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.

6 Annex "Environmental and/or social characteristics" to the Sub-Fund Vontobel Fund – Sustainable Emerging Markets Local Currency Bond

Pre-contractual disclosure annex 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

Product name: Vontobel Fund – Sustainable Emerging Markets Local Currency Bond
Legal entity identifier: 529900GEEEVRUYGQ2C28

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

●● ☐	**Yes**	●○ ☒	**No**
☐	It will make a minimum of **sustainable investments with an environmental objective:** __%	☒	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 20% of sustainable investments
☐	in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☒	with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐	in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒	with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
		☒	with a social objective
☐	It will make a minimum of **sustainable investments with a social objective:** ___%	☐	It promotes E/S characteristics, but **will not make any sustainable investments**

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

The Sub-Fund promotes environmental and social characteristics by investing in issuers that the Investment Manager considers well-prepared to handle financially material environmental and/or social challenges. Issuers will be selected based on the Investment Manager's ESG framework.
In addition, the Sub-Fund will partially invest in sustainable investments by investing in securities of issuers that provide solutions to environmental and social challenges, namely to at least one of the actionable themes: climate change mitigation, responsible use of natural resources, addressing basic needs, empowerment.
The Sub-Fund has not designated a reference benchmark for the purpose of attaining the environmental and social characteristics that it promotes.

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?

- Percentage of investments in securities of sovereign issuers, that are excluded based on the exclusion criteria applied by the Sub-Fund for sovereigns (exclusion criteria can be found in the website disclosures referenced below under “Exclusion approach”)
- Percentage of investments in securities of sovereign issuers with UN or international sanctions.
- Percentage of investments in 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
- Percentage of investments in supranational issuers that pass the minimum ESG rating that has been set for this Sub-Fund (based on a proprietary methodology, minimum is set at 50 out of 100)
- Percentage of investments in securities of issuers that provide solutions to at least one of the actionable themes (climate change mitigation, responsible use of natural resources, addressing basic needs, empowerment) and that qualify as sustainable investments
- Sub-Fund’s weighted average ESG rating (for securities of sovereign issuers) compared to its Benchmark, namely J.P. Morgan GBI-EM Global Diversified Composite USD (based on a proprietary methodology)
- Percentage of securities covered by ESG analysis

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 objective of the sustainable investments that the financial product partially intends to make is to invest in securities of issuers that provide solutions to environmental and social challenges, namely to at least one of the actionable themes: climate change mitigation, responsible use of natural resources, addressing basic needs, empowerment. The assessment will be conducted by the Investment Manager, based on quantitative ESG indicators and qualitative assessment of products, technologies, services or projects. The qualitative assessment considers research related to peer group and scientific studies. To qualify as sustainable investment, the issuer should have a significant part of its activities related to these solutions, linked to at least one of the actionable themes. The Investment Manager requires a minimum threshold of revenues or capital expenditure or operational expenditure or allocated funding of at least 20% (depending on the products, technologies, services or projects, an appropriate metric will be used; for example, for financial institutions, the Invesmtent Manager would prefer “allocated funding” if relevant). If a security complies with this minimum requirement, the entire investment will be considered a sustainable investment (provided that do no significant harm and, where applicable, good governance criteria are met, as described below).

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?

In order to ensure that the sustainable investments that Sub-Fund intends to partially make 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.

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 all the mandatory adverse impact indicators and any relevant additional adverse impact indicators by applying the following process:

The Investment Manager identifies issuers that are exposed to principal adverse impacts on sustainability factors based on in-house research; data sources include ESG data providers, news alerts, and the issuers themselves. When 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 one of 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 may include: exclusion, active ownership, tilting.

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.

Sustainable investments with an environmental objective aligned with the EU Taxonomy do not significantly harm environmental or social sustainable investment objectives. This will be ensured through their compliance with the Technical Screening Criteria and minimum social safeguards of the Delegated Acts for the EU Taxonomy

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?

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.

☒ Yes, the Investment Manager considers certain selected principal adverse impacts on sustainability factors in the following areas: for supranationals greenhouse gas emissions, energy, biodiversity, waste and resources, water, business ethics, social matters and human rights, for sovereigns environmental aspects and social matters.

The Investment Manager identifies issuers that are exposed to principal adverse impacts on sustainability factors based on in-house research; data sources include ESG data providers, news alerts, and the issuers themselves. When 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 one of 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 may include: exclusion, active ownership, tilting.

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?

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

In order to attain the environmental and social characteristics, the Sub-Fund applies the following ESG framework: exclusion approach, monitoring of critical controversies, screening, partial investments in issuers that provide solutions to environmental and social challenges.

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/EMMABD#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.

Screening:

– The Sub-Fund invests in supranational issuers that pass the minimum ESG rating (set at 50, on a scale going from 0 to 100, with 0 being the worst and 100 the best), which is based on the Investment Manager's proprietary methodology. The model measures amongst other the environmental and social effects of financed projects (e.g. investment policies and project assessments, controversies) or the integration of environmental, social and governance aspects in management systems and governance (e.g. signatory of relevant industry initiatives such as the Equator Principles or UN Principles for Responsible Investments).

Sub-Fund level commitments:

– The Investment Managers will score sovereign issuers based on a proprietary methodology, which measures how efficiently a country's social and ecological resources and financial wealth are being used to improve the quality of life of the population. The ESG scoring includes amongst other criteria measuring the wellbeing (quality of life) of the relevant country (gross national income per capita, life expectancy, etc.) taken versus the resources used (ecological footprint, etc.) to achieve it, as well as social and institutional factors (income distribution, human rights, etc.).
– The weighted average sustainability rating of the portfolio (securities of sovereign issuers) will have to be above a pre-defined threshold, and above the weighted average sustainability rating of the Sub-Fund's Benchmark (J.P. Morgan GBI-EM Global Diversified Composite USD).

Partial investments in sustainable investments:

– The Sub-Fund invests at least 20% of its net assets in securities of issuers that provide solutions to environmental and social challenges, namely to at least one of the actionable themes: climate change mitigation, responsible use of natural resources, addressing basic needs, empowerment. The assessment methodology is described above.

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 sup-port the attainment of the environmental and social characteristics promoted by 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 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 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 each of the environmental or social characteristics promoted by this financial product?***
  – The Sub-Fund excludes securities of sovereign issuers that are excluded based on the criteria that can be found in the website disclosures referenced below under "Exclusion approach"
  – The Sub-Fund excludes securities of sovereign issuers with substantial UN or international sanctions.
  – The Sub-Fund excludes securities of supranational 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 invests in securities of supranational issuers that pass the minimum ESG rating that has been set for this Sub-Fund (based on a proprietary methodology, minimum is set at 50 out of 100).
  – The Sub-Fund partially invests in securities of issuers that provide solutions to environmental and social challenges, namely the actionable themes: climate change mitigation, responsible use of natural resources, addressing basic needs, empowerment and that qualify as

sustainable investments. The issuer should either already provide solutions to at least one of the actionable themes, or be on the way to launch such solutions.
– The weighted average ESG rating of the sovereign issuers portfolio will have to be above a pre-defined threshold, and above the weighted average sustainability rating of the Sub-Fund's Benchmark (J.P. Morgan GBI-EM Global Diversified Composite USD).
– The ESG analysis covers 90% of the Sub-Fund’s securities. The use of ESG data may be subject to methodological limits.

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

The application of the binding elements, as described above, leads to the exclusion of at least 20% of the investments considered prior to the application of the investment strategy (sovereign local currency emerging debt market).

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

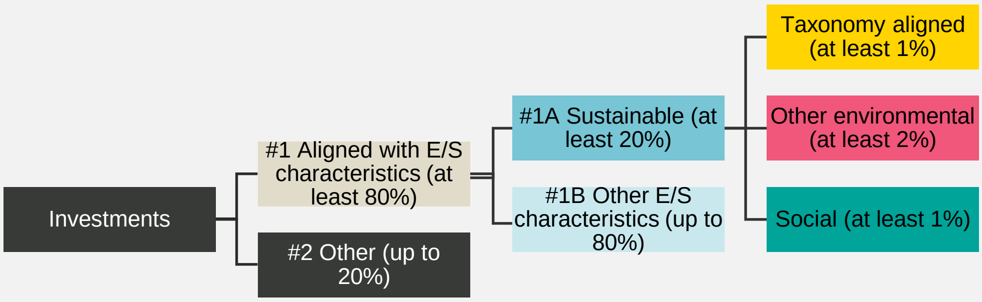
- ***What is the policy to assess good governance practices of the investee companies?***

The Investment Manager will assess investee companies’ good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance, by applying a monitoring process 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.
The Sub-Fund further intends to ensure good governance of the investee issuers via active ownership. The Investment Manager puts best effort in engaging with regards to ESG policies and to promote sustainability awareness.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

The Sub-Fund is expected to invest at least 80% of its NAV in issuers that qualify as aligned with E/S characteristics (#1 Aligned with E/S characteristics), under normal market conditions.
This includes the minimum of 20% of the investments of the Sub-Fund that are 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.

#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 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.

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.

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

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***
  Not applicable. Derivatives are not used for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to 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 a 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.

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

The Sub-Fund intends to invest partially in sustainable investments with an environmental objective as defined by the EU Taxonomy. These objectives are: “climate change mitigation”, “climate change adaptation”, “sustainable use and protection of water and marine resources”, “transition to a circular economy”, “pollution prevention and control”, “protection and restoration of biodiversity and ecosystems”. It is expected that at least 1% of the Sub-Fund’s investments will be aligned with the EU Taxonomy and thus contribute to at least one of the above mentioned objectives. This percentage reflects the alignment with the objectives “climate change mitigation” and “climate change adaptation”. At the date of the Sales Prospectus, the EU Taxonomy technical screening criteria are available only for the objectives “climate change mitigation” and “climate change adaptation”.
The Taxonomy alignment of the investment is calculated as a standard by turnover for non-financial undertakings, and by CapEx for financial undertakings. Where the features of the economic activity justify the use of the turnover, capital expenditure or operational expenditure, such key performance indicator will be used.
In order to calculate and monitor the EU Taxonomy alignment of the Sub-Fund, the Investment Manager will use data reported by the investee companies themselves. Where investee companies do not report such data, the Investment Manager will use equivalent information obtained directly from investee companies and/or from third party data providers.
The compliance with the criteria for environmentally sustainable economic activities will not be subject to an assurance provided by one or more auditors or a review by one or more third parties.

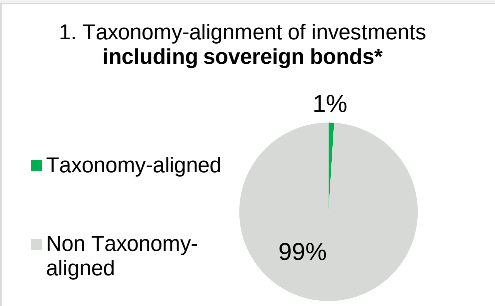
- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?***

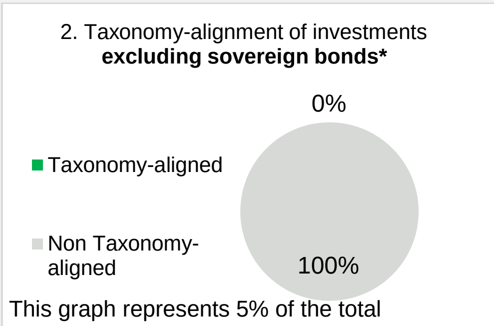
☐ Yes:

☐ 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.





This graph represents 5% of the total investments. **

* *For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures*

**The proportion of total investments shown in this second graph is purely indicative and may vary. As such, the representation of minimum Taxonomy alignment made in this second graph only consists in the result

[1]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 – 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.

of the mathematical adjustment of the first graph, due to the exclusion of an indicative proportion of sovereign bonds from the nominator and denominator. In this context, the representation of minimum Taxonomy alignment is also indicative and may vary.

- ***What is the minimum share of investments in transitional and enabling activities?***
  The Sub-Fund does not seek particular exposure to investments in transitional and enabling activities in accordance with the EU Taxonomy regulation. The Sub-Fund's minimum share of investments in transitional and enabling activities are indicated to be 0%.

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 will partially invest in environmentally sustainable investments, as defined by the EU Taxonomy. However, the financial product may also invest in sustainable investments that are not aligned with the criteria set out by the EU Taxonomy. These sustainable investments may include investments in economic activities that contribute to a social objective, investments in companies or projects whose economic activities are only partially aligned with the EU Taxonomy, investments in economic activities that contribute to an environmental objective by being aligned with the Investment Manager's framework (investments in companies contributing to the actionable themes).
The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is indicated to be 2%. For the avoidance of doubt, the indication of such minimum is not a binding commitment and does not prevent the Sub-Fund from holding and investing in sustainable investments with an environmental objective that are aligned with the EU Taxonomy.

What is the minimum share of socially sustainable investments?

The Sub-Fund will invest at least 1% in socially sustainable investments.

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

The Sub-Fund may hold ancillary liquidity and use financial derivative instruments for investment and hedgingpurposes. While these instruments are not expected to detrimentally affect the attainment of the Sub-Fund's environmental and social characteristics, no minimum environmental or social safeguards are applied.
Other investments include also unscreened investments for diversification purposes or investments for which ESG data is lacking. For such instruments the monitoring process of critical controversies is applied.

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

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.

Where can I find more product specific information online?

More product-specific information can be found on the website:
https://am.vontobel.com/view/EMMABD#documents, under "Sustainability Related Disclosures".