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.

Pre-contractual disclosure 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: East Capital Global Emerging Markets Sustainable **Legal entity identifier:** 529900609YNDB7MU5442

Sustainable investment objective

Does this financial product have a sustainable investment objective?

☒ **Yes**	☐ **No**
☒ It will make a minimum of **sustainable investments with an environmental objective: 10%**	☐ 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
☐ 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: 10%**	☐ 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's objectives are long-term capital growth and positive contribution to the UN's Sustainable Development Goals (SDGs) through exposure to companies in emerging markets.

The Sub-Fund's underlying philosophy is that all companies can and should have such positive contribution to SDGs outcomes across their value chains, even if the revenue alignment is not fully obvious. Hence, the Investment Manager has created a proprietary SDG Value Chain Assessment Tool ("the SDG VCA Tool") that identifies the two SDGs that are most material to a company's value chain and looks at metrics created by the Sustainable Accounting Standard Board (now part of IFRS Foundation) as well as revenue alignment to assess how a company's activities impact those SDGs. This is done on a current and forward-looking basis.

In order to be classified as having a positive impact, the Investment Manager requires that:

1. The company's products or services clearly contribute to SDG outcomes, e.g., production of wafers for solar panels or a significant proportion of lending to underbanked communities; and/or
2. The company's value chain is being managed in a way that has clear positive impacts on SDG outcomes, e.g., a large proportion of renewable energy for power supply, lower water withdrawal intensity than peers, or clear commitments to using only certified palm oil in any products.

The Investment Manager's assessment is that the SDGs outcomes are broadly evenly split between environmental and social objectives, as follows. This ensures that the Sub-Fund addresses both social and environmental objectives, which is described in more detail in the section about the Sub-Fund's asset allocation.

	SDG	Environmental or social objective
1	No poverty	Social
2	Zero hunger	Social
3	Good health	Social
4	Quality education	Social
5	Gender equality	Social
6	Clean water	Environment
7	Clean energy	Environment
8	Decent work	Social
9	Industry innovation	Social
10	Reduced inequalities	Social
11	Sustainable cities	Environment
12	Responsible consumption & production	Environment
13	Climate action	Environment
14	Life below water	Environment
15	Life on land	Environment
16	Peace institutions	Social

The Tool uses a simple five-point rating system: strong positive impact, weak positive impact, neutral impact, weak negative impact, strong negative impact. Impact is assessed using the four principles identified below:

Principle	Question
Materiality	Are the impact categories material to the company's business?
Intentionality	Does the company intend to have a positive impact through its products or services?

Principle	Question
Additionality	Does the service/product offer a tangible sustainability benefit that would not have otherwise occurred, i.e., does the company go beyond industry norms?
Criticality	Is the product or service critical to accomplishing a particular sustainability aim?

Activities meeting one or two of these principles would be given a weak positive impact rating, whereas those meeting three or four would get a strong positive impact rating. As part of the Sub-Fund's processes to ensure no significant harm, the Tool also considers whether the company's activities are significantly misaligned with any of the SDGs.

As such, the VCA Tool produces a score from -100 to +100. The score is a simple average of the current impact and expected impact over the next three to five years for the two material SDGS. For each of these four parts of the tool, 100 is given for strong positive impact, 50 for weak positive impact, zero is given for neutral impacts, -50 for weak negative impact and -100 for strong negative impact.

The Sub-Fund will only invest in companies with a score of 25 or over. As such, the Investment Manager considers that all holdings drive net positive SDG outcomes across their value chains. The Sub-Fund is also committed to have a total minimum proportion of 90% sustainable investments with an environmental and/or a social objective, as defined in Article 2(17) of Regulation (EU) 2019/2088. More information on sustainable investments is found in the section about the binding elements of the Sub-Fund.

A reference benchmark has not been designated for the purpose of attaining the sustainable investment objective pursued by the Sub-Fund.

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?

Analysts and portfolio managers fill in an ESG Scorecard for each holding in the Sub-Fund. The Scorecard contains over 50 questions related to E, S and G, and covers several sustainability indicators that are used to measure the attainment of the sustainable investment objective of the Sub-Fund, including, among others:

- disclosure according to relevant standards and support for key initiatives such as the Task Force on Climate-related Financial Disclosures (TCFD), CDP, the Sustainability Accounting Standards Board (SASB), the UN Global Compact and the Science Based Targets initiative (SBTi),

- understanding and management of environmental and social risks and opportunities, including sustainability competence at board level, relevant policies and how ESG and sustainability risks are addressed in the value chain,

- support for labour and human rights,

- revenue exposure to the UN's Sustainable Development Goals (SDGs), and

- key corporate governance indicators such as, among others, capital allocation, board composition, auditor tenure, management structures, corruption, cybersecurity, remuneration of staff, and tax compliance.

In addition to the sustainability indicators in the ESG Scorecard, the Sub-Fund uses a proprietary tool called the SDG Value Chain Assessment (VCA). The Tool identifies the two most material SDGs for a given company and requires an assessment of how that company's activities impact these SDGs, both currently and forward-looking. Upon the introduction of the Tool, six companies were removed due to having an unacceptably low SDG VCA score. The SDG VCA Tool is discussed above, in the section about the Sub-Fund's sustainable investment objective.

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

The Investment Manager ensures that sustainable investments do not cause significant harm through the Red Flag Analysis, the norms-based (controversy) screening, and sector-based screening, which are all part of the "Three-Step-Test" for defining sustainable investments. This Test, including its environmental and social safeguards, is described below in the section about binding elements of the investment strategy.

The Red Flag Analysis consists of a set of questions which the Investment Manager deems to be crucial to consider for ensuring that investments do not cause significant harm. The questions are related to corporate governance, ethics, and corruption, and also covers international norms and standards, as well as severe and/or systematic environmental or social controversies. The Investment Manager has introduced one question specifically addressing the Principal Adverse Impact (PAI) indicators, which are outlined in Annex I of Regulation (EU) 2019/2088. In order to assess this, the Investment Manager uses a tool from an external service provider that compares the PAI Indicators for each company with a range of peer companies.

Given the emerging markets context, not all PAI Indicators are available for each company, though the Investment Manager makes best efforts in order to ensure there are no unacceptably high risks of causing significant harm.

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

Indicators for adverse impacts on sustainability factors are included in the proprietary ESG Scorecards, and explicitly the Red Flag Analysis, which is discussed above. This analysis is completed by analysts and portfolio managers and calibrated with the ESG function. The Investment Manager also uses an external provider for norms-based screening. The indicators for adverse impacts on sustainability factors for portfolio holdings are regularly reviewed, and clear outliers are discussed.

On the climate indicators, the Investment Manager has a climate dashboard that shows the carbon intensity (CO2e / USDm of revenue) of every company. These metrics are presented during bimonthly meetings, and any outliers, based on either lack of disclosure or relatively high carbon intensity, are discussed. The assessment of climate indicators might also lead to engagements with companies on behalf of the Sub-Fund.

More information about the consideration of principal adverse impacts on sustainability factors is found in the section on PAI below.

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

As part of the controversy (norms-based) screening, companies are assessed in terms of compliance with international norms and standards. This screening, provided by an external service provider, captures severe, systemic and structural violations of international norms as enshrined by the UN Global Compact Principles. Assessments are underpinned by references to the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, as well as their underlying conventions.

Upon new investment, the Investment Manager checks and confirms the status of the new holding in regard to norms and controversies as part of the Red Flag Analysis. The Sub-Fund's portfolio is also quarterly checked by the Investment Manager's ESG function, which highlights any company that is on the Watchlist or has been become assessed as Non-compliant. The review is based on the results in the norms-based screening, information that has been publicly disclosed by issuers, as well as other relevant information that may have come to the Investment Manager's attention.

The Sub-Fund will not invest in or hold any company that is deemed Non-Compliant with the above described norms and standards.

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 financial product considers principal adverse impacts (PAI) on sustainability factors.

The norms-based (controversy) screening, described above, covers PAI indicators such as: violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises, or lack of processes and compliance mechanisms to monitor compliance with those regulations, and exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons).

Analysts and portfolio managers are responsible for considering PAI indicators when holistically assessing company quality and for answering the PAI-related question in the Red Flag Analysis. In case the PAI indicators are not available, analysts and portfolio managers are expected to make their best efforts to ensure that there are no unacceptably high risks related to principal adverse impacts on sustainability factors. Analyses are done for all companies prior to investment.

In addition to this, PAI consideration is necessary for filling in the Investment Manager's proprietary ESG Scorecards. The ESG Scorecard questions address PAI indicators such as: indicators on GHG emissions and intensity, exposure to the fossil fuel sector, activities negatively affecting biodiversity sensitive areas, deforestation, board gender diversity, and social and employee matters. Analysts and portfolio managers fill in the scorecards, which are thereafter calibrated and discussed with the ESG function to ensure that PAI indicators are sufficiently considered and that any potential outliers are discussed. Scorecards are updated on an annual basis.

Following the requirements of Regulation (EU) 2019/2088, and the information to be disclosed pursuant to Article 11(2) of that Regulation, the information on principal adverse impacts on sustainability factors will be published in the Annual Report referred to in Article 69 of Directive 2009/65/EC in due course and in line with regulatory requirements.

☐ *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.

The Fund aims to achieve long-term capital appreciation and positive impact on the Sustainable Development Goals through exposure to companies in emerging markets. The strategy is based on robust investment process driven by the following seven investment criteria:

1. Access to structural growth
2. Long term competitive position and strong management
3. Strong free cash flow or highly profitable investments
4. Areas where there is difference from consensus
5. Reasonable valuation or significant upside
6. East Capital ESG Score above 70

7. East Capital SDG Value Chain Analysis score greater than or equal to 25

These criteria, complemented with an ‘on-the-ground’ approach, mean that the Sub-Fund has a high active share (typically above 70%) and significant proportion of off-benchmark stocks. The Investment Manager incorporates a strong top-down lens (i.e., analysing top-down factors that may cause a stock to underperform despite strong fundamentals), a consensus-based decision-making process, and a dynamic allocation approach to reduce the impact of bias on investment decisions and sell down positions in which the Investment Manager no longer has high conviction.
The robust ESG integration at all stages of the process helps to create a high-quality portfolio with relatively lower risks than the market average and to identify areas with strong structural growth. The Investment Manager aims to be broadly country neutral and has a maximum relative weight of 4% per company.

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

The sustainable investment objective is integrated into all stages of the investment process, with the following binding elements:

1. *Controversy (norms-based) and sector-based screening*

When selecting themes or potential names to invest into, the Investment Manager first excludes sectors that are deemed to have an unacceptably high risk of causing significant harm to the environmental or social objectives of the Sub-Fund; this includes any companies with >5% of revenues from fossil fuels, weapons, tobacco, gambling, pornography and alcohol. Companies considered in breach of the UN Global Compact principles and other international norms are also screened out in the norms-based screening, as discussed above. Also, no investments are made in companies that have more than 3 Red Flags in the Red Flag Analysis. In terms of investment ideas and themes, the Investment Manager looks for alignment with the UN SDGs, for example energy storage, inclusive finance or healthcare.

2. *SDG VCA Tool Score of at least 25*

When the Investment Manager has identified potential investment ideas, different sustainability aspects are discussed and the Sustainable Development Goals (SDG) Value Chain Assessment (VCA) is completed, as outlined in detail above. The score is a simple average of the current and forward-looking impact on the SDGs. The Sub-Fund will invest in companies with an SDG VCA Score of at least 25, i.e., in companies that are deemed to contribute positively to the UN SDGs.

3. *Company is classified as sustainable as per the Three-step-test*

In order to attain the sustainable investment objective, the Sub-Fund is committed to have a minimum proportion of 90% sustainable investments with an environmental and/or a social objective.

To be classified as a sustainable investment, i.e., 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, as outlined in Article 2(17) of Regulation (EU) 2019/2088, a company must satisfy all of the following criteria:

East Capital Group's Three-Step-Test for Sustainable Investments	
Step 1: *Contribution to E and/or S*	>60% score in the E and S sections of the ESG scorecard, which includes sustainability indicators and other information related to E and S objectives
Step 2: *No significant harm to E or S*	No Red Flag related to environmental or social issues AND Compliant in controversy (norms-based) screening and in sector-based screening[7]
Step 3: *Good governance practices*	>60% score in the G section of the ESG scorecard, which includes questions related to sound management structures, employee relations, remuneration of staff and tax compliance AND No more than 2 Red Flags related to governance issues

The environmental and social sections in the ESG Scorecard consider how well a company manages any material environmental and social risks and opportunities that it is exposed to. The sections contain specific questions and indicators in key areas such as biodiversity, climate change, water usage, supply chain management, and labour rights. As such, if a company scores >60% in both of these sections, it is considered that the company contributes to relevant environmental and/or social objectives through effective management of risks and opportunities related to those objectives.

4. *Writing to new holdings*

When a new company is added to the portfolio, the Investment Manager will write to the company to set out its sustainability expectations, and will engage with the company on behalf of the Sub-Fund if the company analysis has shown any specific material sustainability risks or opportunities.

[7] The **norms-based screening** captures severe, systemic and structural violations of international norms as enshrined by the UN Global Compact Principles. Assessments are underpinned by references to the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, as well as their underlying conventions.
The **excluded sectors** are: weapons, tobacco, pornography, gambling, alcohol and fossil fuels.

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

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

  Good governance practices of the investee companies are assessed in the Red Flag Analysis, which includes questions on management structures, accounting standards, audit quality, social factors, and tax compliance. In addition, the Investment Manager's proprietary ESG Scorecard is used to assess good governance practices at an even more granular level. The ESG Scorecard's Governance section contains 40 questions on topics such as capital allocation, board and management structure, and transparency.

  The Investment Manager expects a company in the Sub-Fund's portfolio to have an overall ESG score of >70%. If that is not the case, a specific engagement with the company will be pursued, with an expectation to see a positive momentum.

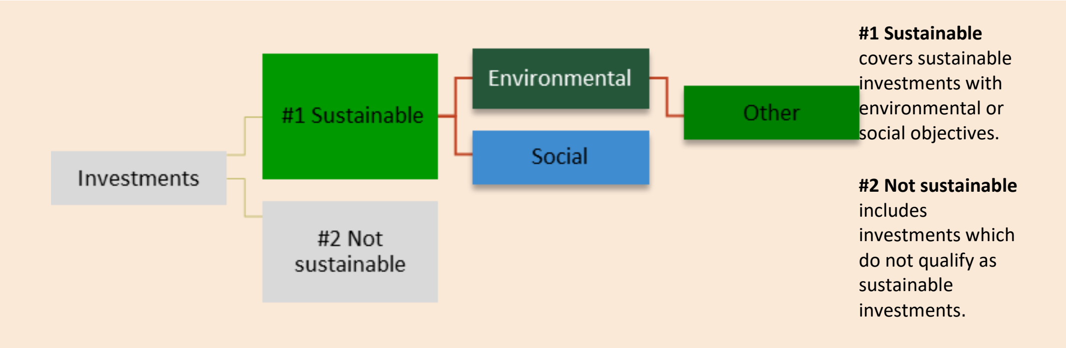
What is the asset allocation and the minimum share of sustainable investments?

Asset allocation describes the share of investments in specific assets.

The Sub-Fund's objectives are long-term capital growth and positive contribution to the UN's Sustainable Development Goals (SDGs) through exposure to companies in emerging markets. As such, a minimum proportion of 90% of total investments are classified as sustainable in the Investment Manager's "Three-Step-Test" (outlined in the section above about binding elements of the investment strategy). Furthermore, for this Sub-Fund, all companies will score 25 or above in the SDG VCA tool.

The Investment Manager strives to make sustainable investments with both environmental and social objectives, since the UN SDGs address both of these factors and it is believed that both environmental and social characteristics must be promoted in order to achieve long term sustainable development.

The purpose and minimum safeguards of other investments are described in detail in the section about investments classified as "#2 Other" below.



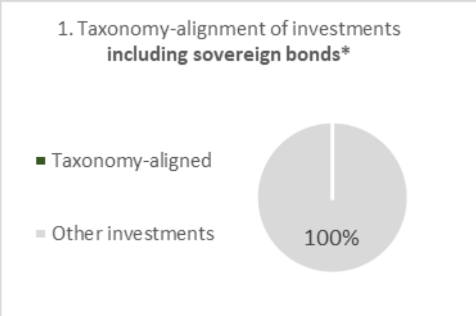
How does the use of derivatives attain the sustainable investment objective?

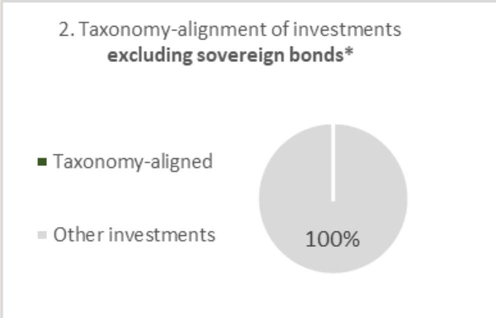
The Sub-Fund does not use derivatives to attain the sustainable investment objective.

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 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*

The EU Taxonomy is a classification system, the purpose of which is to establish common criteria for environmentally sustainable economic activities. According to EU regulations, financial market participants should disclose the proportion of investments that are Taxonomy-aligned. However, the Taxonomy is currently under development, and the criteria for all the environmental objectives have not yet been implemented. Further, there is not yet any clearly established model and/or standard for how to calculate the proportion of Taxonomy-aligned investments. Lastly, company disclosure related to the EU Taxonomy has yet to become widespread. Therefore, as of now, the Sub-Fund is committed to 0% as the minimum proportion of investments that are aligned with the EU Taxonomy for environmentally sustainable investments.
The Investment Manager follows the development and implementation of the EU Taxonomy closely, and will reassess this decision once all the criteria for the environmental objectives have been implemented and companies' Taxonomy disclosures have become more widespread. Having said this, it is expected that a significant proportion of the investments in the Sub-Fund will eventually be Taxonomy-aligned.

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.

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

As the minimum share of investments in Taxonomy-aligned activities is 0%, the Investment Manager will likewise commit to 0% as the minimum

proportion of investments in transitional and enabling activities, respectively.
The Investment Manager notes that the ESG momentum scores in the proprietary Scorecards (assessments of how a company is expected to develop in the next 1-3 years), accompanied by the conviction of the Investment Manager that active ownership efforts and investments in transition companies contribute to the overall environmental and social objectives of the Sub-Fund, are in the spirit of the notion of transitional activities in the EU Taxonomy.

are environmentally sustainable investments 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?

For reasons outlined above, the minimum proportion of investments in economic activities that are defined as environmentally sustainable according to the EU Environmental Taxonomy is 0%. The disclosure is therefore only focused on investments in environmental economic activities that are sustainable according to Article 2(17) in Regulation (EU) 2019/2088.

The Sub-Fund will invest at least 10% in sustainable investments with an environmental objective that are not aligned to the EU Taxonomy. Subject to this minimum, the Sub-Fund may flexibly allocate between the different types of sustainable investments based on availability and attractiveness of investment opportunities, whilst keeping the aggregate allocation to sustainable investments with environmental and/or social objectives to a minimum of 90%.

Whether a company has an environmental or a social objective is determined partly by considering the company’s E and S scores in the Investment Manager’s proprietary ESG Scorecard, and partly by identifying which SDG that is most relevant and material for the company in the SDG VCA Tool.

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

The Sub-Fund will invest at least 10% in sustainable investments with a social objective. Subject to this minimum, the Sub-Fund may flexibly allocate between the different types of sustainable investments based on availability and attractiveness of investment opportunities, whilst keeping the aggregate allocation to sustainable investments with environmental and/or social objectives to a minimum of 90%.

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

The purpose of the Sub-Fund’s investments included under "#2 Not sustainable" is to hold necessary ancillary liquidity, in accordance with guidance from the European Commission (SFDR EC Q&A 14/07/21). The Investment Manager is of the opinion that these investments do not hinder the Sub-Fund from delivering on its sustainable investment objectives on a continuous basis.

The Investment Manager has several tools for ensuring minimum environmental or social safeguards for all investments. For example, no investments will be made into certain sectors, and no investments will be made into holdings deemed Non-Compliant in the norms-based screening. In addition to the screening done for each company prior to investment, the portfolio is screened quarterly and all Watchlisted companies are highlighted.

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

No specific index has been designated as a reference benchmark for the purpose of attaining environmental or social characteristics.

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

- ***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?***

  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 website:
www.eastcapital.com

Further information is also found in the Annual Sustainable Investment Report.

For specific questions regarding this disclosure, the East Capital Group ESG function can be contacted at esg@eastcapital.com.