



Brussels, 6.4.2022
C(2022) 1931 final

ANNEX 4

ANNEX

to the

Commission Delegated Regulation (EU) .../...

supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of ‘do no significant harm’, specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports

ANNEX IV

Template periodic 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

Product name: Optimum Ethical

Legal entity identifier: NA

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

Yes

It made **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 made **sustainable investments with a social objective:** ___%

No

It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 80% 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 promoted E/S characteristics, but **did not make any sustainable investments**

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.



To what extent were the environmental and/or social characteristics promoted by this financial product met?

The portfolio promoted the following environmental and social characteristics:

1. Environmental
 - a. the reduction of thermal coal generation and extraction;
 - b. the reduction of overall portfolio carbon intensity
2. Social
 - a. Universal human rights;
 - b. Reduction of exposure to controversial weapons
 - c. Reduction of consumption of tobacco
3. good governance practices

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

● **How did the sustainability indicators perform?**

<i>Indicator</i>	<i>Performance 2025</i>	<i>Performance 2024</i>
<i>% of portfolio revenue generated from thermal coal generation & extraction.</i>	<i>0.1%</i>	<i>0.1%</i>
<i>Overall portfolio carbon intensity (Fund SFDR Carbon Footprint (tons CO2e / EUR million Invested)</i>	<i>50 (tons CO2e/ EUR million invested)</i>	<i>96 (tons CO2e/ EUR million invested)</i>
<i>Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises</i>	<i>0</i>	<i>0</i>
<i>Percent of portfolio with revenue from Tobacco</i>	<i>0%</i>	<i>0%</i>
<i>Percent of portfolio with revenue from Gambling</i>	<i>0%</i>	<i>0%</i>
<i>Percent of portfolio with revenue from Adult Entertainment</i>	<i>0%</i>	<i>0%</i>
<i>Percent of portfolio with revenue from Controversial Weapons</i>	<i>0%</i>	<i>0%</i>

● **...and compared to previous periods?**

There was a reduction in overall portfolio carbon intensity no other change to the other sustainability indicators.

● **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?**

The Portfolio had a minimum proportion of 10% of sustainable investments composed of investments with an environmental or social objective in economic activities that are classified as sustainable within the meaning of Article 2(17) of the Disclosure Regulation.

The Portfolio's sustainable investments were measured two ways: (1) by deriving sustainable investment from a fund prospectus where a product is classified as Article 9 of the SFDR, and (2) by aligning with MSCI ESG Research's definition of sustainable investments which consider three criteria in determining what qualifies as a 'sustainable investment', namely whether each issuer:

- *abides by the Do No Significant Harm principles;*
- *practices good governance; and*
- *contributes to the achievement of at least one of the following objectives:*
 - *mitigating climate change and transitioning to a low carbon economy: the issuer must have an emission reduction target approved by the Science Based Target Initiative (SBTI);*
 - *financing economic activities from issuers that generate at least 20% of their revenues providing a significant sustainable impact solutions in the areas highlighted below.*

Regarding impact solutions mentioned at (ii) above, investments are classified as having a significant “sustainable impact” if 20% of their revenue contributes to one or multiple of the following objectives:

Climate change mitigation and energy efficiency:

Alternative Energy

Carbon & Energy Efficiency

Green Building

Climate Adaptation

Natural Capital:

Sustainable Water

Pollution Prevention

Sustainable Agriculture

Basic Needs:

Nutrition

Major Diseases Treatment

Sanitation

Affordable Real Estate

Empowerment:

- a. SME Finance*
- b. Education*
- c. Bridging the Digital Divide*

These sustainable impact metrics align with the 17 United Nations Sustainable Development Goals. Revenues in these areas are considered to provide products and services that are consistent with the 17 United Nations Sustainable Development Goals. Sustainable impact data from MSCI ESG Research is used to measure these impacts. The contribution to meeting

these objectives will be assessed by the Portfolio Manager and monitored on an ongoing basis. For further information on criteria methodology, please visit MSCI ESG Research.

In the investment process, the Portfolio Manager's consideration of these indicators is based on a positive list of funds that meet the above key indicators and have a track record in addressing environmental and/or social objectives. Information from MSCI ESG Research for the individual key indicators is used as the basis for this positive list and is kept under review to ensure that the Portfolio's sustainable investments continue to contribute to these objectives.

Although the Portfolio does not commit to a minimum proportion of Taxonomy alignment, from time to time, the Portfolio invested in sustainable investments that contribute to any one (or more) of the environmental objectives identified in Article 9 of the Taxonomy Regulation (Regulation (EU) 2020/852), namely:

- *climate change mitigation;*
- *climate change adaptation;*
- *the sustainable use and protection of water and marine resources;*
- *the transition to a circular economy;*
- *pollution prevention and control; and*
- *the protection and restoration of biodiversity and ecosystems.*

● ***How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?***

The Portfolio ensured that in the selection of sustainable investments, none of the environmental and social objectives listed in Article 2(17) of the Disclosure Regulation or of the environmental objectives included in Article 9 of Regulation (EU) 2020/852 are significantly harmed. Significant harm exists in particular in the case of severe impacts on the adverse sustainability indicators or the breach of the minimum level of protection set out in Article 18 of Regulation (EU) 2020/852.

The Portfolio ensured that sustainable investments within its portfolio do not cause any significant harm in two ways by reviewing the pre-contractual disclosure of Article 9 funds under the SFDR and investing only in those securities which have met MSCI ESG Research's screening test criteria. This screening process undertaken by MSCI ESG Research includes ensuring an investment does not have ties to controversial weapons, significant revenue from thermal coal, are tobacco producers, have minimal revenues derived from tobacco, and have not been flagged for any severe or very severe ESG controversies. This screening process undertaken by MSCI ESG Research includes ensuring an investment does not have ties to controversial weapons, significant revenue from thermal coal, are tobacco producers, have minimal revenues derived from tobacco, and have not been flagged for any severe or very severe ESG controversies.

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.

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

In selecting sustainable investments for the Portfolio, the Portfolio Manager reviewed the pre-contractual disclosure of Article 9 funds under the SFDR and/or engages with a third-party data provider and the indicators of adverse impact on sustainability factors as applied by MSCI ESG Research are used to determine significant harm. Criteria for a severe impact are defined for the environmental and social indicators listed below. Investments that do not meet the MSCI ESG Research's defined ambition levels for each of these indicators cannot be classified as sustainable investments. In the absence of relevant data, classification of an investment as a sustainable investment is not possible.

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

Yes, sustainable investments were aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This screen is part of the criteria used by MSCI's definition of sustainable investment. Please see section above regarding the Do No Significant Harm criteria. The manager also considers these criteria by reviewing the pre-contractual disclosure of Article 9 funds in the Portfolio.



How did this financial product consider principal adverse impacts on sustainability factors?

Not applicable, the fund does not consider principal adverse impacts on sustainability factors.



What were the top investments of this financial product?

Largest Investments	Sector	% Assets	Country
JPM Gbl RsrchEnhIdx Eq SRI PA Atv UCITS ETF USDA	ETF	14.50%	Ireland
Wellington Global Impact Bond EUR S AcH	Fund	14.01%	Ireland
JPM Carbon Transition Gbl Eq CTB UCITS ETF USD A	ETF	13.49%	Ireland
Franklin Sustainable Euro Green Sov UCITS ETF	ETF	9.80%	Ireland
JPM Global Rsrch Enh Idx Eqty Actv UCITS ETF USD A	ETF	5.71%	Ireland
Amundi MSCI Eu SRI CI Paris Aligned UCITS ETF DR A	ETF	4.91%	Ireland
Invesco Global Active ESG Equity UCITS ETF Acc	ETF	4.26%	Ireland
L&G Clean Water UCITS ETF USD Acc	ETF	4.19%	Ireland

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference

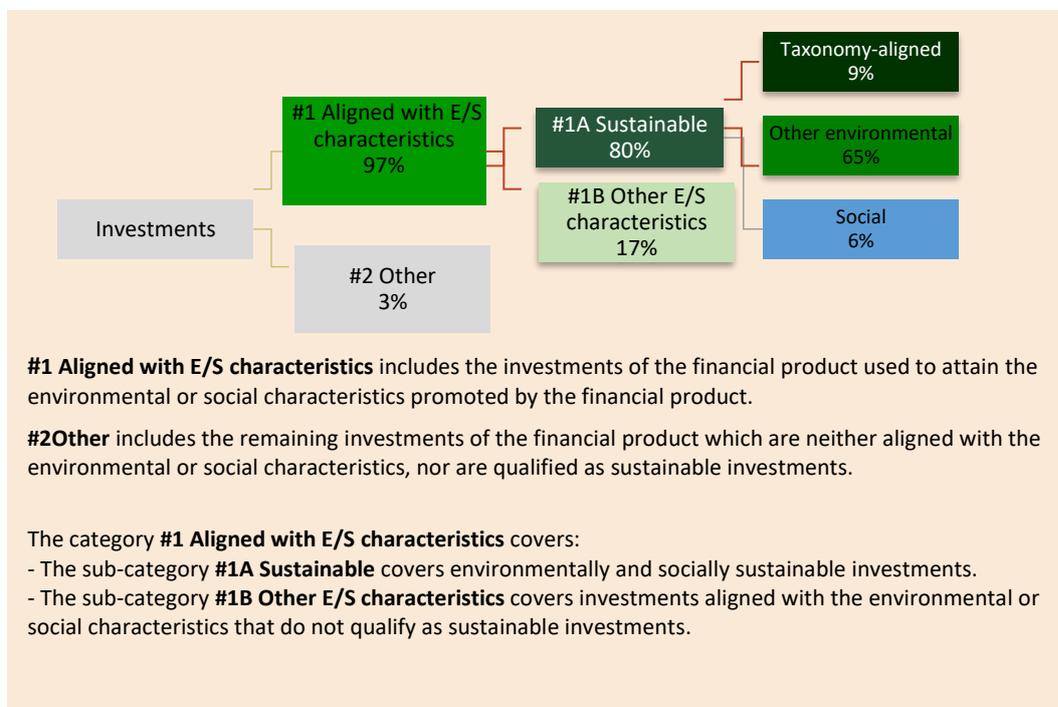
<i>Fidelity GI Corp Bd Rs Enh PAB UCITS ETF Inc USD</i>	<i>ETF</i>	<i>3.95%</i>	<i>Ireland</i>
<i>Amundi Euro Government Green Bond UCITS ETF Acc</i>	<i>ETF</i>	<i>3.86%</i>	<i>Ireland</i>
<i>cash</i>	<i>n/a</i>	<i>3.34%</i>	<i>n/a</i>
<i>Rize Global Sust Infrastructure UCITS ETF USD Dist</i>	<i>ETF</i>	<i>3.31%</i>	<i>Ireland</i>
<i>UBS Core MSCI EMU UCITS ETF EUR acc</i>	<i>ETF</i>	<i>3.00%</i>	<i>Ireland</i>
<i>Green Effects - NAI Werte Fonds</i>	<i>Fund</i>	<i>2.52%</i>	<i>Ireland</i>
<i>Fidelity GI HY Crp Bd Rs Enh PAB UCITS ETF Inc USD</i>	<i>ETF</i>	<i>1.75%</i>	<i>Ireland</i>



What was the proportion of sustainability-related investment?

● What was the asset allocation?

Asset allocation describes the share of investments in specific assets.





In which economic sectors were the investments made?

<i>Financials</i>	<i>14.91%</i>
<i>Information Technology</i>	<i>13.26%</i>
<i>Industrials</i>	<i>10.35%</i>
<i>Health Care</i>	<i>6.73%</i>
<i>Utilities</i>	<i>3.25%</i>
<i>Consumer Discretionary</i>	<i>5.63%</i>
<i>Communication Services</i>	<i>5.20%</i>
<i>Consumer Staples</i>	<i>2.43%</i>
<i>Materials</i>	<i>2.69%</i>
<i>Energy</i>	<i>0.55%</i>
<i>Real Estate</i>	<i>2.80%</i>
<i>Sovereign</i>	<i>28.59%</i>
<i>Cash</i>	<i>3.52%</i>

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 Union criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the Union criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the Union criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

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.

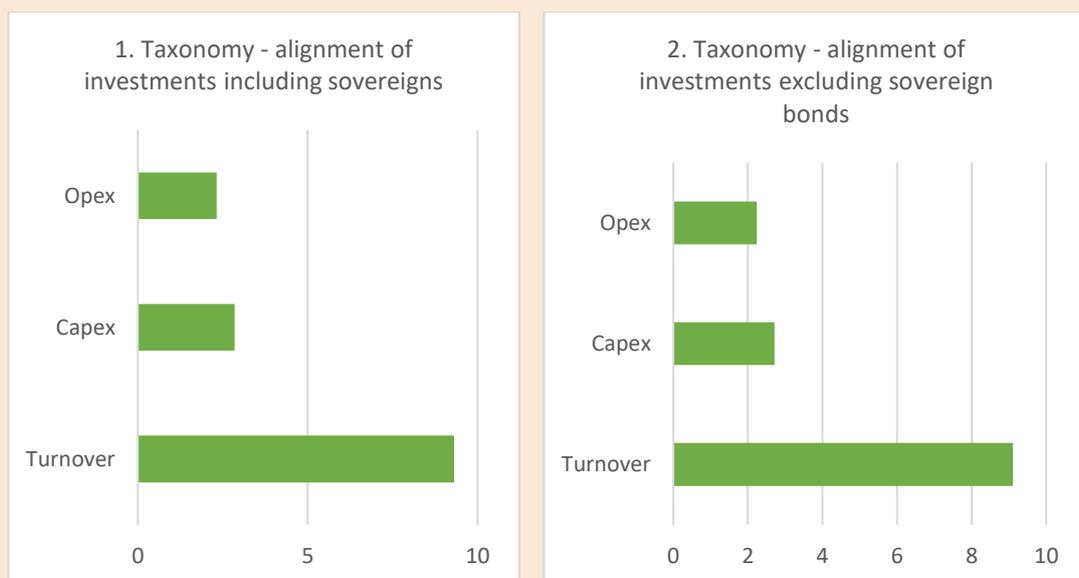
Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflects the “greenness” of investee companies today.
- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.

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

The Fund reports EU taxonomy alignment using reported data by companies and as an estimation from third party data provider. This approach uses the best available data, though it is limited by the reported turnover, CapEx, and OpEx taxonomy disclosures provided by companies. As such, while the estimates offer valuable insights into alignment trends, they should be interpreted with the understanding that data availability and reporting inconsistencies can affect precision.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



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

● What was the share of investments made in transitional and enabling activities?

The portfolio did not commit to investments in transitional and enabling activities

- **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**



Taxonomy alignment has dropped from 12% to 9% when compared to the previous reporting period.

What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?



56%

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.



What was the share of socially sustainable investments?

6%



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?

Investments categorised as other comprised of cash (3%).

What actions have been taken to meet the environmental and/or social characteristics during the reference period?



The investment manager assessed and reviewed the screener to ensure investments that do not meet the promoted environmental and social characteristics are screened out from the investment universe. The assessment of good governance of investee companies was also conducted on an ongoing basis.

Every quarter, the sustainability team undertook an independent review of the fund holdings to ensure the fund continues to meet the environmental and social characteristics promoted.

How did this financial product perform compared to the reference benchmark?

Not applicable, the product does not consider a specific benchmark to determine alignment with environmental or social characteristics.

- **How does the reference benchmark differ from a broad market index?**

Not applicable.

- **How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?**

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

Not applicable.

- ***How did this financial product perform compared with the reference benchmark?***

Not applicable

- ***How did this financial product perform compared with the broad market index?***

Not applicable