

Annex 1.B

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

Ethna SICAV – AKTIV A (Feeder UCITS)
 Legal entity identifier: 5299001YDDWV0ALEG76

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.

Environmental and/or social characteristics	
<p>Product name: Ethna-AKTIV (Master UCITS) Legal entity identifier: 529900GYLM0Z95YA0Y09</p>	
<p>Does this financial product have a sustainable investment objective?</p>	
<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: %</p> <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <p><input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: %</p>	<p><input checked="" type="checkbox"/> No</p> <p><input type="checkbox"/> 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</p> <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective <p><input checked="" type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments</p>



What environmental and/or social characteristics are promoted by this financial product?

In its bond and equity investments, the Fund favours companies that already have low exposure to material ESG risks or that actively manage and so reduce the ESG risks inevitably associated with their business activities.

The analyses of the external rating agency Sustainalytics are used to assess the ESG risks that are relevant for the individual companies and to evaluate the active management of ESG risks

within the companies. The ESG Risk Score calculated by Sustainalytics assesses three factors that are crucial for a risk assessment:

- Governance
- Material ESG risks at sector level and the individual measures taken by the company to counter them
- Idiosyncratic risks (controversies that companies are involved in)

The corporate governance assessment is an important feature for assessing the financial and ESG risks associated with an investment. The analysis of the environmental and social characteristics focuses on material risks for the sector. Besides social factors, resource consumption is always a risk factor in the manufacturing sector. Consequently, the analysis incorporates ecological features, for example:

- greenhouse gas emissions and greenhouse gas intensity,
- protection of natural resources, especially water,
- limiting of soil sealing,
- biodiversity

Service companies have a much lower environmental impact due to their activities, and so they focus on social characteristics, which include, for example:

- Fair working conditions and adequate pay,
- Health and safety at work,
- Prevention of corruption,
- Prevention of fraud,
- Control of product quality.

As such, the Fund focuses on taking into account relevant environmental and social risks, which may vary from company to company. The Fund seeks not only to avoid environmental risks by investing in companies whose environmental risks are already low based on the company's activities, but also to consider companies that use appropriate management policies to limit and reduce the environmental risks associated with their business model.

There are also comprehensive exclusions that prohibit the Fund from making a large number of investments that are generally regarded as critical. Specifically, investments in companies with a core activity in the areas of armaments, tobacco, pornography, staple food speculation and/or the production/distribution of coal are prohibited. Additionally, investments in companies are prohibited when serious violations of the principles of the UN Global Compact have been identified and there is no compelling prospect that the violations will be remedied. For sovereign issuers, investments in bonds of countries declared "unfree" in the annual analysis by Freedom House (www.freedomhouse.org) are prohibited.

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

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

The analyses of the external rating agency Sustainalytics are used to assess the ESG risks that are relevant for the individual companies and to evaluate the active management of ESG risks within the companies.

Sustainalytics summarises the results of its analyses in an ESG risk score ranging from 0 to 100, where the risk assumptions are assessed as follows:

- less than 10: minor risks
- from 10 to 19.99: low risks
- from 20 to 29.99: medium risks
- from 30 to 39.99: high risks
- greater than 40: serious risks.

Measured against this ESG risk score, the Fund is expected to achieve on average at least a medium ESG risk profile (ESG risk score less than 30).

Individual securities with very serious risks (ESG risk score greater than 50) will only be considered for inclusion as an investment in the Fund in justified exceptional cases and should be accompanied by an active engagement process to improve the ESG risk profile of the investment.

The exclusions exclude investments in companies or products issued by companies that violate the UN conventions on cluster munitions, chemical weapons and other outlawed weapons of mass destruction or that finance such companies/products. Additional product-related exclusions apply if the turnover of a company from the production and/or distribution of certain goods exceeds the revenue volumes listed below: coal (25%), armaments (10%), small arms (10%), adult entertainment (10%), tobacco (5%).

Additionally, investments in companies are prohibited when serious violations of the principles of the UN Global Compact have been identified and there is no compelling prospect that the violations will be remedied.

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- **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?**
E/S characteristics are promoted with the financial product, but no sustainable investments will be made.
- **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?**
E/S characteristics are promoted with the financial product, but no sustainable investments will be made.
 - **How were the indicators for adverse impacts on sustainability factors taken into account?**
E/S characteristics are promoted with the financial product, but no sustainable investments will be made.
 - **How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**
E/S characteristics are promoted with the financial product, but no sustainable investments will be made.

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, anticorruption and antibribery matters.

The EU Taxonomy sets out a “do no significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

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

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



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

Yes, within the Fund, the principal adverse impacts of investment decisions on sustainability factors from the following groups of issues from Annex 1 of Table I of Regulation (EU) 2022/1288 of the European Parliament and of the Council of 6 April 2022 are taken into consideration: greenhouse gas emissions, biodiversity, water, waste, and social and employment issues.

The portfolio managers draw on the external analyses of ESG agencies, public documents of the companies and notes from direct dialogues with company leaders to identify, measure and assess adverse sustainability impacts. The adverse sustainability impacts can then be subjected to comprehensive analysis and taken into account in investment decisions.

Different sustainability aspects are weighted in the sustainability assessment of investments depending on their relevance for the respective business model. For example, greenhouse gas emissions are significantly more relevant in particularly CO2-intensive sectors than in less CO2-intensive sectors.

Regular reporting of the sustainability factors is based on the raw data provided by the Sustainalytics rating agency.

No,



What investment strategy does this financial product follow?

The main objective of the investment policy of the Fund is to achieve an appropriate increase in value in euro, taking into account the criteria of sustainability, value stability, capital security and the liquidity of the Fund’s assets, as described in more detail in the prospectus under “Investment Objectives and Strategy” and “Investment Policy”.

A three-stage analysis and decision-making process is embedded in the investment process to ensure the continuous implementation of the environmental and social goals that are being promoted.

The first step is a comprehensive exclusion procedure to exclude certain critical investments in advance (details on the exclusions used are provided in the following answer).

The second step is an ESG risk assessment to evaluate and reduce the material sustainability risks associated with an investment. In its investments, the Fund favours companies that

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

already have low exposure to material ESG risks and can therefore be described as non-critical, or that actively manage and so reduce the ESG risks inevitably associated with their business activities (details of this can also be found in the following answer).

Individual securities with very serious ESG risks must be accompanied by a targeted engagement process. For equity investments, the engagement process is implemented, for example, by exercising voting rights and actively exercising shareholder rights. For bond investments, creditor rights can be exercised. The portfolio manager is also required to actively engage in dialogue with the management of the company to coordinate the sustainability goals, to scrutinise them critically and, if necessary, to make suggestions for improvement. This can be done in the case of a bond issue, for example, during roadshows, at press conferences and following the presentation of quarterly or annual results, at conferences, directly on site at the company, in meetings and dialogues with company representatives or ad-hoc via investor relations.

- **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?**

The analyses of the external rating agency Sustainalytics are used to assess the ESG risks that are relevant for the individual companies and to evaluate the active management of ESG risks within the companies.

Sustainalytics summarises the results of its analyses in an ESG risk score ranging from 0 to 100, where the risk assumptions are assessed as follows:

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Additionally, investments in companies are prohibited when serious violations of the principles of the UN Global Compact have been identified and there is no compelling prospect that the violations will be remedied.

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- **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 have a commitment to reduce the investment universe by a certain minimum rate.

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

- **What is the policy to assess good governance practices of the investee companies?**
Investments in companies are prohibited when serious violations of the principles of the UN Global Compact have been identified and there is no compelling prospect that the violations will be remedied.

The ten principles of the UN Global Compact are:

- 01 Businesses should support and respect the protection of internationally proclaimed human rights.
- 02 Businesses should make sure that they are not complicit in human rights abuses.
- 03 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
- 04 Business should work for the elimination of all forms of forced and compulsory labour.
- 05 Business should work for the effective abolition of child labour.
- 06 Business should work for the elimination of discrimination in respect of employment and occupation.
- 07 Businesses should support a precautionary approach to environmental challenges.
- 08 Businesses should undertake initiatives to promote greater environmental responsibility.
- 09 Businesses should encourage the development and diffusion of environmentally friendly technologies.
- 10 Businesses should work against corruption in all its forms, including extortion and bribery.

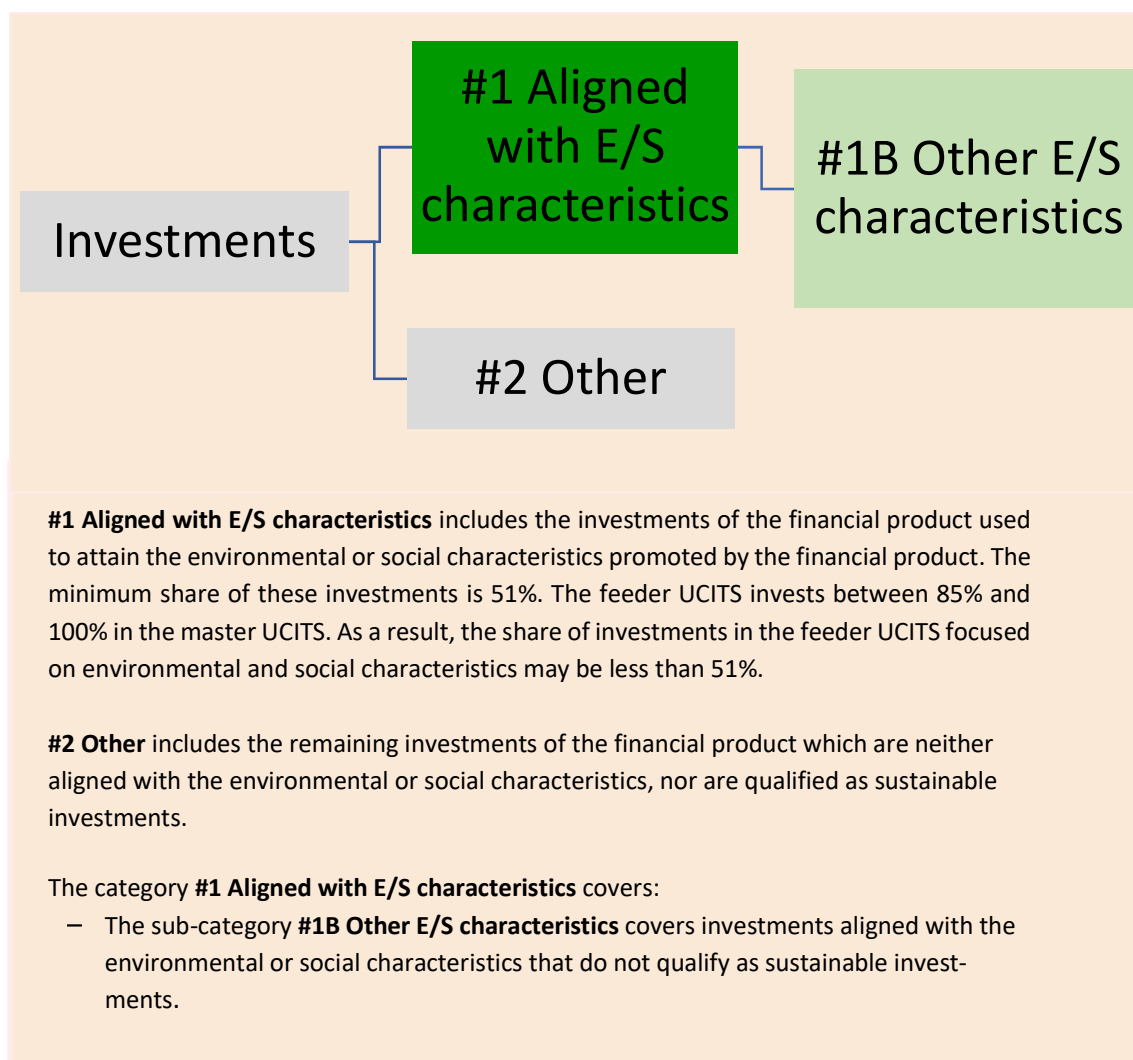


What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

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?
The Fund may use financial derivative instruments for investment and hedging purposes. Derivatives are not used to achieve the environmental or social characteristics promoted by the financial product.



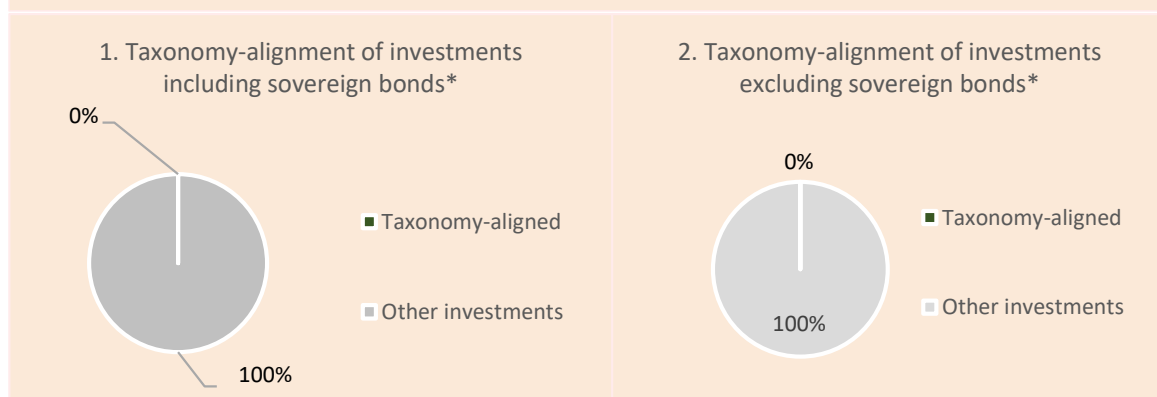
To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The main objective of this Fund is to contribute to the pursuit of E/S characteristics. Accordingly, this Fund does not currently commit to investing a minimum proportion of its total assets in environmentally sustainable economic activities as defined in Article 3 of the EU Taxonomy Regulation (2020/852). This also applies to information on investments in economic activities that are classified as enabling or transitional activities under Article 16 or 10(2) of the EU Taxonomy Regulation (2020/852).

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.

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:	0%	Taxonomy-aligned:	0%
Other investments:	100%	Other investments:	100%

* 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?
Transitional activities: 0%
Enabling activities: 0%



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

E/S characteristics are promoted with the financial product, but no sustainable investments will be made.

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 0%



What is the minimum share of socially sustainable investments?

E/S characteristics are promoted with the financial product, but no sustainable investments will be made.

The minimum share of socially sustainable investments is 0%

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



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

This includes hedging instruments, investments used for diversification purposes (for example commodities and other investment funds), investments for which no data is available, and cash.

“#2 Other investments” in particular is used for diversification of the Fund and for liquidity management in order to achieve the investment objectives described in the investment policy.

The sustainability indicators used to measure the achievement of the individual environmental or social characteristics in “#1 Investments focused on environmental or social characteristics” do not apply systematically in “#2 Other investments”. There is no minimum protection for “#2 Other investments”.



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?

- Yes,
- No

- How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?
No index is designated as a reference benchmark to determine whether this Fund is aligned with the environmental and/or social characteristics that it promotes.
- How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?
No index is designated as a reference benchmark to determine whether this Fund is aligned with the environmental and/or social characteristics that it promotes.
- How does the designated index differ from a relevant broad market index?
No index is designated as a reference benchmark to determine whether this Fund is aligned with the environmental and/or social characteristics that it promotes.
- Where can the methodology used for the calculation of the designated index be found?
No index is designated as a reference benchmark to determine whether this Fund is aligned with the environmental and/or social characteristics that it promotes.

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



Where can I find more product specific information online?
More product-specific information can be found on the website:
<https://www.ethenea.com/en-lu/esg-related-documents/>