

ANNEX II

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 include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name: Blue Sky Global Developed Passive Large&Mid Cap Equity Fund

Legal entity identifier: 724500I7L35YUY4SVW24

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 Fund promotes environmental and/or social characteristics through among others, replicating an Index that is meeting the minimum standards for EU Climate Transition Benchmarks (EU CTBs) under Regulation (EU) 2019/2089 amending Regulation (EU) 2016/1011. The law proposes the definitions of minimum standards for the methodology of any 'EU Climate Transition' benchmark indices that would be aligned with the objectives of the Paris Agreement. The Index has set amongst others the following constraints to align with the minimum standards of the EU Climate Transition Benchmarks methodology:

Environmental characteristics:

- Scope 1+2 Intensity Constraint
 - Minimum 50% reduction in Weighted Average Scope 1+2 emissions intensity (calculated relative to EVIC)
 - Minimum 7% year-on-year decarbonization relative to Base Date (starting from the index start date)
 - Base Reset implemented in November 2019 SAIR
- Scope 1+2+3 Intensity Constraint
 - Minimum 50% reduction in Weighted Average Scope 1+2+3 emissions intensity (calculated relative to EVIC)
 - Minimum 7% year-on-year decarbonization relative to Base Date (Starting from the November 2020 SAIR)

Social characteristics:

- The Fund promotes adherence to and conducting business activities in accordance with the United Nations Guiding Principles for Business and Human Rights (UNGPs), the United Nations Global Compact (UNGC) and the OECD Guidelines for Multinational Enterprises, by scrutinizing companies that violate these principles

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The Fund has the following sustainability indicators:

- Decarbonisation aligned with the EU Climate Transition Benchmark as per the above.
- The number of agenda items voted
- The number of engagement items which focuses on five UN Sustainable Development Goals (SDG 7, 8, 9, 12, and 13).

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

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.

- Number of companies that are excluded based on violations of the UN Global Compact.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The Fund does not focus on the EU Taxonomy per se but rather controbiutes through decarbonization, as it has a clear objective of reducing the carbon footprint of the portfolio which replicates a benchmark that classifies as an EU Climate Transition Benhcmark.

The sustainable investments of the Fund focuses on the objective of decarbonization.

● ***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?***

The financial product does not intend to make sustainable investments.

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

The financial product does not intend to make sustainable investments.

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

The financial product does not intend to make sustainable investments.



Does
this

[Include statement for financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852]

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.

financial product consider principal adverse impacts on sustainability factors?

☒ Yes, _____

No

☐ Via the norms based exclusion policy violators of UN Global Compact (PAI 10) and companies that have exposure to controversial weapons (PAI14) are excluded.

The investment

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



The Fund focuses on decarbonization as per the minimum requirements of the EU Climate Transition Benchmark regulation. Hence the carbon footprint (PAI 2) is considered.

Good governance

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

What investment strategy does this financial product follow?

The Fund intends to replicate an Index that is meeting the minimum standards for EU Climate Transition Benchmarks (EU CTBs) under Regulation (EU) 2019/2089 amending Regulation (EU) 2016/1011. The law proposes the definitions of minimum standards for the methodology of any 'EU Climate Transition' benchmark indices that would be aligned with the objectives of the Paris Agreement. The Index has set amongst others the following constraints to align with the minimum standards of the EU Climate Transition Benchmarks methodology.

- *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?*



- Aggregate weight of companies with CDP Score of 'A-' or 'A' and in High Climate Impact Sector constrained to be at least 1.2 times their aggregate weight in the Parent Index
- Aggregate weight of companies with one or more active carbon emissions reduction target/s approved by the Science Based Targets initiative (SBTi) constrained to be at least 1.2 times their aggregate weight in the Parent Index
- Companies with one or more active carbon emissions reduction target/s approved by the Science Based Targets initiative (SBTi) and have demonstrated 7% decarbonization over last 3 years, if eligible, are not underweighted in the optimization
- Aggregate weight of companies on SDGs 7,8,9,12,13 constrained to be at least equivalent to their aggregate weight in the Parent Index
- Weighted Average Extreme Weather VaR (Aggressive Scenario) constrained to be lower than the Parent Index
- Weighted Average ESG Score constrained to be at least equivalent to that of the parent Index
- Ratio of weighted average Green Revenues to the weighted average fossil-fuels based revenues constrained to be at least 2 times of the corresponding ratio in the Parent Index
- Weighted Average Extreme Weather VaR (Aggressive Scenario) constrained to be lower than the Parent Index

- Active GICS Sector Constraints constrained at +/-5% (Except Energy which is unconstrained)
- Semi-Annual Index Reviews to implement the base resets on Scope 1+2 emissions and Scope 1+2+3 emissions intensities
- Aggregate weight in GICS Sub-Industry Groups as defined in the table below is constrained to be at least 0.5 times their aggregate weight in the Parent Index

GICS Code	Component Name
15102010	Construction Materials
20102010	Building Products
20103010	Construction & Engineering
20106010	Construction Machinery & Heavy Trucks
20106015	Agricultural & Farm Machinery
20106020	Industrial Machinery
20301010	Air Freight & Logistics
20304010	Railroads
20304020	Trucking
20305010	Airport Services
20305020	Highways & Railtracks
20305030	Marine ports & Services
20303010	Marine
15105010	Forest Products
15105020	Paper Products
25203030	Textiles
15104010	Aluminum
15104020	Diversified Metals & Mining
15104025	Copper
15104050	Steel

15101010	Commodity Chemicals
15101020	Diversified Chemicals
15101030	Fertilizers & Agricultural Chemicals
15101040	Industrial Gases
15101050	Specialty Chemicals
10101010	Oil & Gas Drilling
10101020	Oil & Gas Equipment Services
10102010	Integrated Oil & Gas
10102020	Oil & Gas Exploration & Production
10102030	Oil & Gas Refining & Marketing
10102040	Oil & Gas Storage & Transportation
10102050	Coal & Consumable Fuels
55105010	Independent Power Producers & Energy Traders
55105020	Renewable Electricity
55101010	Electric utilities
55102010	Gas Utilities
55103010	Multi-Utilities
55104010	Water Utilities
20302010	Airlines

- The Fund avoids investment in companies that are in breach of the UNGPs, UNGC or OECD Guidelines for Multinational Enterprises. Companies that breach these international norms will be excluded from the investment universe.

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

The Fund does not commit to a minimum rate to reduce the scope of investments prior to the application of the investment strategy.

However, the Fund excludes companies based on BSG FM's exclusion policy:

1. Investments in companies that:

- a. repeatedly and seriously violate the principles of the UN Global Compact;
- b. are involved in the production of/trade in products that if used for their designated purpose will result in death or personal injury - also for others - and that are not willing or have not shown any willingness to address this ('it kills and harms and engagement has proven to be ineffective'). Tobacco companies are a case in point;
- c. are involved in controversial weapons. This does not include manufacturers of nuclear weapons if they are based in a country where such production is allowed according to the non-proliferation agreement.

The exclusion of investments in companies extends to their equity as well as to the bonds of these companies.

2. Investments in government bonds issued by governments that are responsible for (or allow) repeated and serious violations of human rights (including labour rights), environmental degradation and/or corruptive actions.

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

The Fund excludes companies that violate the UN Global Compact criteria.

The Sub Fund is required to assess good governance practices of investee companies. It is expected that the companies conduct their operations in accordance with the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles (UNGP) on Business and Human Rights, and the UN Global Compact principles.

When considering an investment using fundamental techniques, BSG FM considers whether the portfolio holdings meet good governance practices, in particular with respect to sound management structures and employee relations. Among the considerations included within a fundamental assessment are:

- Management Structures: accurate reporting to the markets (e.g. unqualified annual financial statements); compliance with Principle 10 of the UN Global Compact (the "UNGC")

on antibribery and corruption; the ability of the board to challenge and counsel management; and board diversity.

- Employee Relations: compliance with Principle 4 of the UNGC on forced and compulsory labour; and history of strikes or other material labour strife

In addition, the Investment Manager is a signatory to the UN Principles for Responsible Investment (UNPRI). As a signatory, the good governance practices of investee companies are also assessed by having regard to the UNPRI principles prior to making an investment and periodically thereafter.



What is the asset allocation planned for this financial product?

Between 0-100% of the investments are aligned with the E/S characteristics of the fund. The investment in the category Other, estimated at 0-10% are mostly cash and cash equivalents.

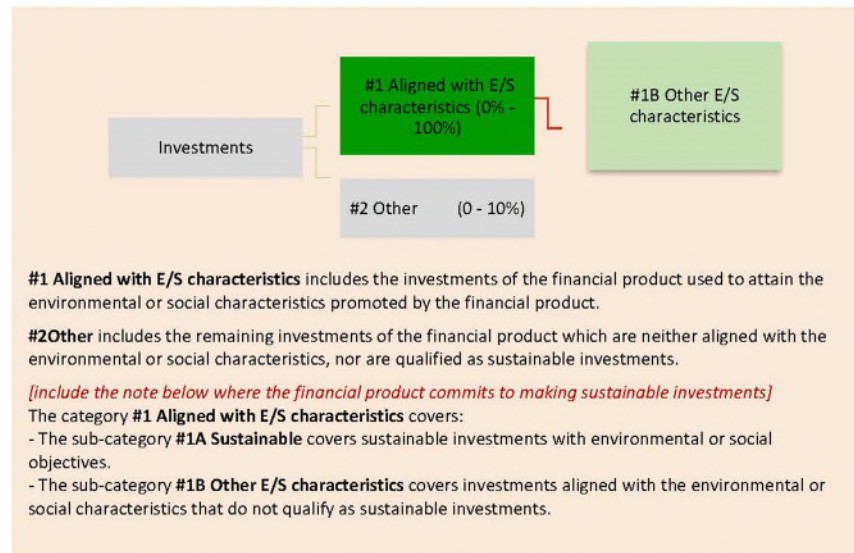
Asset allocation describes the share of

[include note only for financial products referred to in Article 6 of Regulation (EU) 2020/852]

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?

[include note only for the financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852]

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

[include note for financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852 that invest in environmental economic activities that are not environmentally sustainable economic activities]



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

The Fund does not make use of derivatives to attain the sustainable objective promoted by the financial product. The Fund may make use of derivatives for hedging and liquidity management. This includes the usage of derivatives to manage currency and market exposures in a cost-effective manner. To that purpose exchange traded and over-the-counter derivatives linked to equity indices and currencies are permitted. In case the Fund uses derivatives, the underlying shall comply with the investment policy. Where relevant, minimum environmental or social safeguards are taken into account.



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

The Fund intends to contribute to the climate change mitigation objective under the EU Taxonomy. The Fund commits to a minimum share of 0% of Taxonomy-aligned activities. The Fund intends to increase the minimum share of Taxonomy aligned activities for the Fund once data availability in relation to the EU Taxonomy improves and stabilizes

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?

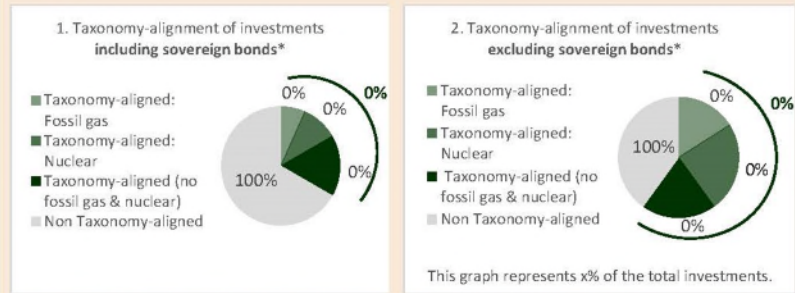
☒ Yes:

☒ In fossil gas ☒ In nuclear energy

☐ No

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

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%



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

0%



What is the minimum share of socially sustainable investments?

0%.

The fund does not intend to make investments to sustainable investments with a social objective. However, it cannot be disregarded that some companies contribute to social objectives either by being a part of the Climate Transition Benchmark.

- The Fund has an aggregate weight of companies on SDGs 7,8,9,12,13 constrained to be at least equivalent to their aggregate weight in the Parent Index.



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

The type of instruments included under “#2 Not Sustainable” and their purpose are outlined in this Prospectus. Amongst others, the use of cash, cash equivalents and derivatives is included under “#2 Not Sustainable”. The Fund may make use of derivatives for hedging and liquidity management. This includes the usage of derivatives to manage currency and market exposures in a cost-effective manner (in line with the investment policy). Where relevant, minimum environmental or social safeguards apply to the underlying securities.



[include note for financial products where an index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the financial product]

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

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes? *[include section where an index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the financial product and indicate where the methodology used for the calculation of the designated index can be found]*

BSG FM has designed a custom climate transition benchmark.

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

Given that sustainable investment objective of the Fund of reducing the carbon footprint of its portfolio, the reference index is aligned with such objective of the Fund by applying in its methodology clearly defined rules for evaluating securities on their carbon footprint. The reference index is designed to exceed the minimum standards of the EU Climate Transition Benchmark (CTB). The index is constructed by following baseline exclusions:

1. Investments in companies that:
 - a. repeatedly and seriously violate the principles of the UN Global Compact;
 - b. are involved in the production of/trade in products that if used for their designated purpose will result in death or personal injury - also for others - and that are not willing or have not shown any willingness to address this ('it kills and harms and engagement has proven to be ineffective'). Tobacco companies are a case in point;
 - c. are involved in controversial weapons. This does not include manufacturers of nuclear weapons if they are based in a country where such production is allowed according to the non-proliferation agreement.

The exclusion of investments in companies extends to their equity as well as to the bonds of these companies.

2. Investments in government bonds issued by governments that are responsible for (or allow) repeated and serious violations of human rights (including labour rights), environmental degradation and/or corruptive actions.

The exclusions extend to loans to central as well as local governments.

Furthermore the index applies constraints to ensure 50% reduction in weighted average carbon emissions intensity and a 7% reduction year-on-year. Further, equivalent ratio of weighted average "Green Revenues" to weighted average "Brown Revenues" is maintained by the index to factor in opportunities and risks of transition to a lower carbon economy. The above aspects followed by the index align with the sustainable investment objective of the financial product.

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

The methodology of the reference index follows rebalancing rules which ensures alignment with the investment strategy and objective of the Fund. MSCI uses MSCI ESG Research data (including MSCI Climate Change Metrics and MSCI Business Involvement Screening Research) as of the end of the quarter including the BSG FM's Exclusion policy preceding the index reviews for the rebalancing of MSCI Climate Change index.

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

The benchmark differs from a broad general market index in that the latter does not take into account in its methodology any criteria on the carbon reduction objective and carbon footprint of companies.

The BSG Index on MSCI World takes into account both environmental and social characteristics as well as Blue Sky Group's exclusion policy.

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

BSG FM has introduced a custom climate benchmark based on the index methodology which can be found on the relevant webpages by the index provider:

<https://www.msci.com>

The Investment management agreement between BSG FM and the external asset manager are based on the index methodology of the index provider and has set additional constraints which can be found above. Additionally BSG FM's ESG policy and BSG FM's exclusion policy are included in the index methodology.



Where can I find more product specific information online?

More information can be found in the Prospectus and fund fact sheet.

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

[ESG wet- en regelgeving | Blue Sky Group](#)