

Product name: **INVL Global Sustainable Equity** (hereinafter – “investment basket”)

Legal entity identifier: N/A

**Does this financial product have a sustainable investment objective?**

<p><input checked="" type="checkbox"/> <b>YES</b></p> <p><input checked="" type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: 10%</b> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: 10%</b></p>	<p><input type="checkbox"/> <b>NO</b></p> <p><input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul> <p><input type="checkbox"/> It promotes E/S characteristics but <b>will not make any sustainable investments.</b></p>
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**Has a reference benchmark been designated for the purpose of attaining these characteristics promoted by the financial product?**

<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO
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**I Summary**

Investment basket has sustainable investment as its objective within the meaning of article 9 of the Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial sector. The investment objective of the investment basket is to invest its assets in equity funds (which may represent from 70% to 100% of total assets) and alternative investments (which may represent up to 30% of the assets). Chosen equity funds should represent the performance of an investment strategy that aims to increase the exposure to companies participating in opportunities associated with sustainability and decrease the exposure to companies exposed to risks associated with sustainability. Alternative investment’s objective should still remain sustainable investments (e.g., renewable energy, infrastructure etc.) that directly contribute to climate change mitigation. Additionally, investment basket should invest in equity funds that exclude securities of companies based on their revenues from the manufacture of controversial weapons, tobacco products, thermal coal mining as well as companies which are involved in very severe ESG controversies and in severe Environmental controversies.

**II No significant harm to the sustainable investment objective**

Investment manager and/or analyst checks if selected equity fund ensures that the underlying investments in the investment basket do not significantly harm the sustainable investment objective by monitoring of ESG controversies and on the mandatory indicators of principal adverse impacts specified in the European level-2 regulatory technical standards. Alternative investments are screened against areas that could significantly harm the investment basket sustainable investment objective.

**III Sustainable investment objective of the financial product**

- What is the sustainable investment objective of this financial product?

Regarding the investment basket, the objective of the asset manager is to invest in equity funds that are considered to be above average in terms of sustainable economic criteria (the funds disclose information according to article 9 of SFDR). The funds focus mostly will be on securities that contribute to the fulfilment of major sustainability goals (mostly that equity fund applies a thematic investment strategy with a focus on climate, sustainable cities, sustainable consumption, and empowerment).

In addition to the positive contribution to solutions, ESG (Environmental, Social and Governance) aspects are integrated into the investment decision.

The investment basket may make investments in equity funds with both an environmental and a social objective. There is no prioritization of environmental or social objectives. The investment process accommodates the combination of environmental and social objectives by allowing the flexibility to allocate between these based on availability and attractiveness of investment opportunities, while keeping sustainable **investments with environmental and/or social objectives to an overall minimum of 80 percent (minimum 10% with an environmental objective; minimum 10% with social objective; remaining 60% combination of environmental and social or either environmental or social).**

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

Investment basket uses indicators, reported by equity fund provider and alternative investment manager, to evaluate the attainment of the sustainable investment object (e.g., CO2e intensity for companies, exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons, and biological weapons, violations of UN Global Compact principles etc.)

The investment basket integrates sustainability factors into the investment process and investment decisions. Among other things investment basket must be aligned with “INVL Life” internal policies, guidelines and procedures regulating responsible investment and sustainability risk assessment integration. Investment decisions take into account not only financial aspects, but also risks associated with the environment, social and governance (e.g., climate change, human capital, product liability). Investments are monitored from an ESG perspective and portfolio managers together with analysts monitor the news flow on their investment objects.

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

Investment manager and/or analyst checks if selected equity fund ensures that the underlying investments in the investment basket do not significantly harm the sustainable investment objective by monitoring of ESG controversies and on the mandatory indicators of principal adverse impacts specified in the European level-2 regulatory technical standards. Alternative investments are screened against areas that could significantly harm the investment basket sustainable investment objective.

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

Yes, indicators for adverse impacts on sustainability factors are used in order to evaluate the attainment of sustainable objective and evaluate if sustainable investments do not cause any significant harm.

No

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

Investment basket uses indicators, reported by equity fund provider and alternative investment manager, in order to evaluate the attainment of the sustainable investment objective. Investment basket invests in equity funds which ensure as causing significant harm on the basis of PAIs are not included in sustainable investments.

**V Investment strategy**

- What investment strategy does this financial product follow?

Financial product invests in actively managed mutual fund/funds that invest in equities worldwide aligned with Article 9 SFDR sustainability objectives and contribute positively to solving sustainability problems.

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

The investment objective of the investment basket is to invest its assets in equity funds (which may represent from 70% to 100% of total assets) and alternative investments (which may represent up to 30% of the assets). Chosen equity funds should represent the performance of an investment strategy that aims to increase the exposure to companies participating in opportunities associated with transition and decrease the exposure to companies exposed to risks associated with transition. Alternative investment’s objective should still remain sustainable investments (e.g., renewable energy, infrastructure etc.) that directly contribute to climate change mitigation. Additionally, investment basket should invest in equity funds that exclude securities of companies based on their revenues from the manufacture of controversial weapons, tobacco products, thermal coal mining as well as companies which are involved in very severe ESG controversies and in severe Environmental controversies.

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

The Investment basket does not invest directly in companies; therefore, it does not assess the good management practices of individual companies. However, Investment basket manager checks engagement and governance policies and practices of the equity fund providers or alternative asset managers. On fund level, provider applies the evaluation framework, which is designed to be consistent with international norms represented in numerous widely accepted global conventions. Fund managers assess performance, looking for instance where companies are involved in major controversies or have breached the standards set by international bodies. Approach covers environment, human rights & community, labor rights & supply chain, customers, and governance.

**VI Monitoring of the sustainable investment objective**

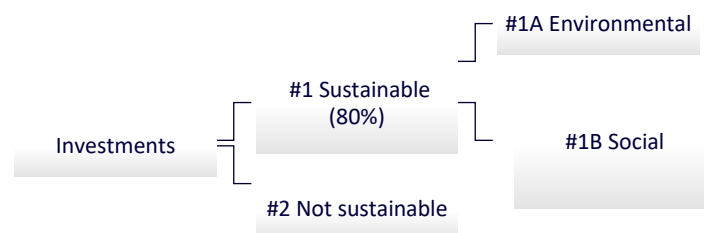
- How are the sustainable investment objective and the sustainability indicators used to measure the attainment of the sustainable investment objective are monitored throughout the lifecycle of the financial product and the related internal/external control mechanisms?

The funds that the Investment Basket is invested in are reviewed regularly (at the very least semi-annually, but the frequency may be higher). However, Investment Basket manager checks the sustainable investment objectives of the equity fund providers or alternative assets managers to see whether their approach, documentation, and financial products themselves align with Article 9 requirements and contribute positively towards sustainable development.

**VII Proportion of investments**

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

The Investment Basket may invest up to 100% in one or several actively managed mutual funds that invest in global equities that have sustainable investment as an objective. Additionally, up to 30% of Investment basket’s assets may be invested in alternative investment funds that directly contribute to sustainability objectives (e.g., renewable energy funds). Minimum share of sustainable investments – 80%. The remaining other investments, which are not sustainable, may include cash for liquidity management purposes.



**#1 Sustainable** covers sustainable investments with environmental or social objectives.

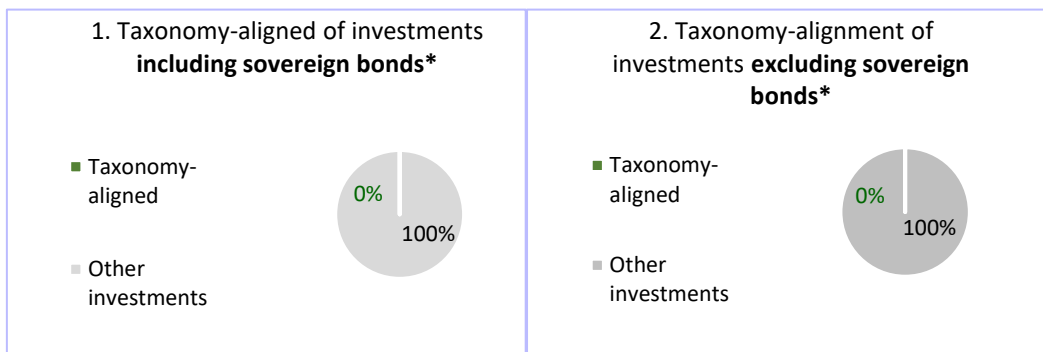
**#2 Not sustainable** includes investments which do not qualify as sustainable investments.

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

The Investment basket does not intend to use hedging or derivatives for investment purposes but may from time-to-time use derivative financial instruments such as futures, options, futures contracts, and swaps (collectively “Derivatives”) to protect the Investment basket from fluctuations of interest rates, currency prices. The Derivatives will not be used as a mean to achieve sustainable investment objective of the Investment basket, but the Investment Basket does consider minimum ESG safeguards, including that the Derivatives must be traded on a regulated market or by private agreement (OTC) entered with first class financial institutions or reputable entities specialized in this type of transactions.

- 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

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

0% of the portfolio.

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

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 10 %.

The equity funds (in which Investment basket invest) investments might be with both an environmental and a social objective. There is no prioritisation of environmental or social objectives. The investment process accommodates the combination of environmental and social objectives by allowing the equity funds flexibility to allocate between these based on availability and attractiveness of investment opportunities, while keeping sustainable investments with environmental and/or social objectives to an overall minimum of 80 %.

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

The minimum share of sustainable investment with a social objective is 10%.

The equity funds (in which Investment basket invest) investments might be with both an environmental and a social objective. There is no prioritisation of environmental or social objectives. The investment process accommodates the combination of environmental and social objectives by allowing the equity funds flexibility to allocate between these based on availability and attractiveness of investment opportunities, while keeping sustainable investments with environmental and/or social objectives to an overall minimum of 80 %.

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

Investments classified as “not sustainable” are all investments included in net assets after the deduction of sustainable investments.

These assets may include any investments covered by the specific investment policy, including derivatives for hedging purposes and cash, and are used to pursue the investment strategy of the investment basket. For these investments, minimum environmental and social safeguards are generally applied, with the exception of derivatives and cash, to which these principles cannot be applied.

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

- How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?

No reference benchmark has been designated for the purpose of attaining the sustainable investment objectives.

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

No reference benchmark has been designated for the purpose of attaining the sustainable investment objectives.

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

No reference benchmark has been designated for the purpose of attaining the sustainable investment objectives.

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

No reference benchmark has been designated for the purpose of attaining the sustainable investment objectives.

**IX Methodologies**

- What the methodologies are used to measure the attainment of the sustainable investment objective and how the sustainability indicators to measure the attainment of that sustainable investment objective?

The investment basket manager (INVL Life) analyses data provided by the selected equity fund managers to ensure the alignment with sustainable investment objectives.

The equity fund manager, in turn, uses a range of data points to measure the attainment of its sustainable investment objectives. It uses data from independent, third-party providers and proprietary qualitative and quantitative research in this process. Sustainability indicators integrated with the investment process are then used to assess the attainment of the sustainable investment objectives.

**X Data sources and processing**

- What data sources were used to attain the sustainable investment objective?

Primarily data is obtained from equity fund providers' webpages, including but not limited to methodology descriptions, fact sheets, prospectuses, reports, and others.

**XI Limitations to methodologies and data**

- What limitations surrounded the described methodologies and data sources (including what actions are taken to address such limitations)?

Limitations of methodologies and ESG data include the lack of consistency, reliability, comparability, and quality of the data available. This is driven by issues including, but not limited to: • Lack of common methodology across providers of ESG ratings; • Lack of standardized reporting by companies; • Different models and analytical tools for unreported data; • Difficult to quantify factors and unverified or unaudited information.

Additional steps are taken by equity fund managers to manage these limitations:

- Various data sources are used;
- Internal research and analysis are carried out;
- Direct investments may use an engagement method.

**XII Due diligence**

Investment basket invests its assets only in equity mutual funds managed by biggest well-known international providers. Quantitative and qualitative analysis is performed when selecting and reviewing equity mutual funds.

- What internal and external controls were in place on that due diligence?

The Investment basket manager assesses sustainable investment objective in several stages:

- Pre-investment due diligence (Investment basket manager conducts equity fund sustainability objective and assessment during the due diligence process to determine whether proposed investments meet required ESG thresholds. Analysis is presented for the Investment Committee which approves the investments into proposed equity funds).
- Holding period (if there is a marked deterioration from sustainability objective, actions will be taken, i.e., where possible manager will look for better suited investments for investment portfolio).

### XIII Engagement policies

The Investment basket does not invest directly in companies; therefore, it does not assess the good management practices of individual companies. However, Investment basket manager checks engagement and governance policies and practices of the equity fund providers or alternative asset managers. In certain circumstances Investment basket manager could reach out to the equity fund providers e.g., if equity fund provider departs from its investment objective.

### XIV Attainment of the sustainable investment objective

The Investment Basket invests in equity mutual funds that have attained Article 9 status.

The funds, in turn, focuses on the following topics (not limited to these topics only): (i) reduction of CO2e intensity in accordance with Article 9(3) SFDR; and (ii) sustainable investment in accordance with Article 9(2) SFDR.

More product-specific information can be found on the [website](#).

Version	Changes	Date
No. 1	Publication by Technical Regulatory Standards	2022-03-22
No. 2	Version No. 1 is supplemented with information required by updated Technical Regulatory Standards	2022-06-30
No. 3	Version No. 2 is supplemented with updated information regarding underlying investment of the investment basket and adjustments following the requirements	2023-01-01