Version n°2
First publication: January 2023
Latest updated publication: July 2024
Financial product name: R-Gestion Balanced
Legal entity identifier: 549300F7FBD744MEP844

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Website disclosure for financial product R-Gestion Balanced that promotes environmental or social characteristics (art. 8)

Summary

No sustainable investment objective

This financial product promotes environmental and/or social characteristics but does not have sustainable investment as its objective. Although it is not the main objective of the financial product to make sustainable investments, it still partially aims to make sustainable investments, which include the same E/S characteristics promoted and which verify, in addition, that they do not cause significant harm to any of the environmental and/or social objectives.

Environmental or social characteristics of the financial product

The financial product invests in investment funds with a range of different environmental and social characteristics and/or sustainable investment objectives:

- **Environmental characteristics:** Supporting climate action by targeting a net positive alignment for the portfolio at investment instruction level for the United Nations Sustainable Development Goals (SDG)7 (Affordable and Clean Energy) and SDG 13 (Climate Action), and for the equity allocation only, a carbon intensity that is at least 10% lower than the carbon intensity of the equity proportion of the broad market reference benchmark of this financial product.

- **Social characteristics:** Protecting basic human needs by targeting a net positive alignment for the portfolio at investment instruction level for the sum of SDG 1 (no poverty), SDG 2 (zero hunger), SDG 3 (good health), SDG 6 (clean water), and SDG 11 (sustainable cities and communities, including safe and affordable housing).

Investment strategy

The financial product selects funds based on their responsible investment strategies, focusing on:

- **ESG integration:** Incorporating ESG risks and opportunities into financial analysis.
- **Norms-based screening:** Verifying compliance with international standards, namely OECD Guidelines for Multinational Enterprises, UN Guiding Principles on Business and Human Rights and the UN Global Compact.
- **Exclusions:** Avoiding investments in specified sectors like controversial weapons and tobacco.
- **Engagement and voting:** Confirming funds have robust engagement and voting policies.
- **Good governance:** Evaluating governance attributes such as management structures and tax compliance.

Proportion of investments

At least 80% of net assets are investments that are aligned with environmental and/or social characteristics. A minimum of 40% of total net assets are invested in issuers that qualify as sustainable, minimum 1% are in economic activities that qualify as environmentally sustainable under the EU Taxonomy and at least 5% are in sustainable investments with a social objective. Up to 20% of total net assets can be held in cash for tactical and operational purposes.

Monitoring of environmental or social characteristics

Sustainability indicators are used to monitor the promotion of environmental and social characteristics, including:

- **General indicators:** Percentage of net assets that promote environmental and social characteristics, that are in accordance with PAI 10 (UN Global Compact Principles

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- and OECD Guidelines for Multinational Enterprises), PAI 14 (no exposure to controversial weapons), that respect the exclusion policies and funds that pass the criteria of good governance.
- **Environmental indicators:** Percentage of net assets with a positive net alignment with SDG 7 and SDG 13 compared with the values of the broad market reference benchmark and the carbon intensity in relation to the benchmark.
- **Social indicators:** Percentage of net assets that have a net positive alignment with SDGs 1,2,3,6 and 11, respectively focused on poverty, hunger, health, water, and sustainable cities.

Methodologies

The financial product focuses on fund analysis, selection, and monitoring within a portfolio management strategy. Data is measured on a look-through basis per fund and aggregated for the portfolio at investment instruction level. Some criteria apply at the fund level, while others are applicable for the aggregated portfolio at investment instruction level. The overarching methodology emphasizes using quantitative data from fund providers whenever possible, as this data aligns most closely with the fund's objectives. This data is then complemented by qualitative assessments to evaluate whether the approaches of the funds, specifically for data measurement, are adequate. If data is not readily or reliably available from fund providers, data from external sources (such as MSCI ESG) is used.

Data sources and processing

Data sources include fund documentation, qualitative information from fund managers, and ESG data from MSCI ESG. Data is processed and aggregated at investment instruction level, with regular reviews to maintain quality. Breaches or inconsistencies are engaged with fund providers for resolution.

Limitations to methodologies and data

The limitations of our methodologies and data sources reflect the broader challenges faced by the industry:

- **Data sources and limitations:** Reliability and timeliness of data, standardization issues, subjectivity of assessments, frequency of updates, estimates and assumptions of MSCI ESG and coverage gaps.
- **Methodological constraints:** Aggregation errors, spreadsheet limitations, balance of quantitative vs. qualitative data, assessment criteria based on current best practices and centralized approach of data collection and assessment.
- **Data quality and consistency:** Discrepancies and gaps in data, dependence on responsiveness for ongoing monitoring and potential non-cooperation from fund providers.

Due diligence

- **Fund due diligence:** Qualitative assessments, ongoing monitoring, and engagement with fund managers.
- **Investment advisor due diligence:** Annual review by Banque Raiffeisen to verify compliance and data quality.
- **Data provider due diligence:** Annual review of MSCI ESG's methodologies and data accuracy.

Engagement policies

Engagement focuses on fund managers rather than direct company-level engagement. Regular meetings and questionnaires help verify funds align with ESG objectives. Non-compliant funds are sold within three months.

Designated reference benchmark

No specific index has been designated as a reference benchmark for the purpose of attaining the environmental and social characteristics promoted by the financial product.

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Résumé

Sans objectif d'investissement durable

Ce produit financier promeut des caractéristiques environnementales et/ou sociales, mais n'a pas pour objectif d'investissement durable. Bien que l'objectif principal de ce produit financier ne soit pas de réaliser des investissements durables, il réalise néanmoins partiellement des investissements durables, incluant les mêmes caractéristiques environnementales et sociales promues, tout en vérifiant qu'ils ne causent pas de préjudice important.

Caractéristiques environnementales ou sociales du produit financier

Le produit financier investit dans des fonds d'investissement avec diverses caractéristiques environnementales et sociales et/ou des objectifs d'investissement durable :

- Caractéristiques environnementales : Soutenir l'action climatique en ciblant un alignement net positif pour le portefeuille au niveau des instructions d'investissement pour les Objectifs de Développement Durable (ODD) 7 (Énergie propre et abordable) et ODD 13 (Action climatique), et pour l'allocation en actions uniquement, une intensité carbone d'au moins 10 % inférieure à l'intensité carbone de la proportion d'actions de l'indice de référence du marché global de ce produit financier.
- Caractéristiques sociales : Protéger les besoins humains fondamentaux en ciblant un alignement net positif pour le portefeuille au niveau des instructions d'investissement pour la somme des ODD 1 (pas de pauvreté), ODD 2 (faim zéro), ODD 3 (bonne santé), ODD 6 (eau propre) et ODD 11 (villes et communautés durables, y compris des logements sûrs et abordables).

Stratégie d'investissement

Le produit financier sélectionne les fonds en fonction de leurs stratégies d'investissement responsable, et se concentre sur les aspects suivants :

- **Intégration ESG :** Intégrer les risques et opportunités ESG dans l'analyse financière.
- **Filtrage basé sur les normes :** Vérifier la conformité avec les normes internationales, à savoir les Principes directeurs de l'OCDE à l'intention des entreprises multinationales, les Principes directeurs des Nations Unies relatifs aux entreprises et aux droits de l'homme et le Pacte mondial des Nations Unies.
- **Exclusions :** Éviter les investissements dans certains secteurs comme les armes controversées et le tabac.
- **Engagement et vote :** Confirmer que les fonds ont des politiques d'engagement et de vote robustes.
- **Bonne gouvernance :** Évaluer des attributs de gouvernance tels que les structures de gestion et la conformité fiscale.

Proportion d'investissements

Au moins 80 % des actifs nets sont des investissements alignés sur des caractéristiques environnementales et/ou sociales. Un minimum de 40 % des actifs nets totaux sont investis dans des émetteurs qualifiés comme durables, au moins 1 % dans des activités économiques qualifiées de durables sur le plan environnemental selon la Taxinomie de l'UE et au moins 5 % dans des investissements durables avec un objectif social. Jusqu'à 20 % des actifs nets totaux peuvent être détenus en liquidités à des fins tactiques et opérationnelles.

Contrôles des caractéristiques environnementales ou sociales

Des indicateurs de durabilité sont utilisés pour surveiller la promotion des caractéristiques environnementales et sociales :

- **Indicateurs généraux :** Pourcentage des actifs nets promouvant des caractéristiques environnementales et sociales, en accord avec PAI 10 (Principes du Pacte mondial des Nations Unies et Lignes directrices de l'OCDE à l'intention des entreprises multinationales), PAI 14 (absence

d'exposition aux armes controversées), respectant les politiques d'exclusion et les fonds qui respectent les critères de bonne gouvernance.

- **Indicateurs environnementaux :** Pourcentage des actifs avec un alignement net positif avec les ODD 7 et 13 comparé aux valeurs de l'indice de référence du marché global et l'intensité carbone par rapport à l'indice de référence.
- **Indicateurs sociaux :** Pourcentage des actifs nets ayant un alignement net positif avec les ODD 1, 2, 3, 6 et 11, respectivement axés sur la pauvreté, la faim, la santé, l'eau et les villes durables.

Méthodes

Le produit financier se concentre sur l'analyse, la sélection et le suivi des fonds dans le cadre d'une stratégie de gestion de portefeuille. Les données sont mesurées par fonds et agrégées pour le portefeuille au niveau des instructions d'investissement. Certains critères s'appliquent au niveau du fonds, tandis que d'autres sont applicables pour le portefeuille agrégé au niveau des instructions d'investissement. La méthode globale met l'accent sur l'utilisation de données quantitatives provenant des fournisseurs de fonds chaque fois que cela est possible, car ces données correspondent le mieux aux objectifs du fonds. Ces données sont ensuite complétées par des évaluations qualitatives afin de déterminer si les approches des fonds sont adéquates. Si les données ne sont pas facilement disponibles ou fiables auprès des fournisseurs de fonds, des données provenant de sources externes (telles que MSCI ESG) sont utilisées.

Sources et traitement des données

Les sources de données comprennent la documentation des fonds, les informations qualitatives fournies par les gestionnaires de fonds et les données ESG de MSCI ESG. Les données sont traitées et agrégées au niveau des instructions d'investissement et font l'objet d'examens réguliers afin d'en préserver la qualité. Les violations ou les incohérences sont traitées avec les fournisseurs de fonds pour être résolues.

Limites aux méthodes et aux données

Les limites de nos méthodes et sources de données reflètent les défis plus larges auxquels le secteur est confronté :

- **Sources et limites des données :** Fiabilité et actualité des données, problèmes de standardisation, subjectivité des évaluations, fréquence des mises à jour, estimations et hypothèses de MSCI ESG et lacunes de couverture.
- **Contraintes méthodologiques :** Erreurs d'agrégation, limites des tableurs, équilibre entre données quantitatives et qualitatives, critères d'évaluation basés sur les meilleures pratiques actuelles et approche centralisée de la collecte et de l'évaluation des données.
- **Qualité et cohérence des données :** Divergences et lacunes dans les données, dépendance à l'égard de la réactivité pour le suivi continu et non-coopération potentielle de la part des fournisseurs de fonds.

Diligence raisonnable

- **Diligence raisonnable des fonds :** Évaluations qualitatives, suivi continu et engagement avec les gestionnaires de fonds.
- **Diligence raisonnable du conseiller en investissement :** Revue annuelle par la Banque Raiffeisen pour vérifier la conformité et la qualité des données.
- **Diligence raisonnable du fournisseur de données :** Revue annuelle des méthodes et de l'exactitude des données de MSCI ESG.

Politiques d'engagement

L'engagement se concentre sur les gestionnaires de fonds plutôt que sur l'engagement au niveau des entreprises. Des réunions régulières et des questionnaires aident à vérifier que les fonds sont alignés avec les objectifs ESG. Les fonds non conformes sont vendus dans un délai de trois mois.

Indice de référence désigné

Aucun indice spécifique n'a été désigné comme référence pour atteindre les caractéristiques environnementales et sociales promues par le produit financier.

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No sustainable investment objective

This financial product promotes environmental and/or social characteristics but does not have sustainable investment as its objective.

While it is not the main objective of the financial product to make sustainable investments, it still aims to partially make sustainable investments. For its sustainable investments, the investment advisor conducts a "Do Not Significant Harm" (DNSH) test, which consists of (1) considering the fourteen mandatory Principal Adverse Impact (PAIs) indicators as defined in Table 1 Annex 1 of the Delegated Regulation (EU) 2022/1288 and (2) respecting minimum safeguards, with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

Therefore, during the fund selection process, the investment advisor requests fund managers to fill out a proprietary Sustainability RFI ("Request for Information") and conducts qualitative checks based on fund meetings and documentations to analyse if and how PAIs are considered, but also analyses the alignment with the Principles and Guidelines aforementioned.

The consideration of PAI indicators and the alignment with the minimum safeguards are monitored at least once a year, based on fund meetings and documentation.

If a PAI indicator is not taken into account and/or if a breach is detected, the investment advisor will engage with the concerned fund. The breach is only tolerated if the methodology and/or data used by the fund reasonably explain why the indicator is not taken into account. If the engagement does not lead to a reasonable explanation, the fund manager must rectify it in a reasonable time frame. If the fund manager remains uncooperative, the fund will be sold within three months.

For sustainable investments that are aligned with the EU taxonomy, those investments comply in addition with technical screening criteria as defined in the delegated acts of the taxonomy regulation[1].

Subsequently, our investment advisor monitors on a monthly basis all net assets for their accordance with the minimum safeguards, based on data by MSCI ESG:

- "PAI 10" data field to monitor OECD Guidelines for Multinational Enterprises.
- "Human rights norms violation" and "fund labour norms violation" data fields to monitor the UN Guiding Principles on Business and Human Rights, including the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

Environmental or social characteristics of the financial product

The financial product invests in investment funds with various environmental and social characteristics and/or sustainable investment objectives.

Regarding the environmental characteristics, the financial product mainly focuses on supporting climate action by:

[1] Climate Delegated Act for climate change mitigation and adaptation EU 2021/2139 and Environmental Delegated Act for the remaining four objectives Delegated regulation - EU - 2023/2486 - EN - EUR-Lex (europa.eu)

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- Targeting a net positive alignment for the portfolio at investment instruction level for each SDG 7 (Affordable and Clean Energy) and SDG 13 (Climate Action), which is higher for each of those SDGs than the net positive alignment of the broad market reference benchmark of this financial product.
- Targeting, for the equity allocation only[2], a carbon intensity[3] that is at least 10% lower than the carbon intensity of the equity proportion of the broad market reference benchmark[4] of this financial product.

Regarding the social characteristics, the financial product mainly focuses on the protection of basic human needs by:

- Targeting a net positive alignment for the portfolio at investment instruction level for the sum of the following SDGs that is higher than the sum of the net positive alignments of those same SDGs of the broad market reference benchmark:
    - SDG 1 (no poverty).
    - SDG 2 (zero hunger).
    - SDG 3 (good health).
    - SDG 6 (clean water).
    - SDG 11 (sustainable cities and communities, including safe and affordable housing).

The financial product relies on various responsible investment strategies that focus on Environmental, Social, and Governance ("ESG") criteria and each fund passes the criteria to assess good governance practices, as further detailed under the section "*Investment Strategy*". This financial product does not use a specific index to determine the alignment with the environmental and social characteristics it promotes.

Investment strategy

This financial product only invests in investment funds, which are selected based on an analysis of the implementation of their responsible strategies.

When selecting investment funds, our investment advisor pays particular attention to the traceability and transparency of the sustainability processes, for instance by documenting processes and drawing up ESG reports at the fund level. The concept of integrating sustainability into the investment process must be a key component of the selected investment funds and should ideally be visible in all steps (investment guidelines, asset allocation decisions, research, portfolio construction, risk management, active ownership and engagement, reporting).

The financial product seeks to achieve the promotion of environmental and/or social characteristics by relying, among others, on the following responsible investment strategies:

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[2] As the methodology for the calculation of carbon intensity of central governments and sovereigns (= GHG Emissions / Gross Domestic Product) differs from the calculation for companies (=GHG Emissions / Company's revenue), the limit is imposed on the equity allocation only because the fixed income segment may include sovereigns or central governments, potentially leading to misleading comparisons and conclusions.

[3] Measured as scope 1 & 2 tons of CO2 equivalents in relation to revenue. 1. The inclusion of scope 3 emissions will be considered as soon as the data is more reliable.

[4] The broad market reference benchmark consists of : 5% FTSE 1 Month Eurodeposit EUR, 15% Bloomberg Euro Aggregate, 15% Bloomberg Global Aggregate EUR hedged, 5% ICE BofAML Global High Yield EUR hedged, 5% JP Morgan EMBI Global Diversified EUR hedged, 14% MSCI Europe NR, 33% MSCI World NR, 8% MSCI Emerging Markets NR

ESG integration

Investment funds demonstrate that ESG criteria are explicitly integrated into the security selection and valuation processes. Each fund has the flexibility to choose the specific ESG criteria that are most relevant to its investment strategy and objectives.

Norms-based screening

Investment funds demonstrate that they are in accordance with international standards and norms, including OECD Guidelines for Multinational Enterprises (standards for responsible business conduct), UN Guiding Principles on Business and Human Rights (standards for preventing and addressing the risk of adverse human rights impacts linked to business activity) as well as with the UN Global Compact.

Exclusions

Investment funds either exclude from their investments companies that are involved in the following activities (hard exclusions) or have no exposure to them:

- Controversial weapons (revenue limit 0%).
- Nuclear weapons (revenue limit 0%).
- Military conventional weapons (revenue limit 10%).
- Tobacco (5% revenue threshold on producers, 15% revenue threshold on distributors).
- Thermal coal (10% revenue threshold).
- UN Security Council Sanctions & High-Risk Jurisdictions subject to a “Call for Action” identified by the FATF (Financial Action Task Force).

In addition to the hard exclusion policy, the following exposures and related soft exclusion policies (exclude or explain) are analysed for every fund:

- Coal power generation (revenue limit 10%).
- Nuclear power generation (revenue limit 10%).
- Companies that own high impact fossil fuel reserves (revenue limit 10%).
- Gambling facility operators (revenue limit 10%).
- Alcohol producers (revenue limit 10%).

Engagement & Voting

Investment funds demonstrate that they have adequate policies in place concerning engagement and voting. Those policies cover subjects like active ownership processes, forms of engagement and voting policies.

The following questions may be tackled:

- Who is responsible for voting and engagement?
- How is the engagement & voting documented?
- How are engagement matters prioritized?
- What are the steps or consequences if companies do not respond to engagement?
- Are the managers part of industry initiatives?

Governance attributes, including sound management structures, employee relations, staff remuneration, and tax compliance

Governance attributes are analysed as part of the initial fund selection process and are evaluated as follows:

- Respecting the criteria mentioned related to minimum safeguards in section “*No sustainable investment objective*”.

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- Adequate governance policies that are in place, with specific focus on engagement and voting policies as laid out in the section "*Engagement and voting*" above.
- Respecting the UN Global Compact as explained in this section.

The binding elements of the investment strategy are the following:

ESG Integration

- A minimum 80% of net assets are in underlying funds that pass the qualitative assessment of their sustainability processes conducted by the investment advisor. The assessment is done by the Manager Selection team in collaboration with dedicated independent ESG specialists of our investment advisor. The ESG specialists have the final say.

Norms-based screening

- All selected underlying funds are in accordance with the UN Global Compact, OECD Guidelines for Multinational Enterprises, and UN Guiding Principles on Business and Human Rights, including the ILO Declaration on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

Exclusions

- All selected underlying funds follow the hard and soft exclusion policy.

Engagement & voting

- Every fund is able to demonstrate that they have adequate policies in place concerning engagement and voting.

Proportion of investments

The financial product invests at least 80% of its net assets in investments that are aligned with environmental and/or social characteristics.

The financial product invests at least 40% of its net assets in issuers that qualify as sustainable investments. A minimum of 1% of its net assets are in economic activities that qualify as environmentally sustainable[5] under the EU Taxonomy. The financial product commits to investing at least 5% of its net assets in sustainable investments with a social objective.

The minimum share of sustainable investments with an environmental objective[6] that are not aligned with the EU Taxonomy is 0%. These sustainable investments are not aligned with the environmental objectives of the EU Taxonomy[7] and do not fulfil all the criteria for environmentally sustainable economic activities of the EU Taxonomy[8].

The financial product may invest up to 20% in cash. Cash serves both as a tactical tool to control the level of investment of clients and as an account from which deposits and withdrawals are made into the strategy, as well as fees are paid.

[5] As defined by Article 3 of the Commission Delegated Regulation (EU) 2020/852.
[6] Aligned with the Article 2 (17) of Regulation (EU) 2019/2088.
[7] As laid down in Article 9 Commission Delegated Regulation (EU) 2020/852.
[8] As laid down in Article 3 Commission Delegated Regulation (EU) 2020/852.

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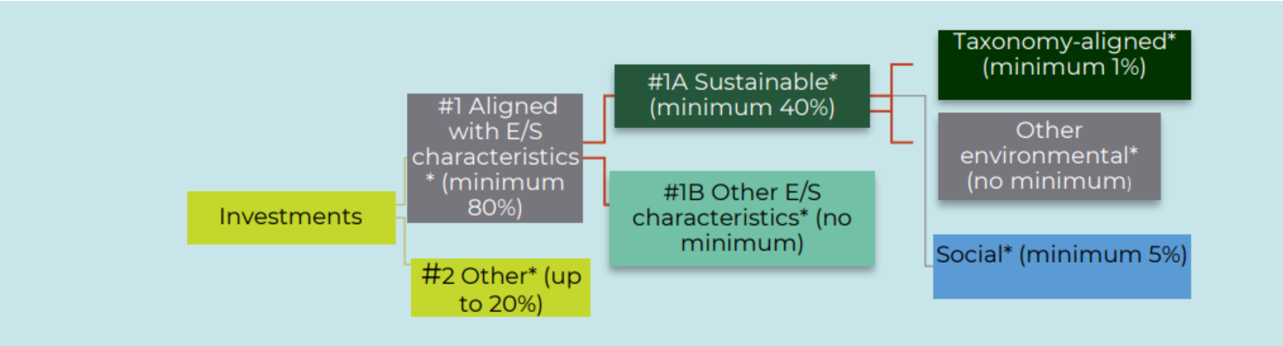

** Minimum is always a percentage of total net assets*

Monitoring of environmental or social characteristics

The achievement of the before mentioned promoted environmental and social characteristics is measured by the following sustainability indicators:

General indicators:

- Percentage of net assets that promote environmental and social characteristics (net assets invested in investment funds that pass the qualitative assessment of their sustainability processes conducted by the investment advisor).
- Percentage of net assets that respect the exclusion policies detailed under section *"Investment strategy"*.
- Percentage of net assets that are in accordance with the UN Global Compact Principles and OECD Guidelines for Multinational Enterprises (Principle Adverse Impact (PAI) 10).
- Percentage of net assets that have no exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, and biological weapons) (PAI 14).
- Percentage of investment funds that pass the criteria of good governance practices, as detailed under *"Investment Strategy"*.

Indicators for the environmental objectives:

- Percentage of net assets with a positive net alignment in SDG 7 (Affordable and Clean Energy), compared with the values of the broad market reference benchmark.
- Percentage of net assets with a positive net alignment in SDG 13 (Climate Action), compared with the values of the broad market reference benchmark.
- Carbon Intensity of the equity allocation compared with the values of the broad market reference benchmark.

Indicators for the social objectives:

- Percentage of net assets with a combined positive net alignment in SDG 1 (no poverty), SDG 2 (zero hunger), SDG 3 (good health), SDG 6 (clean water) and SDG 11 (sustainable cities and communities), compared with the values of the broad market reference benchmark.

All indicators, apart from the qualitative and good governance assessment that are monitored at least every year, are based on MSCI ESG Data and are monitored every month.

Regular monitoring and engagements with fund providers further enhance the reliability and integrity of our investment processes.

Before making any portfolio changes (ex-ante), the investment desk of Banque Raiffeisen conducts a review to check that proportions, binding elements, and promoted environmental and social characteristics are maintained. Additionally, an annual due diligence is performed as described in the 'Due diligence' section.

Methodologies

As no direct investments are made in investee companies, the focus is on fund analysis and selection, all within the context of a portfolio management strategy at investment instruction level. Data is measured on a look-through basis per fund and aggregated at the investment instruction level. Some criteria apply at the fund level, while others are aggregated at investment instruction level.

The overarching methodology emphasizes using quantitative data from fund providers whenever possible, as this data aligns most closely with the fund's objectives. This data is then complemented by qualitative assessments to evaluate whether the approaches of the funds, specifically for data measurement, are adequate. If data is not readily or reliably available from fund providers, data from external sources (such as MSCI ESG) is used. MSCI ESG data may also be used during qualitative analysis to challenge some of the data provided by the funds or for ongoing monitoring, such as for exclusion criteria.

1) Quantitative data:

- **Usage:** Verifying compliance with binding elements. The methodologies used for this data can vary among funds as it is based on the fund's own methodology and/or its data provider. Our investment advisor evaluates these methodologies through qualitative analysis, described under the next point.

2) Qualitative data:

- **Qualitative assessment:** The ESG investment process is analysed, including investment guidelines, asset allocation decisions, research, portfolio construction, risk management, active ownership, and engagement. The assessment also covers the organization of ESG efforts, traceability, transparency, monitoring, documentation, and reporting of ESG objectives and risks. Evaluation of approaches related to all binding elements (minimum allocations of sustainable investments, exclusions, principal adverse impacts) is also included.

- **Execution:** Conducted by the Manager Selection team of our investment advisor in collaboration with their dedicated independent ESG specialists, with the ESG specialists having the final say.

3) Role of MSCI ESG data

Some crucial data for monitoring at the investment fund or aggregated at the investment instruction level, which is not readily or reliably provided by fund providers, is obtained from MSCI ESG based on a look-through approach. MSCI estimates metrics for each position within a fund and aggregates those measures at the fund level. This data is then aggregated at the investment instruction level. MSCI ESG's methodologies are used for these data points, which include:

- **SDG net alignment:** Measures the impact of a company's products and services on achieving the targeted SDGs. Net alignment combines positive and negative impacts of a company's activities.

- **Carbon intensity:** Assesses a company's efficiency in managing its greenhouse gas emissions relative to its revenue. Currently, only scope 1 & 2 emissions are considered, with scope 3 emissions to be included once data reliability improves.

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- **Scope 1 emissions:** Direct greenhouse gas (GHG) emissions from sources owned or controlled by the company, such as emissions from company-owned facilities or vehicles.
- **Scope 2 emissions:** Indirect GHG emissions from the consumption of purchased electricity, steam, heating, and cooling. These emissions occur at the facility where the energy is generated but are accounted for in the company's carbon footprint.
- **Scope 3 emissions:** All other indirect GHG emissions that occur in the value chain of the company, both upstream and downstream. This includes emissions from sources not owned or directly controlled by the company, such as supplier emissions, business travel, employee commuting, and product use.

- **Exclusion monitoring:** Tracks the percentage of a company's total revenue derived from excluded activities, as detailed in the "*Investment Strategy*" section.

In conclusion, our methodologies for assessing and selecting investment funds are designed to confirm robust and consistent evaluation of environmental and/or social characteristics. By combining quantitative data from fund providers with qualitative assessments and supplementary data from MSCI ESG, we strive to maintain a comprehensive and transparent approach to ESG investing.

Data sources and processing

Our data sources include the following:

- **Documentation from fund providers:** This includes the European ESG Template (EET), annual reports, and other SFDR-related documents such as pre-contractual disclosures and website disclosures.

- **Qualitative information:** Obtained from fund providers through meetings with managers and questionnaires (requests for information), used as well for the qualitative assessment.

- **ESG data from MSCI ESG.**

All data is processed in spreadsheets and/or databases and aggregated for the portfolio at investment instruction level. The specific data sources and review frequency for different use cases (e.g., environmental, or social characteristics of the financial product, investment strategies) are detailed in the relevant sections throughout this document where applicable.

To maintain data quality, the investment advisor regularly reviews the data (at least annually for meetings and questionnaires, and monthly for MSCI ESG data). If a breach of a binding element, anomaly, data gap, or inconsistency between different data sources is observed, the investment advisor engages directly with the fund providers. A breach, data anomaly, or inconsistency is only tolerated if there is a reasonable explanation based on the methodology and/or data used by the fund (e.g., a different data provider than MSCI ESG is used). If the violation is confirmed or any inconsistency cannot be reasonably explained, the fund manager is required to rectify it within a reasonable time frame. If the fund manager remains uncooperative, the fund will be sold within three months.

The investment advisor may only make reasonable estimates when data is lacking and not available through any other source. If any data points are missing, an estimation is made either by a mathematical average of existing data or by estimations provided by the investment fund itself. If an investment fund provides an estimation for a missing data point, the investment advisor reviews the fund's estimation methodology. The aim is to keep the proportion of data estimated by the investment advisor low (less than 10% of the total data).

Third-party ESG data providers also use estimates. The methodology of these estimates is explained for the data points used in the section "*Methodologies.*"

Limitations to methodologies and data

We recognize several potential limitations to our methodologies and data sources. Our financial product exclusively invests in other investment funds, relying on a variety of external data sources, qualitative assessments, and ESG data providers.

Data sources and their limitations

1) EET data, annual reports, fund documents and other SFDR-related documents:

- **Reliability and timeliness:** The data we rely on are subject to the reporting schedules and accuracy of the investment fund providers. This can result in delays or discrepancies in the information we receive.

- **Standardization issues:** There may be inconsistencies in how different fund providers report data, as there is no single standard enforced across all providers. This can lead to variations in data quality and interpretation.

2) Qualitative assessments and follow-up meetings:

- **Subjectivity:** The qualitative assessments of our investment advisor, including initial evaluations and follow-up meetings with fund managers, are inherently subjective. The insights gained depend on the quality of engagement and the transparency of the fund managers.

- **Frequency:** While our investment advisor aims to conduct these assessments and meetings regularly, resource constraints can limit their frequency, potentially affecting the timeliness of updates to our evaluations.

3) ESG data from MSCI ESG:

- **Estimates and assumptions:** ESG data from MSCI ESG often includes estimates and assumptions, especially for data points that are not directly reported by companies where the investment funds invest in. The methodology behind these estimates can vary, potentially affecting the accuracy of the data.

- **Coverage gaps:** Not all companies where the investment funds invest in may be covered comprehensively by MSCI ESG, leading to potential gaps in the data we use for our sustainability assessments.

Methodological constraints

1) Aggregation and processing:

- **Complexity in aggregation:** Aggregating data for the portfolio at investment instruction level from multiple fund sources can be complex, especially when dealing with different reporting standards and data formats. This complexity can result in errors or require approximations.

- **Spreadsheet limitations:** Using spreadsheets for data processing and aggregation, while practical, can be prone to human error and may lack the robustness of more advanced data management systems.

2) Qualitative vs. quantitative data:

- **Balance of methods:** Combining qualitative assessments with quantitative data from MSCI ESG and other sources requires careful balancing. Qualitative insights may sometimes conflict with quantitative data, requiring subjective judgment calls.

- **Assessment criteria:** The criteria used in the qualitative assessments of our investment advisor are based on current best practices and guidelines but may evolve over time. This evolution can lead to changes in how our investment advisor evaluate funds and interpret data.

3) Role of the investment advisor:

- **Data collection and assessment:** Our investment advisor handles the collection of data and the execution of qualitative assessments. This centralized approach helps maintain consistency in how data is gathered and evaluated but also focuses these tasks on a single entity, which can be a limitation if not managed carefully.

Data quality and consistency

1) Inconsistencies and gaps:

- **Data anomalies:** Discrepancies between different data sources can arise, necessitating additional verification and engagement with fund providers. If anomalies are detected and cannot be reasonably explained, corrective actions must be taken.

- **Data gaps:** Missing data points are sometimes filled with estimates, which can introduce uncertainty. Our investment advisor strives to use reasonable estimation methods, but these are inherently less reliable than reported data.

2) Review and verification:

Ongoing monitoring: Our investment advisor regularly reviews and verifies data through meetings, questionnaires, and monitoring of MSCI ESG data. However, the effectiveness of this monitoring depends on the responsiveness and cooperation of the fund providers.

Engagement with fund providers: When breaches or inconsistencies are identified, our investment advisor's engagement process aims to resolve issues promptly. Persistent non-cooperation from fund managers can lead to the removal of funds from our portfolio at investment instruction level within a three-month timeframe.

In conclusion, while we strive to maintain high standards in our sustainability disclosures and assessments, the limitations of our methodologies and data sources reflect the broader challenges faced by the industry. Continuous improvement in data quality, methodological rigor, and engagement practices is essential to enhance the reliability and transparency of our sustainability reporting under SFDR.

Due diligence

1) Due diligence of funds by the investment advisor

Our investment advisor conducts thorough due diligence on all investment funds to confirm they meet our sustainability and financial performance standards. This due diligence process includes:

- **Qualitative assessment**: Before including any fund in our portfolio of the investment instruction, our investment advisor performs a comprehensive qualitative assessment, including an analysis of ESG investment processes as detailed under the section "*Methodologies*". This also involves reviewing the fund's documentation, such as the European ESG Template (EET), annual reports, and other SFDR-related disclosures.
- **Ongoing monitoring and engagement:** The investment advisor holds regular meetings with fund managers and sends out questionnaires to gather qualitative information.
- **Use of external data:** ESG data from MSCI ESG is integrated into the assessment process to challenge and validate the information provided by the funds. This helps in identifying any discrepancies and confirming that the fund's ESG practices are robust and reliable.

2) If any breach, data anomaly, or inconsistency is observed, the investment advisor engages directly with the fund providers to rectify the issue. Persistent non-cooperation from fund managers results in the fund being sold within three months.

Banque Raiffeisen conducts its own annual due diligence on the investment advisor to confirm compliance with all binding elements and maintain high data quality standards. This process includes:

- **Sample checks:** Banque Raiffeisen performs random sample checks on the data provided by the investment advisor. These checks verify the accuracy and completeness of the data related to environmental and/or social characteristics, exclusion criteria, and other binding elements.
- **Review of data quality & management:** Banque Raiffeisen reviews the quality of the data collected and processed by the investment advisor. This involves checking the methodologies used for data aggregation and confirming that any estimates are reasonable and justifiable.
- **Compliance with binding elements in SFDR-related disclosures**: Banque Raiffeisen verifies that the investment advisor adheres to all binding elements of SFDR-related disclosures.

By conducting these due diligence activities, Banque Raiffeisen aims to confirm that the investment advisor operates with transparency and accountability.

3) Due diligence of the data provider by the investment advisor's ESG team

Our investment advisor's ESG team has implemented a data governance framework to confirm the reliability and integrity of the ESG data used in our investment process. This review includes:

- **Evaluation of methodologies:** The ESG team assesses the methodologies used by MSCI ESG for data collection, estimation, and reporting. This aims to confirm that the data provider's practices align with industry standards and our specific requirements.
- **Accuracy and consistency checks:** The team performs checks on the accuracy and consistency of the data provided by MSCI ESG. This involves comparing the data against other sources and evaluating any significant discrepancies.
- **Ongoing review and updates:** Any issues identified through data quality checks and feedback from the ESG team are addressed through direct engagement with MSCI ESG to maintain continuous improvement.

By performing these due diligence activities, our investment advisor's ESG team confirms that the data used for sustainability assessments is accurate, reliable, and up to date.

Engagement policies

Our financial product exclusively invests in investment funds and does not make direct investments in individual companies, our engagement efforts are focused on the fund level. As direct engagement with companies is not feasible, we engage with the fund managers to confirm that they uphold high standards of sustainability and ESG practices.

Raiffeisen

1) Engagement with fund managers

- **Regular meetings and questionnaires:** Our investment advisor maintains ongoing communication with fund managers through regular meetings and detailed questionnaires. These interactions are designed to gain insights into the fund's investment processes, ESG integration, and overall sustainability practices.

- **Addressing concerns:** If any issues or discrepancies are identified during our investment advisor's assessments or through external data sources such as MSCI ESG, they engage directly with the fund managers to seek clarification and resolution. This engagement helps confirm that the funds in our portfolio of the investment instruction align with our environmental and/or social characteristics and binding elements.

- **Follow-up and monitoring:** Our investment advisor regularly monitors the responses and actions taken by the fund managers to address any concerns. This ongoing dialogue is crucial for maintaining the integrity and performance of our investment portfolio at investment instruction level.

2) Actions on non-compliance

If a fund manager fails to adequately address identified issues or if no satisfactory conclusion is reached, we will take decisive action to protect the interests of our investors. Specifically, the fund will be sold within three months if the fund manager remains uncooperative or if the identified issues are not resolved.

Designated reference benchmark

No specific index has been designated as a reference benchmark for the purpose of attaining the environmental and social characteristics promoted by the financial product.