environmental improvement vectors (such as green technologies and renewable energy), human resources, product liability and safety, relationships with interest groups, and social improvement vectors (such as access to health care) compared with the traditional market.

The sustainability of an economic activity is assessed by the Investment Manager on the basis of the internal Raiffeisen environmental, social and governance ("**ESG**") corporate indicator, measured on a scale of 0 to 100 and takes into account the relevant sector. It combines a wide range of data points relating to ESG factors. In addition to sustainability opportunities and risks, the contribution that the business activity makes to sustainable objectives along the entire value chain is examined and transformed into qualitative and quantitative ratings. An important part of this is the sustainable influence of the respective products and/or services (economic activity).

Climate protection bonds, also called green bonds, are categorised as sustainable investments if the issuer is not excluded from investment based on the investment criteria listed below "Investment strategy" and if they comply with the Green Bond Principles of the International Capital Markets Association or the EU Green Bond Principles. The financed projects normally fall into the following categories: Renewable energy, Energy efficiency, Sustainable waste management, Sustainable land use, Clean transport, Sustainable water management, or Sustainable buildings. The project assessment generally includes an evaluation of whether there are material adverse impacts on environmental or social objectives.

Good corporate governance, including business practices and business ethics, is a prerequisite for an investment in any case.

Additionally, the partially 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 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 United Nations Sustainable Development goals ("**UN SDG**") targets. Despite UN SDG targets both environmental and social matters, the ultimate target revolve 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 / 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.

Finally, the consideration of the PAIs of investment decisions on sustainability factors occurs through the below-mentioned negative criteria, through the integration of ESG research into the investment process (ESG Scores) and in stock-picking (positive criteria). The use of positive criteria includes the absolute and relative assessment of companies regarding stakeholder-related data, e.g. relating to employees, society, suppliers, business ethics and environment, as well as the absolute and relative assessment of countries regarding the sustainable development of factors such as the political system, human rights, social structures, environmental resources and climate change policy. Additionally, companies are encouraged to reduce the adverse sustainability impacts through corporate dialogue – a process known as “engagement”. These corporate engagement activities are conducted in the respective companies independent of any specific investment.

Companies		Negative criteria	Positive criteria	Engagement
Environment	Greenhouse gas emissions	✓	✓	✓
	Activities with adverse impacts on areas with protected biodiversity	✓	✓	
	Water (pollution, consumption)		✓	✓
	Hazardous waste		✓	✓
Social affairs and employment	Violations or lack of policy regarding the United Nations Global Compact (initiative for responsible corporate governance) and OECD guidelines for multinational companies; work accidents	✓	✓	✓
	Gender justice		✓	✓
	Controversial weapons	✓	✓	

Countries and supranational organizations		Negative criteria	Positive criteria
Environment	Greenhouse gas emissions	✓	✓

Social issues	Violation of social provisions in international agreements and conventions and the principles of the United Nations	✓	✓

The positive and negative criteria contained in the investment strategy as listed below cover all aspects of the OECD Guidelines for Multinational Enterprises (such as avoidance of environmental destruction, corruption, and human rights violations as well as adherence to the core ILO labour standards). The Investment Manager continuously monitors various channels of information such as the media and research agencies to determine whether investments are affected by serious controversies.

In addition, the Sub-fund's assets are assessed for potential violations of the OECD Guidelines for Multinational Enterprises by means of a screening tool from a recognised ESG research provider. A company that does not comply with the OECD Guidelines for Multinational Enterprises is not eligible for investment. A violation is assumed to exist if a company is involved in one or more controversial incidents in which there are credible allegations that the company or its management has caused substantial damage of a significant scope in violation of global standards.

To avoid significant adverse impacts on an environmental or social sustainable investment objective, securities that violate negative criteria, as defined by the Investment Manager for this purpose, and relating to environmental and social objectives do not qualify as a sustainable investment.

The Management Company runs on an ex-post basis a do not significant harm ("**DNSH**") test (do not significant harm test) independently at least yearly. 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 screens - the screening out of issuers based on their participation in activities with significant negative impacts on society or the environment; and
- Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.
- Principal Adverse Impacts ("**PAIs**") 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 DNSH 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 investment, 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 environmental, social and governance ("**ESG**") characteristics while seeking to invest mainly in global bonds 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.

Regarding ESG characteristics, a wide range of environmental and social characteristics are considered on an ongoing basis, in particular climate change, pollution and waste, environmental improvement opportunities (such as green technologies and renewable energy) and social and employee matters (such as mitigation of work place accidents). Corporate governance as well as entrepreneurial behavior and business ethics (overall "good governance") are in any case prerequisites for an investment. There is no limitation to specific environmental or social characteristics.

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

Investment strategy

To achieve the investment objective of the financial product, the Investment Manager takes into account at each step of its investment process the ESG criteria that the financial product promotes.

The three pillars of sustainability environment (E), social (S) and responsible corporate governance (G) form the basis of every investment decision. This is done at several levels in the investment process linking traditional financial analysis with ESG analysis. A corporate and sovereign ESG indicator developed by the Investment Manager on the basis of internal and external ESG data forms the centerpiece of the investment strategy.

The first pillar of the Raiffeisen ESG indicator for corporate stocks focuses on internal assessments linked to the so-called "Future-Themes", reflecting an evaluation of the potential of sectors and subsectors from a sustainability perspective. At present, the Future-Themes specifically include energy, infrastructure, commodities, technology, healthcare/nutrition/wellbeing, circular economy and mobility.

For the purpose of assessing countries, the Investment Manager has developed the Raiffeisen Sovereign Indicator. Various topics have been identified for the calculation that describe the level of sustainability of the sovereigns, both in their legislation and in their conduct towards the environment and the citizens. In the calculation model, these themes are represented by so-called factors, with each factor assigned to either the environment, social or governance category, and to one of the subcategories biodiversity, climate change mitigation, resources, environmental protection, basic needs, justice, human capital, satisfaction, institutions, politics, finance and transparency. Data from external research providers is also incorporated into the calculation.

Calculating the ESG corporate assessment **is the second pillar** of the investment process. This includes various scores from external partners, comprising a stakeholder assessment, an assessment of ESG risks, a corporate governance assessment, an assessment of controversies and an UN SDG assessment, as well as an assessment against the negative criteria defined by the Investment Manager. At this analysis level, a preselection is made of the overall investment universe.

In terms of sustainability, no company/issuer in this universe may violate the negative criteria established by the Investment Manager in order to avoid investments in controversial sectors and practices. The negative criteria are subject to constant monitoring and may be amended or adjusted on the basis of new information and developments on the market.

Negative criteria may have various backgrounds. Specifically, the Investment Manager differentiates between negative criteria that are related to the environment, social or socially motivated, connected with corporate governance, or linked to the theme "addiction", and negative criteria that are related to the preservation and dignity of natural life respectively (simply referred to as the theme "natural life"). Criteriology also serves to avoid scandals and the related, potentially negative adverse effects on prices.

Negative criteria do not necessarily mean the total exclusion of a sector or a business practice. In some cases, thresholds are established in consideration of the significance.

Some of the negative criteria mentioned are typically not discovered until after the occurrence of an event (for example, accusations of manipulating balance sheet figures) and therefore support the estimation of future behavior for an investment decision.

The third pillar in the corporate segment is the engagement rating, which involves a combination of three dimensions:

1. the intensity and form of engagement

2. communication

This assesses the company's willingness to respond to questions raised by the Investment Manager, the frequency of communication and the swift and timely response to these questions.

3. the impact of the engagement

This is an assessment of the company's implementation of its engagement objectives.

Where reputational risks are identified in the context of the engagement process, the company will be excluded from any investment. If engagement did not yet occur, the company is rated neutral.

At the end of the "green path", a broadly diversified portfolio is constructed from the selected companies and sovereigns on the basis of the above analyses, taking into account the ESG indicator, its development (ESG momentum) and fundamental aspects. During this process, particular importance is placed on the quality of the company and the business model. A high degree of sustainability and fundamental strength are of crucial importance for an investment.

The Sub-Fund's investment strategy has the following binding elements:

- The "ESG Filter" process as further described in the methodology section relative to the ESG rating (positive screening);
- Negative criteria for companies:

Environmental negative criteria (category "E")

- Coal: production, mining, processing and use, and other related services
- Unconventional Oil and Gas (including high-volume fracking and extraction of oil sands)

Social negative criteria (category "S")

- Armaments: services/products oriented toward armaments or warfare

- Violation of human rights
- Infringement of labor laws (according to the protocol of the International Labour Organization)

Corporate governance negative criteria (category “G”)

- Violation of the United Nations Global Compact criteria

- Additional Negative criteria

    - Gambling: in particular controversial forms
    - Tobacco: producers of end products
    - Pornography: producers

- Negative criteria for countries (as issuers of government bonds)
    - countries with higher corruption and money laundering (“**ML**”) and terrorism financing (“**TF**”) risk
    - countries or federal state where the death penalty applies

The Investment Manager will follow the negative criteria as per the above elements. In particular, companies are to be excluded if their main business activity is among the above-listed negative criteria for companies and additional negative criteria.

For severe violation, that becames known 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.

For violations of negative criteria by companies that are not obvious, such as moderate infringement of labor laws or cases of corruption, the Investment Manager initiates a so-called engagement process with the company and duly informs the Management Company. During this process, it is examined as to how the company reacts to the case and which precautions needs to be taken in the future. Then the Investment Manager decides, together with the Management Company, on whether to keep the position in the fund or sell it off.

- 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 10% of its assets in 'sustainable investments' as defined in Article 2 (17) of the SFDR regulation.

When selecting investments, the Investment Manager pays attention to ensuring that governance criteria are noticeably integrated into the investment process. In addition, emphasis is placed on ensuring that the companies have solid active ownership processes in place.

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

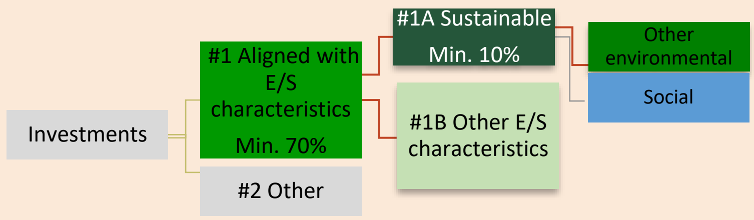
• The company must be traded on a regulated market in order to be considerate having a good governance, as in order to be listed several policies and procedures regarding governance must be in place; or

• 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 70% of its net assets in assets that have been determined as “eligible” as per the ESG process in place (hence in investments that promote environmental and social characteristics (#**1 Aligned with E/S characteristics**), including:

- a minimum of 10% in sustainable investments **(#1A sustainable**) ; and
- **(#1B Other E/S characteristics**) securities of issuers which are deemed to maintain favourable ESG characteristics but are not sustainable investments.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.
The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

Monitoring of environmental or social characteristics

The attainment of the environmental and/or social characteristics promoted by the Sub-Fund is continuously monitored against defined limits as part of the internal limit system of the Investment Manager. The development of the sustainability indicator (see “Methodologies” for more information) is reviewed at the end of the accounting year and presented in the annual report of the Sub-Fund. The relevant negative criteria for the Sub-Fund (see “Environmental and/or Social Characteristics”) are checked daily within the scope of the internal limit system. In terms of any minimum share of sustainable investments with an environmental objective within the meaning of the EU Taxonomy (Regulation [EU] 2020/852), the share is not verified by an auditor or other third party.

In addition, risk management of the Management Company monitors adherence to the mandatory elements. In this manner, the Sub-Fund uses the ESG Rating to assess whether the promoted E/S characteristics are 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 criteria to assess the attainment of the promoted environmental and social characteristics based on good ESG rating (i.e. issuers having a rating greater than or equal to 40 as defined per Raiffeisen in-house ESG rating* or equivalent third-party ESG rating providers or 41.67 according to Refinitiv).

The Sub-Fund will invest in issuers with a good ESG rating. All issuer must have, in principle, an ESG rating.

Average ESG Portfolio Rating should not be below 66 (according to Refinitiv) or 65 according to the Raiffeisen in-house ESG rating.

If a rating issuer is downgraded below the above mentioned minimum score, the Investment Manager should sell the relevant securities within a reasonable timeframe. However, they 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 inadvertent breach policy.

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

a. 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 higher corruption and ML/TF risk are identified by either of the following:

   - World Check Country Rating
   - FATF High Risk and monitored jurisdictions
   - EU, UN and OFAC Sanctions
   - Corruption Perception Index (CPI)
   - Know Your Country data (KYC)

   Government bonds issued by country 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.

b. Corporate bond issuers: companies whose main business activity is in controversial sectors such as armaments, gambling, tobacco, adult entertainment, coal, unconventional oil and gas are not investible.

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 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 NEF Ethical Corporate Bond - Euro.

Green Bonds, Social Bonds, Sustainable Bonds, and all bonds linked to Sustainable / ESG / SDGs projects might be acceptable from issuers with good ESG profiles even if those issuers are flagged in the controversial sectors above.

** The Raiffeisen ESG indicator is used by the investment manager as an internal sustainability indicator. The Investment Manager continually analyses companies and sovereigns based on internal and external research sources. The results of this sustainability research are combined with a comprehensive ESG evaluation, including an ESG risk assessment, to create the so-called Raiffeisen ESG indicator. The Raiffeisen ESG indicator is measured on a scale from 0 to 100. The assessment also takes into account the relevant sector.*

Data sources and processing

Investment Manager level

The ESG assessment in the Investment Management company's sustainability process is based on internal and external research sources. Two external data providers augment the internal research. The research input from the Investment Management company's Sub-Fund managers focuses on high-value, quality growth of the companies. A company's potential value add for the environment and society is analysed and also discussed within the framework of engagement talks. The two external data providers employ complementary ESG research approaches and provide distinct input variables for the analysis.

The first approach, applied by the research provider Institutional Shareholder Services (ISS), is based on a comprehensive stakeholder and sustainability analysis of the company in question, using a methodology which draws on the Frankfurt-Hohenheim Guidelines. The second approach, applied by the research provider MSCI ESG Research Inc., especially analyses aspects of ESG risk and the related risk management at the company in question on the basis of key sustainability performance indicators (KPIs). The analysis is adjusted for sectoral conditions so that companies can be assessed on an equal basis and the aspects relevant for each company are taken into account. When selecting funds that are not managed by the Investment Management company, data from the research providers MSCI ESG Research Inc. and Morningstar Deutschland GmbH are used.

The Investment Management company uses data from ISS to assess negative criteria, alignment with the EU Taxonomy, and the principal adverse impacts on sustainability factors as well as to evaluate controversies. The Investment Management company uses data from MSCI ESG Research Inc. for the internal limit system and the identification of controversial business fields.

Measures taken to ensure data quality

How data is processed

The data obtained from the research partners are imported into the systems of the Investment Management company via a quality-controlled monthly process. Especially for research processes, some data are also obtained directly through a web-based solution of ISS. The data quality is ensured through the regular monitoring of the imported data and through plausibility checks. The selection of data providers is based primarily on the degree coverage (in relation to the investment universe and the available data points), the methodology, and the usability of the data.

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 NEAM and compared with other ESG ratings providers and others public information.

Measures taken to ensure data quality

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.

<u>How data is processed</u>

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.

<u>Proportion of data that is estimated</u>

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 and the Investment Manager themselves make 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

As of today, no common industry framework has been established to assess or detect violation of sectoral exclusions or international norms such as the United Nations Global Compact. The data used is in part provided by external data providers, which may apply different models and may contain inaccurate or incomplete data. The lack of a harmonised methodology has led data providers to use different frameworks, which often implies subjectivity, resulting in different results.

These methodologies may also vary for each data provider. Integration of new information, revision of the current framework or harmonisation of the methodology between data providers are examples of operational events that can result in the reassessment of an issuer and could trigger an exclusion. However, these challenges are not expected to have a material impact on the fund's ability to achieve the environmental or social characteristics. It is not expected that such operational constraints might result in a material deviation from a fund's behavioural and sectoral exclusion methodologies.

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 invested issuers worldwide covered, some of them might not be available due to lack on information or disclosure.

On a best effort basis, the Management Company uses public information, notably companies' own sustainability report and leverages on 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 assess the issuer it considers eligible as per the investment universe by conducting an appropriate due diligence.

In accordance with Fund Law, the Investment Manager is obligated to ensure special diligence in the selection and ongoing monitoring of investments, in the best interests of the fund and the integrity of the market. The Sub-Fund's investments are monitored continuously by the system to ensure compliance with the Sub-Fund rules. In terms of the verification of the taking into account of the environmental and/or social characteristics and sustainability risks during the investment decision, the MSCI ESG Scores of the Sub-Fund are monitored on an ongoing basis and checked against defined limits within the scope of the internal limit system. In this scoring model of MSCI ESG Research Inc., aspects of ESG risk and the related risk management at the company in question are assessed in particular on the basis of key sustainability performance indicators (KPIs). The assessment results in the MSCI ESG Score, which is measured on a scale of 0 to 10. The assessment also takes into account the relevant sector. The relevant negative criteria for the fund (see the annex "Environmental and/or Social Characteristics" to the prospectus) are checked daily within the scope of the internal limit system. The data quality in the context of the ESG research procured by the Investment Management company is ensured through the regular monitoring of the imported data and through plausibility checks.

The Management Company also proceed 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:

- ESG scoring methodologies
- ESG integration in Investment Process & RMP
- Exclusion policy
- Sustainable Investment Implementation
- Sustainable Investment alignment
- DNSH analysis
- PAI consideration in the Investment process
- Annex IV/V of SFDR-level II
- Engagement activity
- 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 one of Austria's leading asset managers, the Investment Manager is conscious of its fiduciary responsibility to its customers. As part of this, it actively engages with companies in order to best preserve its customers' interests. Engagement can serve different purposes. On the one hand, it is used for a more careful assessment of a company's financial situation and development. This provides a look behind the scenes, so to speak. On the other hand, in conjunction with a proactive approach, engagement on ESG issues helps companies move towards improvement in corporate social responsibility (CSR) and sustainability. For the company and ultimately for the owners as well, this improvement should lead to "sustainable" benefits, which are reflected over the long term in better operating results.

In terms of corporate dialogue, the Investment Manager makes a distinction between proactive engagement and responsive engagement. Proactive, constructive dialogue with companies serves to identify potential financial and non-financial opportunities and risks, and addressing current events – for example relating to sustainability-related controversies – in a targeted manner via responsive dialogue allows for an accurate assessment of the company in the context of its environment and potential risks.

The exercise of shareholders' voting rights occurs either directly or indirectly via proxy. The Investment Manager acts according to internal principles that are based on a transparent, sustainable corporate governance policy and cover significant topics that regularly arise at annual general meetings. Further information on the engagement policy, including the voting rights policy, and the annual engagement report can be found on the Investment Managers website www.rcm.at or www.rcm-international.com under Corporate Governance.

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.

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