

TENDERCAPITAL BOND TWO STEPS

SUSTAINABILITY-RELATED DISCLOSURES

According to Article 23 of the Commission Delegated Regulation (EU) 2022/1288 (“**SFDR Level 2**”), financial market participants shall, for each financial product, publish on information about the promotion of environmental or social characteristics and of sustainable investment on their websites. This transparency is required by law to help investors understand the sustainability characteristics and risks of this financial product (the Fund). Therefore, this is not a marketing material.

SUMMARY

Summarize all the information of the financial products that promote environmental or social characteristics contained in this sustainability related disclosure and referred to Article 24 of SFDR Level 2

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment. The Fund does not commit to invest in a minimum proportion of sustainable investment.

The asset allocation of the fund is presented in the form of a chart that holds a specification of the percentage of investments expected to be aligned with the environmental and/or social characteristics of the Fund. As a minimum threshold, 75% of portfolio investments are deemed to promote environmental or social characteristics on a material basis. The 25% maximum amount of “not aligned” exposure must be strictly considered as a maximum threshold.

Specific sustainability indicators will be used to measure the attainment of the environmental and/or social characteristics of the Fund in accordance with specific methodologies. On a pre-trade basis, potential investee companies are subject to an initial negative screening based on the recommended exclusion list of companies by Norges Bank. Then a screening process is applied in order to identify companies that label as laggards. The Fund considers the MSCI ESG Ratings Methodology, and in particular, the Environmental and Social Key Issue Scores and the Governance Pillar Score of investee companies in order to evaluate how investee companies align with the promotion of environmental and social characteristics. For each company, the “material” pillar score will be evaluated against the distribution of scores in the sector of reference of a specified benchmark (Bloomberg Euro Aggregate Corporate – LECPTREU Index). Investee companies must have exceeded a threshold sector specific scoring or otherwise have gone through a full ESG integration process.

In relation to the following of good governance practices by the invested companies, the assessment is carried out through the ongoing monitoring of “governance” specific controversies through the database of an external data provider (MSCI), which also provides the severity level of each dispute.

Internal and external data sources and data providers are used to ensure that the fund is invested in accordance with the environmental and/or social characteristics promoted. Data received from external providers may be complemented by internal research and analysis. Potential limitations to data sources and methodologies can be mainly identified in the lack of data coverage.

Engagement is not part of the environmental and social investment strategy and no index has been designated as a reference benchmark to meet the environmental or social characteristics promoted by the Fund.

NO SUSTAINABLE INVESTMENT OBJECTIVE

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

The Fund promotes environmental and social characteristics, but will not make any sustainable investments.

ENVIRONMENTAL OR SOCIAL CHARACTERISTICS OF THE FINANCIAL PRODUCT

Describe the environmental or social characteristics that the financial products promotes

The Fund promotes environmental, social and governance (ESG) characteristics by achieving a capital allocation that can facilitate and accelerate the transition towards a more sustainable economy. In order to meet the ESG characteristics promoted and to assess the good governance practices of the investee companies, the Investment Manager applies binding criteria to the selection of underlying assets as part of its investment decision making process.

INVESTMENT STRATEGY

Describe:

(a) the investment strategy used to meet the environmental or social characteristics promoted by the financial product;

The Fund pursues an investment strategy, which combines top-down asset allocation decisions and bottom-up fundamentals-driven bond selection. For the top-down process, a quantitative screening on companies' fundamentals is performed in order to select investments.

On an (ESG) level, an initial negative screening based on the recommended exclusion list of companies by Norges Bank is applied. Then, investee companies with poor sustainability scoring that bear the highest downside and default risks (the Laggards) are screened through the definition of a threshold for the environmental or the social pillar score based on specific sector materiality. For Laggards, a full integration process applies. Through this process environmental, social and governance aspects are analysed and financial models modified accordingly to the process results. Investment decisions follow through the update of the financial models.

(b) the policy to assess good governance practices of the investee companies, including with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

Good governance practices are assessed by an ongoing monitoring of "governance" specific controversies. In the event of any severe controversy arising, the investment team will monitor management ability to rapidly address the issue.

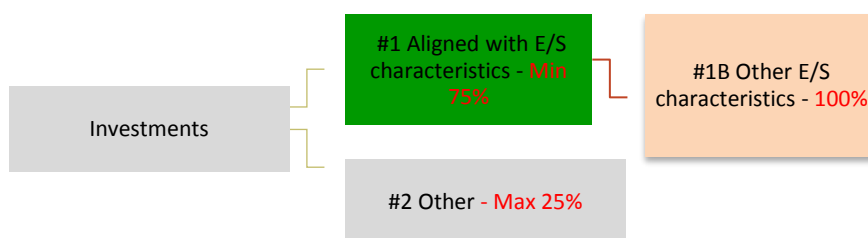
Accountability and alignment principles are considered to be the most compelling factors in relation to the governance theme. Board structure, directors' skills, heterogeneity and remuneration policies are factors considered as part of the integration of the investment process.

PROPORTION OF INVESTMENTS

Distinguish between direct exposures in investee entities and all other types of exposures to those entities.

The Fund primarily invests in Euro denominated corporate bonds. Both investment grade and high yield securities can enter the portfolio. High yield securities may have a maximum threshold of 30%. The portfolio includes senior and subordinated securities with no specific sector constraint (#1 Aligned with E/S characteristics).

The Fund promotes environmental and social characteristics through a combination of screening and integration, but does not commit to make sustainable investments. As a minimum threshold, 75% of portfolio investments are deemed to promote environmental or social characteristics on a material basis. The 25% maximum amount of "not aligned" exposure must be strictly considered as a maximum threshold and the portfolio manager is committed to reducing that amount going forward (#Other).



#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.

#2 Other 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 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

Describe how the environmental or social characteristics promoted by the financial product and the sustainability indicators used to measure the attainment of each of those environmental or social characteristics promoted by the financial product are monitored throughout the lifecycle of the financial product and the related internal or external control mechanisms.

The Fund considers the MSCI ESG Ratings Methodology, and in particular, the Environmental and Social Key Issue Scores and the Governance Pillar Score of investee companies in order to evaluate how investee companies align with the promotion of environmental and social characteristics. For each company, the “material” pillar score will be evaluated against the distribution of scores in the sector of reference of a specified benchmark (Bloomberg Euro Aggregate Corporate – LECPTREU Index).

At portfolio level, reporting on two specific items is included in the ESG Factsheet, on a quarterly basis: “Carbon intensity” as an environmental characteristics and “Employee turnover” as a social characteristic. The two items have been peaked by the portfolio manager as most significant variables according also to data availability.

During the year, ESG factors are monitored on a quarterly, half-yearly or annual basis.

Any significant variation and deviation from the ESG factors defined in the ESG Policy as well as in the legal documents of the Fund entails a deadline of 30 calendar days for the competent function, starting from the detection of the anomaly, to adjust and conform the relevant fund portfolios.

- a) Quarterly activities cover: (i) monitoring of compliance with ESG Coverage of securities in the funds' portfolio by the 15th day of the month following the quarter in question; (ii) reporting on controversies: identification and internal discussion of severe and very severe controversies related to investee companies
- b) Semester activity covers: the transposition of updates to the Norges Bank exclusion list in the internal control software and verification that the Fund' portfolios comply with these updates on 31 January and 31 July each year;
- c) Annual activity consists in the monitoring by sector and ESG factors in relation to the definition of threshold score at environmental or social level that are used in the identification of laggard companies.

METHODOLOGIES FOR ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

Describe the methodologies to measure how the social or environmental characteristics promoted by the financial product are met.

Potential investee companies are subject to an initial negative screening based on the recommended exclusion list of companies by Norges Bank.

Then a screening process is applied in order to identify companies that label as laggards. The approach set specific score threshold at sector level that investee companies must achieve. The threshold definition is based on the analysis of an internal benchmark represented by the Bloomberg Euro-Aggregate: Corporate Index (LECPTREU Index). On a sector specific level, the defined threshold is linked to environmental or social themes based on a materiality principle and is identified as the highest relevant score of the last quintile of the distribution of scores for each specific sector.

For the purpose of defining the most relevant factor, an internal assessment is paired with materiality indications provided by the SASB framework. The following table shows ESG relevant factors internally considered at sector level in the definition of the screening threshold:

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Sector Definition	ESG Relevant Factor
Energy	E
Materials	E
Industrials	E
Commercial & Professional Services	S
Automobiles & Components	E
Consumer Discretionary	S
Consumer Staples	S
Health Care	S
Financials	S
Information Technology	S
Communication Services	S
Utilities	E
Real Estate	E

The scores (E and S pillar scores) upon which the process relies are based on the MSCI ESG Ratings Methodology, and in particular, its Environmental and Social Key Issue Scores. Investee companies must have exceeded the threshold sector specific scoring or otherwise have gone through a full ESG integration process.

DATA SOURCES AND PROCESSING

a) The data sources used to attain the environmental and social characteristics promoted by the financial product are:

- (i) As a first mitigating factor and as part of an initial negative screening, the exclusion list of Norges Bank;
- (ii) Secondly, as part of the screening process to identify companies that label as laggards, a proprietary approach is applied. The approach sets specific score threshold at sector level that investee companies must achieve. The threshold definition is based on the analysis of an internal benchmark represented by the Bloomberg Euro Aggregate: Corporate Index (LECP TREU Index). On a sector specific level, the defined threshold is linked to environmental or social themes based on a materiality principle. The Environmental and Social pillar scores are provided by the MSCI ESG Ratings Methodology, and in particular, by its Environmental and Social Key Issue Scores;
- (iii) As per full integration process, investee companies sustainability reports.

b) The measures taken to ensure data quality are:

The Investment Manager has evaluated the data quality of the ESG data providers during the beauty contest and due diligence assessments. The evaluation focused in particular on data coverage.

c) How data are processed?

Data are processed by means of an internal control software as well as by analysis in excel. The preference is always to have data acquisition as automated as possible to avoid any operational risks or unnecessary human intervention.

d) The portion of data that are estimated:

None data is internally estimated. The data provider uses estimated data mainly on carbon emissions and specifically on Scope 3 data where company disclosure is not available.

LIMITATIONS TO METHODOLOGIES AND DATA

Describe the potential limitations to the methodologies or data sources and how do such limitations not affect how the environmental or social characteristics promoted by the financial product are met.

One of the main problems lies in the availability of data that is primarily caused by the lack of the relevant ESG corporate disclosure. This is also due to the fact that the attention of the regulator and the market for this sector, as well as the resulting legislation, is very recent. It is therefore assumed that the lack of data disclosures by investee companies will decrease over time. That said, however, in order not to negatively affect the environmental and social factors that the fund promotes, the Investment Manager was prudent in quantifying in the 25% the maximum amount of “not aligned” exposure, which is primarily identify in the lack of data coverage. Nevertheless, the portfolio manager is committed to reduce that abovementioned amount going forward.

DUE DILIGENCE

Describe the due diligence carried out on the underlying assets of the financial product, including the internal and external controls on that due diligence.

The basis of the due diligence process carried out at sustainability level stands in the combination of negative screening (Norges Bank exclusion list); a second level of screening based on the definition of “laggards” investee companies and an integration approach applied to those investments defined as laggard.

For fixed income investments the loss of capital represents the main concern. Therefore, sustainability risks assessment is favored over identification of sustainability opportunities. The above mentioned due diligence process best serves stakeholders interests.

ENGAGEMENT POLICIES

Describe the engagement policies implemented where engagement is part of the environmental or social investment strategy, including any management procedures applicable to sustainability-related controversies in investee companies.

Engagement is not part of the environmental and social investment strategy.

DESIGNATED REFERENCE BENCHMARK

Describe:

- a) **whether an index has been designated as a reference benchmark to meet the environmental or social characteristics promoted by the financial product, and how that index is aligned with the environmental or social characteristics promoted by the financial product, including the input data, the methodologies used to select those data, the rebalancing methodologies and how the index is calculated;**
- b) **Where part or all of the information referred to in paragraph 1 is published on the website of the administrator of the reference benchmark, a hyperlink shall be provided to that information.**

No index has been designated as a reference benchmark to meet the environmental or social characteristics promoted by the Fund.