

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.

3 Annex “Sustainable investment objective” to the Sub-Fund Vontobel Fund II – mtX Emerging Markets Sustainability Champions

Pre-contractual disclosure annex for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name: Vontobel Fund II – mtX Emerging Markets Sustainability Champions
Legal entity identifier: 222100QEOA31312U5U17

Sustainable investment objective

Does this financial product have a sustainable investment objective?			
<input checked="" type="checkbox"/> Yes		<input type="checkbox"/> No	
<input checked="" type="checkbox"/>	It will make a minimum of sustainable investments with an environmental objective: 20%	<input type="checkbox"/>	It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments
<input type="checkbox"/>	in economic activities that qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/>	with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
<input checked="" type="checkbox"/>	in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/>	with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/>		<input type="checkbox"/>	with a social objective
<input checked="" type="checkbox"/>	It will make a minimum of sustainable investments with a social objective: 20%	<input type="checkbox"/>	It promotes E/S characteristics, but will not make any sustainable investments



What is the sustainable investment objective of this financial product?

The Sub-Fund aims to contribute to the United Nations Sustainable Development Goals (UN SDGs) by investing in emerging market securities that the Investment Manager identifies as Sustainability Champions. The 17 UN SDGs are a universal call to action to address the world’s most pressing long-term challenges. The UN SDGs provide a shared blueprint for peace and prosperity for people and the planet, now and into the future. The UN SDGs recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests. The private sector can play an important role in advancing the UN SDGs’ agenda. Additionally, the identification of Sustainability Champions offers an attractive investment proposition by preserving and enhancing the long-term value of their assets.

Sustainability Champions are companies that: (i) contribute significantly to at least one of the UN SDGs as evaluated by the Investment Manager using its proprietary UN SDG evaluation framework; and (ii) pass a detailed evaluation of their environment, social and governance (ESG) operational performance using the Investment Manager’s proprietary ESG framework; and (iii) comply with the extensive exclusion criteria that the Investment Manager has set to avoid investments in certain economic activities that are harmful to society and environment.

The Sub-Fund has not designated a reference benchmark for the purpose of attaining the sustainable investment objective.

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 the sustainable investment objective of this financial product?**

- Percentage of investments in securities of corporate issuers that have at least 50% of their revenues (save where alternatives are used) derived from economic activities that are aligned with one or more of the UN SDGs or in certain cases, operational factors or alternative proxies to revenue demonstrate that the economic activities are highly material to advancing the SDGs as evaluated using the UN SDG Alignment Framework (SAF), the Investment Manager's proprietary UN SDG evaluation framework
- Percentage of investments in companies that pass the minimum ESG score (as evaluated using the "Minimum Standards Framework", the Investment Manager's proprietary ESG evaluation framework; minimum is set at 2.4 out of 5) set for this Sub-Fund
- Percentage of investments in securities of corporate issuers that derive a non-negligible part of their revenues from products and/or activities excluded by the Sub-Fund (excluded products and/or activities are indicated under the investment strategy section)
- Percentage of investments in companies evaluated as having an overriding Fail Score under the "Minimum Standards Framework"
- Percentage of investments in companies with an "F-Score" evaluated under the "F-Score" Framework, the Investment Manager's proprietary tool for evaluating critical controversies
- Percentage of investments in companies that are in violation of certain global norms and standards promoted by the Sub-Fund or that are exposed to critical controversies (aka Critical ESG Events), (unless the Investment Manager believes reasonable progress can be attained, for example, through active ownership activities). Such controversies may be related to environmental, social or governance issues.
- Percentage of investments in UN Sanctioned Countries
- The Sub-Fund's carbon footprint relative to the benchmark (evaluated on the basis of each issuer's scope 1 and 2 GHG emissions normalized by the company's enterprise value including cash (EVIC) and multiplied by its weight in the portfolio). The sum of such weighted average carbon footprint is calculated and then compared to that of the benchmark (MSCI Emerging Markets Total Returns Net (USD)).
- Percentage of securities covered by ESG analysis

● **How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?**

In order to ensure that the Sustainable Investments of the Sub-Fund do not cause significant harm to any environmental or social investment objective, the Sub-Fund takes into account all the mandatory indicators for adverse impacts and ensures that the Sub-Fund's investments are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights as further outlined below.

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

For the portion of sustainable investments, the Investment Manager takes into account the adverse impacts on sustainability factors by applying the following process: The sustainable investment approach includes a series of commitments, which are material to consideration of principal adverse sustainability impacts, and guides the internal ESG integration process. Furthermore, the Investment Manager identifies investments that are exposed to principal adverse impacts on sustainability factors based on in-house research.

Data sources include issuer data, ESG data providers, news alerts, brokers and other reputable data sources. Where no reliable third-party data is available, the Investment Manager may make reasonable estimates or assumptions.

Where the Investment Manager identifies an investment as having a critical and poorly managed impact in the considered principal adverse impacts areas, and where no signs of remedial action or improvement have been observed, an action by the Investment Manager must be taken. Action mechanisms include exclusion, active ownership, and tilting. Actions to address or mitigate principal adverse sustainability impacts depend on the severity, materiality and exceptionality of these impacts. These actions are guided by the Sub-Fund's ESG integration criteria and exclusion policies, as well as the investment manager's engagement and voting strategy.

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

The Investment Manager has established a monitoring process to track incidents or ongoing situations in which an issuer's activities may have adverse effects on environmental, social, and governance aspects. This process intends to ensure the alignment with global norms such as the UN Global Compact principles, the OECD Guidelines for Multinational

Enterprises, and the UN Guiding Principles on Business and Human Rights. This process is initially based on the utilization of third-party data and subsequently entails a comprehensive structured review conducted by the Investment Manager. Securities of issuers are excluded where the Investment Manager has concluded that they (i) violate the norms and standards promoted by the Sub-Fund or (ii) are involved in critical controversies, including those related to governance matters. However, the Investment Manager recognizes that excluding such issuers from the Investment Manager's investments may not always be the best approach to mitigate the adverse effects of their activities. In these cases, the Investment Manager will monitor these issuers, where the Investment Manager believes that reasonable progress can be attained, for example, through active ownership activities, provided the issuer demonstrates good governance.



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



Yes, the Investment Manager takes into account all the mandatory adverse impacts indicators and any relevant additional indicators by applying the following process:

The sustainable investment approach includes a series of commitments, which are material to consideration of principal adverse sustainability impacts, and guides the internal ESG integration process. Furthermore, the Investment Manager identifies investments that are exposed to principal adverse impacts on sustainability factors based on in-house research.

Data sources include issuer data, ESG data providers, news alerts, brokers and other reputable data sources. Where no reliable third-party data is available, the Investment Manager may make reasonable estimates or assumptions.

Where the Investment Manager identifies an investment as having a critical and poorly managed impact in the considered principal adverse impacts areas, and where no signs of remedial action or improvement have been observed, an action by the Investment Manager must be taken. Action mechanisms include exclusion, active ownership, and tilting. Actions to address or mitigate principal adverse sustainability impacts depend on the severity, materiality and exceptionality of these impacts. These actions are guided by the Sub-Fund's ESG integration criteria and exclusion policies, as well as the investment manager's engagement and voting strategy.

Information on how principal adverse impacts on sustainability factors were considered will be made available in the periodic reporting of the Sub-Fund.



No



What investment strategy does this financial product follow?

In order to attain the sustainable investment objective, the Sub-Fund applies the following ESG framework: SDG evaluation, exclusion approach, monitoring of critical controversies, screening, carbon related commitments.

SDG evaluation:

- The Sub Fund analyses potential issuers for their alignment to the UN SDGs using the Investment Manager's proprietary UN SDG Alignment Framework (SAF). The framework starts with a potential eligibility mapping - a quantitative mapping of an extensive taxonomy of revenue segments with the 17 UN SDGs. In the secondary alignment step, financial analysts and ESG analysts conduct rigorous bottom-up, qualitative and quantitative research on individual company to examine the alignment of each business segment to specific UN SDG sub-targets. A company must have at least 50% of its revenues positively aligned with one or more SDG to be considered aligned and all companies in the Sub-Fund must meet this threshold. In certain cases, operational factors or alternative proxies to revenue (e.g. loan book allocation in the case of financials) may be taken into account where these are highly material to advancing the SDGs.

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 rights, anti-corruption and anti-bribery matters.

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

Exclusion approach:

The Sub-Fund excludes issuers (corporate and/or other issuers) based on pre-defined criteria related to certain practices or involvement in certain activities (such as involvement in manufacturing of controversial weapons, and where applicable other types of controversial activities). More information about these pre-defined exclusion criteria are disclosed under <https://am.vontobel.com/view/SEMLX#documents>, and, if applicable, whether the exclusion applies to upstream, midstream/production or downstream activities, the revenue thresholds applied and potential exceptions considered.

Monitoring of critical controversies:

- The Investment Manager has established a monitoring process to track incidents or ongoing situations in which an issuer's activities may have adverse effects on environmental, social, and governance aspects. This process intends to ensure the alignment with global norms such as the UN Global Compact principles, the OECD Guidelines for Multinational Enterprises, and the UN Guiding Principles on Business and Human Rights. This process is initially based on the utilization of third-party data and subsequently entails a comprehensive structured review conducted by the Investment Manager. Securities of issuers are excluded where the Investment Manager has concluded that they (i) violate the norms and standards promoted by the Sub-Fund or (ii) are involved in critical controversies, including those related to governance matters. However, the Investment Manager recognizes that excluding such issuers from the Investment Manager's investments may not always be the best approach to mitigate the adverse effects of their activities. In these cases, the Investment Manager will monitor these issuers, where the Investment Manager believes that reasonable progress can be attained, for example, through active ownership activities, provided the issuer demonstrates good governance.

ESG integration:

- The Sub-Fund invests in securities of corporate issuers that pass the minimum "Minimum Standards Framework" ("MSF") score (set at 2.4 out of 5; on a scale from 1 to 5, with 1 being the worst and 5 being the best score), which is based on the Investment Manager's proprietary methodology. This score is sector-specific and supports a rigorous assessment of companies on their most material ESG issues, in terms of impact on future cash flows. These issues are translated into ca. 20-35 sustainability indicators (depending on the sector) and performance thresholds are predefined for each of these indicators. The Environment, Social and Governance pillars are weighted according to the relevance for each industry sector. In order to qualify for investment, the company must achieve an overall minimum score. By doing so, the Investment Manager seeks to identify and exclude companies that are worst prepared to meet and manage idiosyncratic shocks to which their sector is uniquely exposed or whose operational practices or products pose too great a risk to society or the environment.
- The Sub-Fund does not invest in securities of corporate issuers that have a "Fail Score". An issuer will be given a "Fail Score" by the Investment Manager when it fails the assessment on any of the sustainability indicators even if the issuer would otherwise attain a pass MSF mark.
- The Sub-Fund also does not invest in securities of corporate issuers that have an "F-Score" score. An issuer may also be given to existing holdings where a critical ESG event occurs. The Investment Manager has developed an "F-Score" framework to provide a clear decision tree to assess the real-world and business impact of incidents against evidence-based criteria. The Investment Manager has established hard rules for whether the finding leads to divestment or engagement. Companies that have an "F-score" are not eligible for investing and must be divested from. Thereby, there are hard redlines preventing investment in companies that have highly negative impact on society or the environment even where the business case is unaffected.

Carbon related commitments:

- The Sub-Fund will maintain a carbon footprint that is at least 20% lower than its benchmark (MSCI Emerging Markets Total Returns Net (USD)). The carbon footprint of the Sub-Fund and the issuers is calculated using the scope 1 and scope 2 GHG emissions of each invested company divided by the company's enterprise value including cash (EVIC).

Additionally, the Sub-Fund follows an active ownership approach, which takes into account relevant environmental, social and governance matters. The Investment Manager sees these activities as a way to support the attainment of the sustainable investment objective of the Sub-Fund. The Sub-Fund is covered by the engagement pool of the Investment Manager's stewardship program, which is mainly based on a collaboration with a stewardship partner. The Investment Manager has limited influence on the stewardship partner's engagement program. The Investment Manager has its own engagement strategy for the Sub-Fund designed to target the highest Sustainability Risks and negative Sustainability Factors to which it is exposed.

The securities will be analyzed based on the binding elements prior to investment and monitored on a continuous basis. The securities in the portfolio have their sustainability performance periodically revaluated using the above-described sustainability framework. If a security does not comply with the binding criteria described below, the Investment Manager divests from such an issuer within a time period to be determined by the Investment Manager without exceeding in principle three months after such breach was detected, considering

prevailing market conditions, and taking due account of the best interests of the shareholders. The Board of Directors or the Management Company of Vontobel Fund II may decide to further postpone the rectification of such a breach or decide to carry out the divestment in several instalments over a longer period of time in exceptional cases, provided this is considered to be in the best interests of the shareholders.

● ***What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?***

- The Sub-Fund invests in securities of corporate issuers that have at least 50% of their revenues (save where alternatives are used) derived from economic activities that are aligned with one or more of the UN SDGs, as evaluated using the UN SDG Alignment Framework (SAF), the Investment Manager's proprietary UN SDG evaluation framework.
- Companies must achieve a qualifying ESG score under the Minimum Standard Frameworks ("MSFs") to qualify for investment (minimum is set at 2.4 out of 5). The objective of this pass mark is to avoid the worst in class companies on ESG performance. More information on the calculation method is available on <https://am.vontobel.com/view/SEMLX#documents>.
- The Sub-Fund excludes securities of corporate issuers that derive a non-negligible part of their revenues from excluded products and/or activities listed above.
- Companies must not have a "Fail Score" or an "F-Score", which is awarded where companies are involved in critical controversies that have highly negative impact on society or the environment. More information on the calculation method is available on <https://am.vontobel.com/view/SEMLX#documents>.
- The Sub-Fund excludes securities of issuers that are in violation of certain global norms and standards promoted by the Sub-Fund or that are exposed to critical controversies (unless the Investment Manager believes reasonable progress can be attained, for example, through active ownership activities). Such controversies may be related to environmental, social or governance issues.
- The Sub-Fund will have a carbon footprint at least 20% lower than that of the benchmark (MSCI Emerging Markets Total Returns Net (USD)).
- The application of the binding elements, as described above, leads to the exclusion of at least 20% of potential investments via the exclusions and UN SDG eligibility mapping applied to the starting universe, plus the further sustainability screening applied to the sub-set of potentially investible companies identified following the Investment Manager's financial modelling based on fundamental data.
- The ESG analysis coverage will be guaranteed for 100% of the Sub-Fund's securities. The use of ESG data may be subject to methodological limits.

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

The Investment Manager will use its ESG framework, the MSF, to assess good governance practices of the investee companies. The Investment Manager has established a monitoring process to track incidents or ongoing situations in which an issuer's activities may have adverse effects on environmental, social, and governance aspects. This process intends to ensure the alignment with global norms such as the UN Global Compact principles, the OECD Guidelines for Multinational Enterprises, and the UN Guiding Principles on Business and Human Rights. This process is initially based on the utilization of third-party data and subsequently entails a comprehensive structured review conducted by the Investment Manager. Securities of issuers are excluded where the Investment Manager has concluded that they (i) violate the norms and standards promoted by the Sub-Fund or (ii) are involved in critical controversies, including those related to governance matters. However, the Investment Manager recognizes that excluding such issuers from the Investment Manager's investments may not always be the best approach to mitigate the adverse effects of their activities. In these cases, the Investment Manager will monitor these issuers, where the Investment Manager believes that reasonable progress can be attained, for example, through active ownership activities, provided the issuer demonstrates good governance.

The Sub-Fund further ensures good governance of the investee companies via active ownership. Key to this are engagement activities conducted directly by the Investment Manager, engagement activities conducted by the manager's specialist third-party engagement partner and voting activities, where the Investment Manager works with a proxy advisory firm and systematically considers all company ballots with ESG principles in mind.

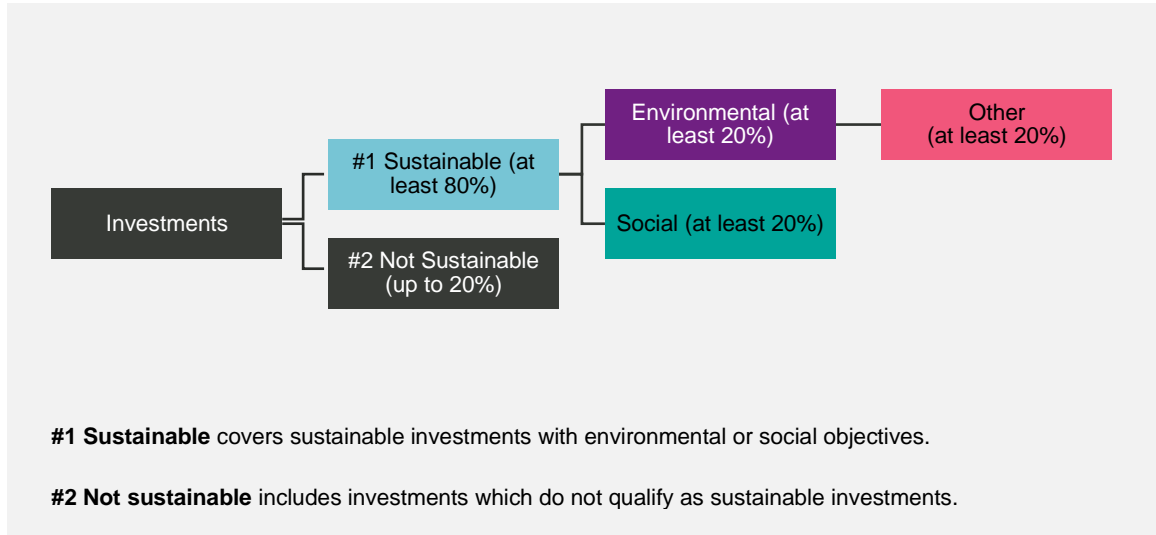
Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.



What is the asset allocation and the minimum share of sustainable investments?

The Sub-Fund is expected to invest at least 80% of its NAV in issuers that qualify as sustainable investments (#1 Sustainable), under normal market conditions.

Asset allocation describes the share of investments in specific assets.



The percentages indicated above refer to the Sub-Fund's net asset value.

- **How does the use of derivatives attain the sustainable investment objective?**
Not applicable. Derivatives are not used for the purpose of attaining the sustainable investment objective.

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 expenditure** (OpEx) reflecting green operational activities of investee companies.



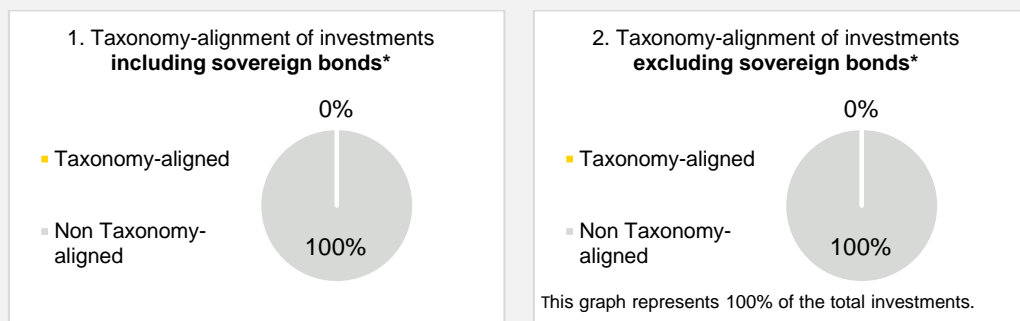
To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Sub-Fund does not commit to invest a minimum share in sustainable investments with an environmental objective aligned with the EU Taxonomy. Therefore, the Sub-Fund's minimum share of investments in environmentally sustainable economic activities in accordance with the EU Taxonomy regulation are indicated to be 0%.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?**

- Yes:
- In fossil gas In nuclear energy
- No

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?**

The Sub-Fund does not commit to invest a minimum share in sustainable investments with an environmental objective aligned with the EU Taxonomy. Therefore, the Sub-Fund's minimum share of investments in transitional and enabling activities in accordance with the EU Taxonomy regulation are indicated to be 0%.

¹Fossil 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 – see explanatory note in the left-hand margin. 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.



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 Sub-Fund does not commit to invest a minimum share in sustainable investments with an environmental objective that are aligned with the EU Taxonomy. The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is indicated to be 20%. For the avoidance of doubt, the indication of such minimum is not a binding commitment and does not prevent the Sub-Fund to hold and invest in sustainable investments with an environmental objective that are aligned with the EU Taxonomy.



What is the minimum share of sustainable investments with a social objective?

The Sub-Fund will invest at least 20% in sustainable investments with a social objective.



What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?

The Sub-Fund may hold ancillary liquidity (cash) to serve the payment of fees and expenses, payment of purchased securities, subscription monies, serve redemption requests. Additionally, the Sub-Fund may also use financial derivative instruments such as foreign exchange forwards to hedge currency risks. These instruments are not expected to detrimentally affect the delivery of the environmental and social characteristics.



Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

Not applicable.

Reference benchmarks are indexes to measure whether the financial product attains the sustainable investment objective.



Where can I find more product specific information online?

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

<https://am.vontobel.com/view/SEMLX#documents>, under “Sustainability Related Disclosures”.