

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

Product name:

ABN AMRO Funds Schroder Euro Corporate ESG Bonds

Legal entity identifier:

5493003TUGS6KJRX7279

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 analysis of ESG factors is systematically integrated into the investment decision making process of ABN AMRO Funds Schroder Euro Corporate ESG Bonds (the "Sub-Fund"). The external investment manager defines ESG integration as the process of recognising the financial materiality (or significance) of environmental, social and corporate governance factors as part of the investment process. The Sub-Fund will use a selection of securities complying with ABN AMRO Investment Solutions (the "Management Company") ESG responsibility criteria. The External Investment Managers must comply with the Management Company's standards of quality and go through a qualitative selection process before being retained. This process involves an in-depth analysis of the External Investment Manager's corporate social responsibility policy as well as its overall sustainability strengths going from the analysis of ESG professionals, philosophy and investment process. Under the ESG responsibility criteria of the Management Company, the External Investment Manager is committed to conducting both negative and positive screenings as well as taking engagement actions when necessary. The Sub-Fund will be composed of issuers that are either leading in ESG best-practice or attractive due to their progression in ESG.

The Sub-Fund promotes both environmental and social characteristics. On the environmental front, the Sub-Fund promotes climate risk management. The social characteristics promoted by the Sub-Fund focus on global human rights, labor standards as well as diversity, equity and inclusion.

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund.

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?***

ESG analysis is systematically integrated into the investment decision making process. As part of its ESG framework, the Management Company uses the following sustainability indicators to measure the achievement of each of the environmental or social characteristics promoted by the Sub-Fund:

- *Absence of companies that do not meet the criteria defined in the Management Company's Exclusion List and that are deemed incompatible with the E/S promotion (e.g. tobacco, controversial weapons).*
- *Controversy Level Assessment - Controversy involvement is a key measure of ESG performance. Controversy level assessment reflects a company's level of involvement in issues and how it manages those issues.*
- *Compliance with the UN Global Compact - The United Nations Global Compact is the world largest corporate sustainability initiative aimed at encouraging businesses and firms worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. The UN Global Compact is a principle-based framework for businesses, stating ten principles in the areas of human rights, labour, the environment and anti-corruption. The Ten Principles of the United Nations Global Compact are derived from: the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.*
- *ESG Risk Scores - ESG risk scores measure a company's exposure to material industry-specific ESG risks and how the company manages those risks. This multi-dimensional way of measuring ESG risk combines the concepts of management and exposure to arrive at an absolute assessment of ESG risk.*
- *Scope 1 GHG Emissions- Scope 1 emissions emanate from a company's internal operations, including on-site energy production, vehicle fleets, manufacturing operations, and waste.*
- *Scope 2 GHG emissions- Scope 2 emissions are indirect emissions generated by the production of energy used by the company.*

● ***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?***

Not Applicable

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Not Applicable

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

Not Applicable

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

Not Applicable

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.



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

☒ Yes, the Sub-Fund considers principal adverse impacts (PAI) as part of the investment decision making process. The Sub-Fund strives to minimize two PAIs by excluding (i) United Nations Global Compact non-compliant companies and (ii) controversial weapons.

The above principal adverse impacts are considered at product level through the exclusion policy. Further information on principal adverse impacts will be provided in an annex to the Sub-Fund’s annual report.

☐ No



What investment strategy does this financial product follow?

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

The Sub-Fund aims to provide medium term capital appreciation with a diversified and actively managed portfolio of euro corporate bonds. The Sub-Fund will use a selection of securities complying with Environmental, Social and Governance (ESG) responsibility criteria. The portfolio will be composed of issuers that are either leading in ESG best-practice or attractive due to their progression in ESG.

The portfolio is actively managed through a process that combines a macro themes analysis and a bottom-up security selection. The outcome portfolio aims to combine uncorrelated sources of alpha in order to mitigate risk. The security selection process of the external investment manager incorporates a disciplined and well-defined ESG best-in-class approach. The external investment manager uses its proprietary ESG assessment analysis to identify leaders, laggards and issuers with highest ESG convictions.

For credit issuers in the portfolio analysts conduct both financial analysis and ESG analysis. In financial analysis, the external investment manager analyses companies' business models from a bottom-up perspective; revenues, cost, pricing power, capital allocation and leverage as well as liquidity management play a central role. That combined with sectorial and thematic considerations drive the financial credit recommendations and positioning in the fund. Governance and management quality assessment as well as ESG risk considerations (regulation/ stranded asset/ bad governance etc) affect both fundamental and ESG analysis. Analysts express their views with a rating from 1-Improving to 4-Deteriorating.

In addition, analysts use their internal proprietary tool SustainEx to get an estimate of various social and environmental "costs" or "benefits" of companies, by using certain indicators and quantifying them positively (e.g., medicine provisions, connectivity) and negatively (e.g., water intensity, CO2 emissions) to produce an aggregate notional measure of the effect that the relevant underlying issuer has on society and the environment.

Engagement with companies is a part of the ESG analysis and fund positioning and can also be relevant for financial materiality on the fundamental side.

Methodological limitations can be assessed in terms of: nature of ESG information (quantification of qualitative data), ESG coverage (some data are not available for certain issuers) and homogeneity of ESG data (methodological differences).

● **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 binding elements of the investment strategy are:

- *The Management Company's exclusions list as defined in the following table:*

| <i>Company Exclusions based on International Standards and Policies</i> | <i>Exclusion Criteria</i> |
|----------------------------------------------------------------------------------------------------------------------|---------------------------------|
| <i>Companies non-compliant with the UN Global Compact's Principles</i> | <i>No</i> |
| <i>Companies listed on ABN AMRO Investment Exclusion List (IEL)</i> | <i>No</i> |
| <i>Companies listed on AAIS Good Governance Blacklist</i> | <i>No</i> |
| <i>Company Exclusions based on Revenue Thresholds</i> | |
| <i>Adult Entertainment Production</i> | <i>>5%</i> |
| <i>Controversial Weapons direct ownership</i> | <i>No</i> |
| <i>Controversial Weapons indirect ownership Involvement</i> | <i>>10%</i> |
| <i>Military Contracting Weapons</i> | <i>>0%</i> |
| <i>Military Contracting Weapons related products and /or services</i> | <i>>5%</i> |
| <i>Small Arms</i> | <i>>0%</i> |
| <i>Fur and specialty leather production</i> | <i>>5%</i> |
| <i>Unconventional fossil fuels (Arctic oil & gas exploration, oil sands and shale energy extraction methods)</i> | <i>Combined Revenues >5%</i> |
| <i>Thermal Coal Extraction</i> | <i>>5%</i> |
| <i>Thermal Coal Power Generation</i> | <i>>10%</i> |

| | |
|----------------------------------------------------|------|
| <i>Cannabis (recreational purposes)</i> | >5% |
| <i>Gambling</i> | >5% |
| <i>Genetically Modified Organisms</i> | >5% |
| <i>Tobacco Producing Companies</i> | >0% |
| <i>Tobacco Products Related Products/Services</i> | >5% |
| <i>Tobacco Products Retail and/or Distribution</i> | >50% |

The table above is a non-exhaustive set of exclusions which may evolve over time (with no prior notice).

- The Sub-Fund will not invest in companies that do not pass the external investment manager ESG suitability analysis. The External Investment Manager will consider for inclusion into the portfolio of the Sub-Fund, companies with the top 80% ESG scores (taking the External Investment Manager's proprietary scoring methodology).

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

After implementation of the investment policy described above, the committed minimum rate to reduce the scope of investment is 20 %.

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

- As part of its "Good Governance Policy", the Management Company of the Sub-Fund determines if a company does not follow good governance practices. Companies that do not follow good governance practices are excluded from the initial investment universe of the Sub-Fund. The data source used for all below mentioned criteria and to define the pass/fail good governance test of the Management Company is Sustainalytics.

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

| SFDR Component | Indicator | Exclusion Criteria | Description |
|----------------------------|----------------------------------------------|---------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Sound Management Structure | UN Global Compact - Principle 10 | Watchlist and Non-Compliant status | Principle 10 of the UN Global Compact is related to anti-bribery and corruption and states businesses should work against corruption in all its forms, including extortion and bribery. |
| | Governance controversy assessment | High & Severe Levels (equivalent to levels 4/5 and 5/5) | As part of the controversy assessment, the following topics are included: accounting irregularities, bribery and corruption, anti-competitive practices, sanctions as well as board composition. |
| Employee Relations | UN Global Compact – Principles 3, 4, 5 and 6 | Watchlist and Non-Compliant status | Principle 3, 4, 5 and 6 of the UN Global Compact are related to labour conditions. The principles state that businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced and compulsory labour; the effective abolition of child labour; and the elimination of discrimination in respect of employment and occupation. |
| | Social Controversy Assessment | High & Severe Levels (equivalent to levels 4/5 and 5/5) | As part of the controversy assessment, the following topics are included: freedom of association, child/forced labour, health and safety, community relations, respect of |

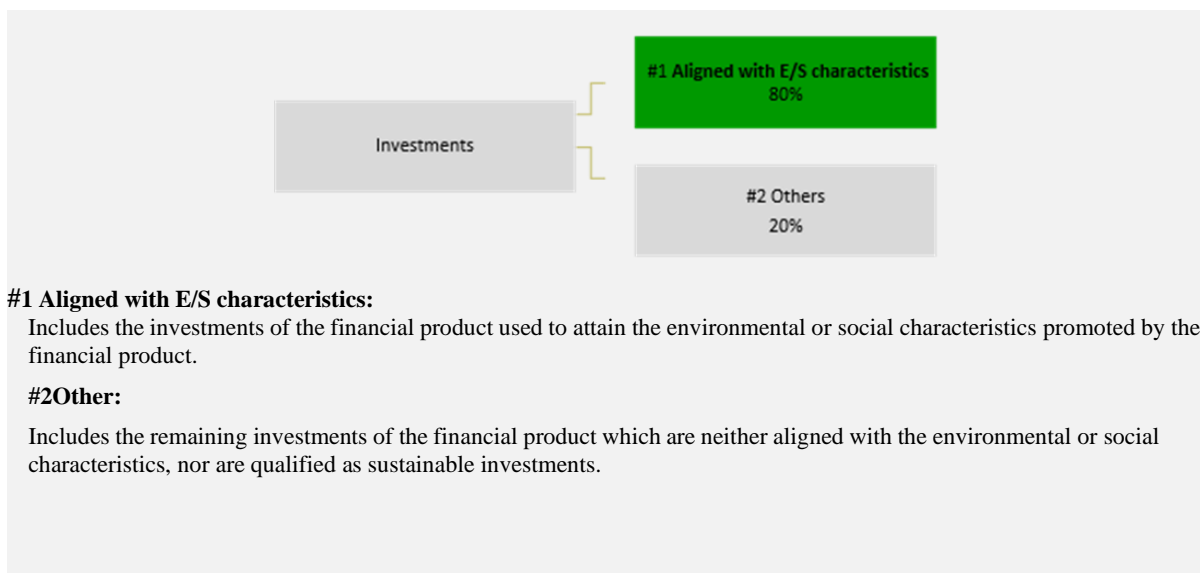
| | | | |
|------------------------------|------------------------------------------|--------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|
| | | | <i>human rights, labour standards, discrimination and harassment.</i> |
| <i>Tax Compliance</i> | <i>Governance Controversy Assessment</i> | <i>High & Severe Levels (equivalent to levels 4/5 and 5/5)</i> | <i>As part of the controversy assessment, taxes avoidance and evasion are taken into consideration.</i> |
| <i>Remuneration of Staff</i> | <i>Governance Controversy Assessment</i> | <i>High & Severe Levels (equivalent to levels 4/5 and 5/5)</i> | <i>As part of the controversy assessment, remuneration is taken into consideration</i> |



What is the asset allocation planned for this financial product?

The Sub-Fund invests at least 80% of its net assets in assets that have been determined as “eligible” as per the ESG process in place (hence in investments that are aligned with the promoted environmental and social characteristics (#1 Aligned with E/S characteristics)).

Up to 20% of the investments are not aligned with these characteristics (#2 Other). “#2 Other” includes derivatives, bank deposits at sight, including cash held in current accounts with a bank accessible at any time. These are used for Investment, hedging and efficient management portfolio purposes. There are no minimum environmental or social safeguards associated with these investments. A more detailed description of the specific asset allocation of this Sub-Fund can be found in the prospectus.



How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Not Applicable



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

Not Applicable.

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**

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?**

The Sub-Fund does not have a minimum share of investments in transitional and enabling activities (i.e., 0%), as it does not commit to a minimum proportion of environmentally sustainable investments aligned with the EU Taxonomy.

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

Not Applicable

● **What is the minimum share of socially sustainable investments?**

Not Applicable

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

“#2 Other” includes derivatives, bank deposits at sight, including cash held in current accounts with a bank accessible at any time. These are used for investment, hedging and efficient management portfolio purposes. There are no minimum environmental or social safeguards associated with these investments. A more detailed description of the specific asset allocation of this Sub-Fund can be found in the prospectus.

● **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?**

No specific ESG-related index has been designated for this Sub-Fund.

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

Not Applicable

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

Not Applicable

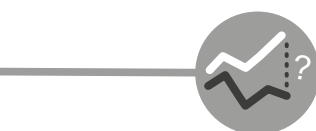
● **How does the designated index differ from a relevant broad market index?**

Not Applicable

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.

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



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

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

Not Applicable



Where can I find more product specific information online?

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

- *ABN AMRO Investment Solution's Sustainable Investment Policy:*

<https://www.abnamroinvestmentsolutions.com/en/socially-responsible-investment-abn-amro-investment-solutions/sustainability-related-disclosures.html>

- *Documents of the Sub-Fund:*

<https://www.abnamroinvestmentsolutions.com/en/fund-range/fund-range.html>