

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name:

ABN AMRO Funds Baring Emerging Markets ESG Bonds

Legal entity identifier:

549300MOSLE8705NBI56

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:** ____%



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



It will make a minimum of **sustainable investments with a social 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 ____% of sustainable investments



with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**



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

The analysis of ESG factors is systematically integrated into the investment decision making process of ABN AMRO Funds Baring Emerging Markets ESG Bonds (the "Sub-Fund"). The external investment manager defines ESG integration as the process of recognising the financial materiality (or significance) of environmental, social and corporate governance factors as part of the investment process. The Sub-Fund will use a selection of securities complying with ABN AMRO Investment Solutions (the "Management Company") ESG responsibility criteria. The External Investment Managers must comply with the Management Company's standards of quality and go through a qualitative selection process before being retained. This process involves an in-depth analysis of the External Investment Manager's corporate social responsibility policy as well as its overall sustainability strengths going from the analysis of ESG professionals, philosophy and investment process. Under the ESG responsibility criteria of the Management Company, the External Investment Manager is committed to conducting both

negative and positive screenings as well as taking engagement actions when necessary. The Sub-Fund will be composed of issuers that are either leading in ESG best-practice or attractive due to their progression in ESG.

The Sub-Fund promotes both environmental and social characteristics. On the environmental front, the Sub-Fund promotes climate risk management. The social characteristics promoted by the Sub-Fund focus on global human rights, labor standards as well as diversity, equity and inclusion.

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund.

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?**

ESG analysis is systematically integrated into the investment decision making process. As part of its ESG framework, the Management Company uses the following sustainability indicators to measure the achievement of each of the environmental or social characteristics promoted by the Sub-Fund:

On the corporate side:

- Absence of companies that do not meet the criteria defined in the Management Company's Exclusion List and that are deemed incompatible with the E/S promotion (e.g. tobacco, controversial weapons).
- Controversy Level Assessment - Controversy involvement is a key measure of ESG performance. Controversy level assessment reflects a company's level of involvement in issues and how it manages those issues.
- Compliance with the UN Global Compact - The United Nations Global Compact is the world largest corporate sustainability initiative aimed at encouraging businesses and firms worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. The UN Global Compact is a principle-based framework for businesses, stating ten principles in the areas of human rights, labour, the environment and anti-corruption. The Ten Principles of the United Nations Global Compact are derived from: the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.
- ESG Risk Scores - ESG risk scores measure a company's exposure to material industry-specific ESG risks and how the company manages those risks. This multi-dimensional way of measuring ESG risk combines the concepts of management and exposure to arrive at an absolute assessment of ESG risk.
- Scope 1 GHG Emissions- Scope 1 emissions emanate from a company's internal operations, including on-site energy production, vehicle fleets, manufacturing operations, and waste.
- Scope 2 GHG emissions- Scope 2 emissions are indirect emissions generated by the production of energy used by the company.

On the Sovereign side:

- *Absence of companies that do not meet the criteria defined in the Management Company's Exclusion List and that are deemed incompatible with E/S promotion (i.e. countries listed on ABN AMRO Sanctions List, ratification of the Treaty of the Non-Proliferation of nuclear weapons, ratification of the Paris Agreement, ratification of the ILO Conventions 182 on the Worst Forms of Child Labour)*
- *Country Risk Scores- The Country Risk Scores measure the risk to a country's long-term prosperity and economic development by assessing how sustainably it is managing its wealth.*
- *Government emissions*

- ***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?***

Not Applicable

- ***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?***

Not Applicable

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

Not Applicable

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

Not Applicable

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.

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.



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

- ☒ Yes, the Sub-Fund considers principal adverse impacts (PAI) as part of the investment decision making process. More specifically, on the corporate side, the Sub-Fund strives to minimize two PAIs by excluding **(i)** United Nations Global Compact non-compliant companies and **(ii)** controversial weapons. On the sovereign side, the Sub-Fund strives to minimize one PAI by excluding countries under international sanctions due to social violations. The Sub-Fund also strives to minimize part of the GHG intensity PAI (i.e., table 1, PAI 15) by excluding countries that have not signed the Paris Agreement.

The above principal adverse impacts are considered at product level through the exclusion policy.

Further information on principal adverse impacts will be provided in an annex to the Sub-Fund's annual report.

☐ No



What investment strategy does this financial product follow?

The Sub-Fund aims to provide medium term capital growth with a diversified and actively managed portfolio of sustainable emerging market bonds. The Sub-Fund is actively managed through a top-down and bottom-up research with a strong focus on ESG research. The portfolio will be composed of issuers that are either leading in ESG practices or attractive due to their progression in ESG.

For emerging market corporate debt, an ESG review is included in credit underwriting process of each investment. Through a proprietary research, the external investment manager provides all companies held in portfolio with an internal quantitative rating. All such analysis then ultimately feeds into the analyst view of the credit, and allows them to conduct the broadest possible analysis of each underlying credit. An ESG score between 1 (Excellent) to 5 (Unfavourable) is assigned in the credit analysis and portfolio management system to the issuers that captures both the current ESG performance relative to peers as well as the outlook, which rates the momentum of the entity's ESG efforts (outlook: 1, improving; 2, stable and 3, deteriorating); the final score will result in two components : ESG score/outlook score.

The approach to country analysis begins with an analysis of high-level ESG factors; governance, institutions, transparency, policy framework and credibility. As key determinants of sovereigns' financial performance, fiscal and external deficits, public and external debt, and external liquidity, and the sustainability, or lack thereof, of that performance. The external investment manager then incorporates a mix of quantitative and qualitative analysis, leading to an overall assessment of ESG factors in the context of a country's policy framework and decision-making. Credibility and quality of a country's policy framework are pivotal to investment decisions, as the external investment manager believes they are key to determining a country's ability to withstand uncertainty and shocks,

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

whether external, internal, political or economic, as well as environmental challenges. The analysis will result in a ESG score between 1 (Excellent) to 5 (Unfavourable) with a trend additional score (trend: 1, improving; 2, stable and 3, deteriorating); the final score will result in two components : ESG score/trend score. The external investment manager will not consider scores over 4/2 eligible for investment; the external investment manager will then perform further analysis to consider the valuation of these issuers and the appropriate time to purchase in consideration of the Fund's financial objective.

Methodological limitations can be assessed in terms of: nature of ESG information (quantification of qualitative data), ESG coverage (some data are not available for certain issuers) and homogeneity of ESG data (methodological differences).

● **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 binding elements of the investment strategy are:

- The Management Company's exclusions list as defined in the following table:

<i>Company Exclusions based on International Standards and Policies</i>	<i>Exclusion Criteria</i>
<i>Companies non-compliant with the UN Global Compact's Principles</i>	No
<i>Companies listed on ABN AMRO Investment Exclusion List (IEL)</i>	No
<i>Companies listed on AAIS Good Governance Blacklist</i>	No
<i>Company Exclusions based on Revenue Thresholds</i>	
<i>Adult Entertainment Production</i>	>5%
<i>Controversial Weapons direct ownership</i>	No
<i>Controversial Weapons indirect ownership Involvement</i>	>10%
<i>Military Contracting Weapons</i>	>0%
<i>Military Contracting Weapons related products and /or services</i>	>5%
<i>Small Arms</i>	>0%
<i>Fur and specialty leather production</i>	>5%
<i>Unconventional fossil fuels (Arctic oil & gas exploration, oil sands and shale energy extraction methods)</i>	Combined Revenues >5%
<i>Thermal Coal Extraction</i>	>5%
<i>Thermal Coal Power Generation</i>	>10%
<i>Cannabis (recreational purposes)</i>	>5%
<i>Gambling</i>	>5%
<i>Genetically Modified Organisms</i>	>5%
<i>Tobacco Producing Companies</i>	>0%
<i>Tobacco Products Related Products/Services</i>	>5%
<i>Tobacco Products Retail and/or Distribution</i>	>50%
<i>Government Exclusions based on Norms and Policies</i>	
<i>Countries listed on ABN AMRO Sanctions List</i>	No
<i>Ratification Treaty of the Non-Proliferation of nuclear weapons (NPT)</i>	Yes
<i>Ratification Paris Agreement</i>	Yes
<i>Ratification ILO Conventions 182 on the Worst Forms of Child Labour</i>	Yes

The table above is a non-exhaustive set of exclusions which may evolve over time (with no prior notice).

- The Sub-Fund will not invest in companies that do not pass the external investment manager ESG suitability analysis. As part of its ESG inclusion screening and based on its own methodology and scoring systems, the External Investment Manager will consider for investment only issuers, on corporate and Sovereign sides, with a minimum overall ESG score of 4 and a minimum trend score of 2.

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

After implementation of the investment policy described above, the committed minimum rate to reduce the scope of investment is 20 %.

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

- As part of its “Good Governance Policy”, the Management Company of the Sub-Fund determines if a company does not follow good governance practices. Companies that do not follow good governance practices are excluded from the initial investment universe of the Sub-Fund. The data source used for all below mentioned criteria and to define the pass/fail good governance test of the Management Company is Sustainalytics.

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

SFDR Component	Indicator	Exclusion Criteria	Description
Sound Management Structure	UN Global Compact - Principle 10	Watchlist and Non-Compliant status	Principle 10 of the UN Global Compact is related to anti-bribery and corruption and states businesses should work against corruption in all its forms, including extortion and bribery.
	Governance controversy assessment	High & Severe Levels (equivalent to levels 4/5 and 5/5)	As part of the controversy assessment, the following topics are included: accounting irregularities, bribery and corruption, anti-competitive practices, sanctions as well as board composition.
Employee Relations	UN Global Compact – Principles 3, 4, 5 and 6	Watchlist and Non-Compliant status	Principle 3, 4, 5 and 6 of the UN Global Compact are related to labour conditions. The principles state that businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced and compulsory labour; the effective abolition of child labour; and the elimination of discrimination in respect of employment and occupation.
	Social Controversy Assessment	High & Severe Levels (equivalent to levels 4/5 and 5/5)	As part of the controversy assessment, the following topics are included: freedom of association, child/forced labour, health and safety, community relations, respect of human rights, labour standards, discrimination and harassment.
Tax Compliance	Governance Controversy Assessment	High & Severe Levels (equivalent to levels 4/5 and 5/5)	As part of the controversy assessment, taxes avoidance and evasion are taken into consideration.

Remuneration of Staff	Governance Controversy Assessment	High & Severe Levels (equivalent to levels 4/5 and 5/5)	As part of the controversy assessment, remuneration is taken into consideration
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- The external investment manager's ESG methodology incorporates an assessment of a company's governance practices. In summary, companies are assessed against a range of factors, which include but are not limited to sound management structures, employee relations, remuneration of staff, tax compliance, board diversity and credibility of auditing arrangements.

The good governance requirements outlined in the SFDR are only applicable to investments in companies. Nonetheless, the external investment manager has in place a good governance methodology when it comes to consider emerging markets state-owned companies, sovereign agencies and sovereigns.



What is the asset allocation planned for this financial product?

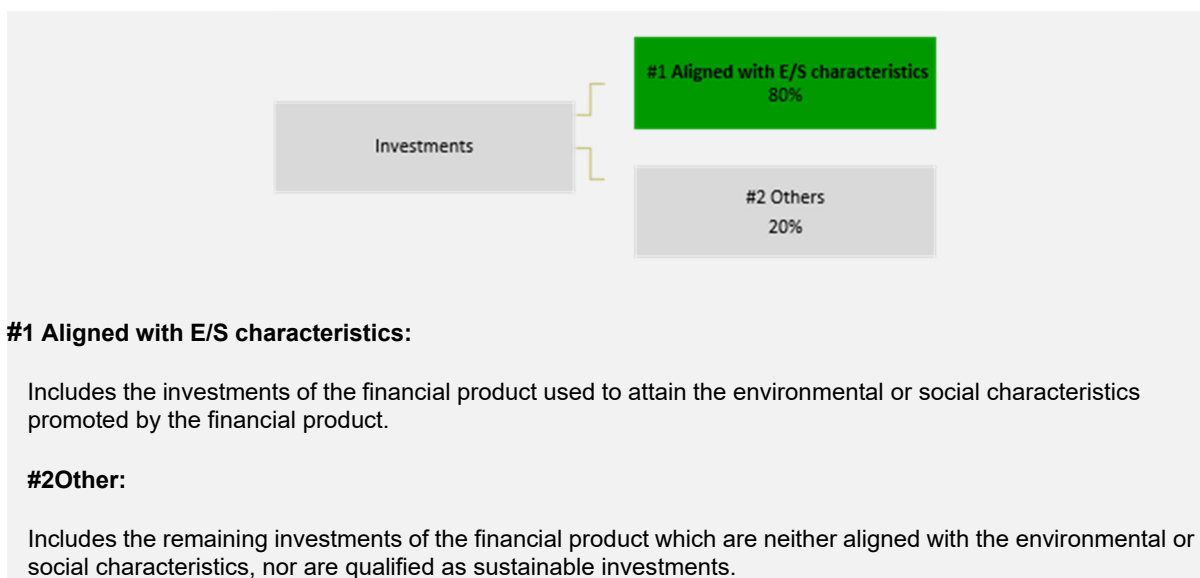
The Sub-Fund invests at least 80% of its net assets in assets that have been determined as "eligible" as per the ESG process in place (hence in investments that are aligned with the promoted environmental and social characteristics (#1 Aligned with E/S characteristics).

Up to 20% of the investments are not aligned with these characteristics (#2 Other). "Other" includes derivatives, bank deposits at sight, including cash held in current accounts with a bank accessible at any time. These are used for Investment, hedging and efficient management portfolio purposes. There are no minimum environmental or social safeguards associated with these investments. A more detailed description of the specific asset allocation of this Sub-Fund can be found in the prospectus.

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

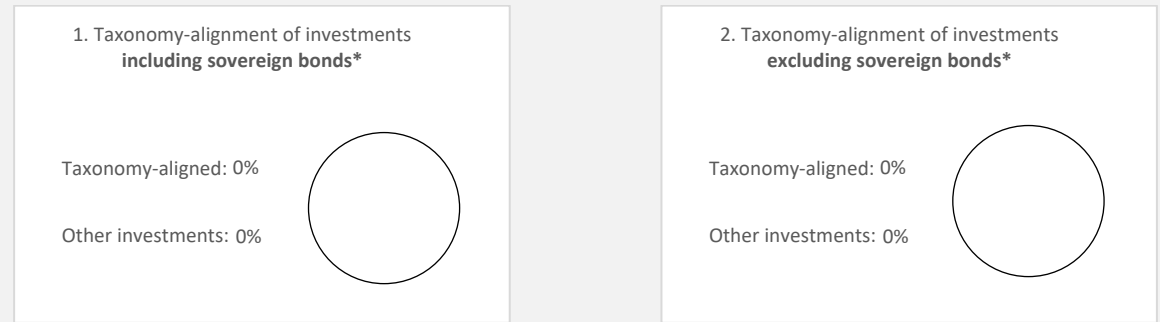
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities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



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

Not Applicable

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

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



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

Not Applicable.

- **What is the minimum share of investments in transitional and enabling activities?**

The Sub-Fund does not have a minimum share of investments in transitional and enabling activities (i.e., 0%), as it does not commit to a minimum proportion of environmentally sustainable investments aligned with the EU Taxonomy.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Not Applicable



What is the minimum share of socially sustainable investments?

Not Applicable



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

“#2 Other” includes derivatives, bank deposits at sight, including cash held in current accounts with a bank accessible at any time. These are used for investment, hedging and efficient management portfolio purposes. There are no minimum environmental or social safeguards associated with these investments. A more detailed description of the specific asset allocation of this Sub-Fund can be found in the prospectus.



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?

No specific ESG-related index has been designated for this Sub-Fund.

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

Not Applicable

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

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

Not Applicable

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

Not Applicable

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

Not Applicable



Where can I find more product specific information online?

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

- *ABN AMRO Investment Solution's Sustainable Investment Policy:*

<https://www.abnamroinvestmentsolutions.com/en/socially-responsible-investment-abn-amro-investment-solutions/sustainability-related-disclosures.html>

- *Documents of the Sub-Fund:*

<https://www.abnamroinvestmentsolutions.com/en/fund-range/fund-range.html>