

Appendix 5 – EU Sustainable Finance Disclosure Regulation (continued)

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: BlueBay Investment Euro Grade Aggregate Bond Fund
Legal entity identifier: 7QNGURKPVKOWSW4A659

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

Yes No
It made sustainable investments with an environmental objective: \_\_\_%
It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of \_\_\_% of sustainable investments
It made sustainable investments with a social objective: \_\_\_%
It promoted E/S characteristics, but did not make any sustainable investments

To what extent were the environmental and/or social characteristics promoted by this financial product met?

In the prospectus, the Sub-Fund commits to promote environmental and social characteristics by favouring investment in issuers whose business activities and/or conduct take an appropriate and responsible approach to ESG. This is achieved by implementing environmental, social and governance (ESG) integration (via the assessment of issuers based on a proprietary ESG risk rating methodology and setting a minimum threshold for investment eligibility of an issuer), ESG engagement (where appropriate to ensure the issuers continues to meet the required environmental and/or social characteristics being promoted) and ESG screening (by excluding issuers from investment due to their involvement in controversial activities and/or poor ESG conduct).

## Appendix 5 – EU Sustainable Finance Disclosure Regulation (continued)

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

During the period, the Sub-Fund met this commitment by investing only in issuers that were deemed to have an appropriate and responsible approach to environmental, social, and governance characteristics when assessed according to the above ESG framework.

### ***How did the sustainability indicators perform?***

As of 30 June 2023, 95.75% of the Sub-Fund's net assets were invested in fixed income securities aligned with the E/S characteristics promoted by the Sub-Fund ("In Scope Securities").

The sustainability indicators used to assess, measure and monitor the ESG characteristics of the Sub-Fund are as follows:

- I. 100% of In Scope Securities are covered by the Investment Manager's ESG evaluation.
- II. 100% of In Scope Securities are compliant and not in active breach of any ESG Exclusion / Negative screening (product based) and ESG Norms Based Screening (conduct based) screening applicable to the Sub-Fund as detailed in section 5 of the Prospectus.
- III. 100% of In Scope Securities are compliant and not in active breach of the ESG Integration screening which excludes issuers with a 'very high' Fundamental ESG (Risk) Rating (either at an overall ESG level, or on the 'governance' pillar specifically) as per the Investment Manager's proprietary ESG evaluation detailed thereafter.

### ***... and compared to previous periods?***

Not applicable.

### ***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?***

Not applicable, the Sub-Fund does not claim to make investments with a sustainable objective in the SFDR pre-contractual disclosure.

### ***How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable, the Sub-Fund does not claim to make investments with a sustainable objective in the SFDR pre-contractual disclosure.

**Appendix 5 – EU Sustainable Finance Disclosure Regulation (continued)**

*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 Union criteria.*

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

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



**How did this financial product consider principal adverse impacts on sustainability factors?**

PAI indicators considered by the sub-fund during the reporting year:

**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.

|           | Adverse sustainability indicator    | Metric   | Explanation   |
|-----------|-------------------------------------|--|---|
| CORPORATE | <b>ENVIRONMENTAL</b>                |  |   |
|           | GHG Emissions                       | Scope 1 GHG emissions [tCO <sub>2</sub> e]                                   | The Sub-Fund considers scope 1, 2, 3 and total GHG emissions, carbon footprint, and GHG intensity PAI metrics. The consideration is by escalation with investee companies with high levels of scope 1 GHG emissions, scope 2 GHG emissions, estimate scope 3 GHG emissions, and total GHG emissions relative to companies operating in the same NACE sector and regional market (developed/emerging, as defined by the World Bank). Escalations can take the form of additional due diligence, engagement, collaborative initiatives, and/or exit, as determined by the Investment Manager. Monitoring and evaluation of escalation actions and their outcomes are taken into account in terms of the ongoing eligibility of the investee companies, and/or investment positioning. |
|           |                                     | Scope 2 GHG emissions [tCO <sub>2</sub> e]                                   |   |
|           |                                     | Scope 3 GHG emissions [tCO <sub>2</sub> e]                                   |   |
|           | Carbon footprint                    | Carbon footprint [tCO <sub>2</sub> e per EUR million invested]               |   |
|           | GHG intensity of investee companies | GHG intensity of investee companies [tCO <sub>2</sub> e / EUR million sales] | <p>During the reference period, the Investment Manager had access to carbon related data on investee companies, and enabled portfolio level analytics and tools sourced from the third party vendor. These were used to support assessment of climate-related practices of investee companies within the Sub-Fund, and inform on the identification of areas for potential research, due diligence, engagement, as determined by the Investment Manager.</p> <p>Where relevant, feasible and in-line with the investment objective, the Investment Manager conducts engagement with investee companies on climate-related matters, either to</p>  |

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| Adverse sustainability indicator | Metric   | Explanation   |
|----------------------------------|--|---|
|                                  |  | inform and/or to promote better practices, which range from encouraging enhanced disclosure, to better mitigation of GHG emissions.   |
|                                  | Investments in companies without carbon emission reduction initiatives | <p>Share of investments in investee companies without carbon reduction initiatives aimed at aligning with the Paris Agreement [% portfolio weight]</p> <p>The Sub-Fund considers this PAI metric by taking escalation actions with investee companies in high impact sectors (in NACE sector code of A, B, C, D, E, F, G, H, or L) without carbon emissions reduction initiatives aimed at aligning to the Paris Agreement. Escalations can take the form of additional due diligence, engagement, proxy voting, collaborative initiatives, and/or exit, as determined by the Investment Manager. Monitoring and evaluation of escalation actions and their outcomes will be taken into account in terms of the ongoing eligibility of the investee companies, and/or investment positioning.</p> <p>During the reference period, the Investment Manager had access to carbon related data on investee companies, and enabled portfolio level analytics and tools sourced from the third party vendor. These were used to support assessment of climate-related practices of investee companies within the Sub-Fund, and inform on the identification of areas for potential research, due diligence, engagement, as determined by the Investment Manager.</p> <p>Where relevant, feasible and in-line with the investment objective, the Investment Manager conducts engagement with investee companies on climate-related matters. Engagement is prioritized based on the extent to which investee companies in high impact sectors (in NACE sector code of A, B, C, D, E, F, G, H, or L) are without carbon emissions reduction initiatives where these are considered material.</p> |
|                                  | Exposure to companies active in the fossil fuel sector                 | <p>Share of investments in companies active in the fossil fuel sector [% portfolio weight]</p> <p>The Sub-Fund considers this PAI metric by escalating with investee companies that are active in the fossil fuel related sector depending on the emissions profile of their business activities depending on a specific type of involvement. Escalations can take the form of additional due diligence, engagement, collaborative initiatives, and/or exit, as determined by the Investment Manager. Monitoring and evaluation of escalation actions and their outcomes will be taken into account in terms of the ongoing eligibility of the investee companies, and/or investment positioning.</p> <p>Where relevant, feasible and in-line with the investment objective, the Investment Manager conducts engagement with investee companies on climate-related matters where they fall into these sectors.</p>  |

**Appendix 5 – EU Sustainable Finance Disclosure Regulation (continued)**

| Adverse sustainability indicator  | Metric   | Explanation  |
|---|--|--|
| <b>SOCIAL</b>   |  |  |
| Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, and biological weapons) | Share of investments in investee companies involved in the manufacture or selling of controversial weapons [% portfolio weight]  | <p>The Sub-Fund minimises this PAI metric by excluding investee companies with exposure to controversial weapons within (focus on manufacturing), and beyond the scope of the PAI (by including other controversial weapons like nuclear).</p> <p>During the reference period, the Investment Manager had access to data on investee companies and their statuses with regards to controversial weapons involvement, sourced from the third party vendor. These are used to support assessment of involvement of investee companies within the Sub-Fund.</p>   |
| Violations of UN Global Compact principles and OECD Guidelines for Multinationals                                     | Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises. [% portfolio weight] | Where relevant, feasible and in-line with the investment objective, the Investment Manager conducts engagement with investee companies based on the extent to which the investee companies faced meaningful ESG controversies or may be potentially in scope of being in violation of norms such as the UN Global Compact.   |
| Lack of anti-corruption and anti-bribery policies   | Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption [% portfolio weight]    | <p>The Sub-Fund considers this PAI metric by taking escalation actions with investee companies that do not have anti-corruption and anti-bribery policies. Escalations can take the form of additional due diligence, engagement, collaborative initiatives, and/or exit, as determined by the Investment Manager. Monitoring and evaluation of escalation actions and their outcomes will be taken into account in terms of the ongoing eligibility of the investee companies, and/or investment positioning.</p> <p>During the reference period, the Investment Manager had access to data on investee companies bribery and corruption practices, sourced from the third party vendor. These are used to support assessment of the performance of investee companies on these parameters within the Sub-Fund, and inform on the identification of areas for potential research, due diligence, engagement, as determined by the Investment Manager.</p> <p>Where relevant, feasible and in-line with the investment objective, the Investment Manager conducts engagement with investee companies based on the extent to which lacking such policies can be linked to ESG performance issues.</p> |

**Appendix 5 – EU Sustainable Finance Disclosure Regulation (continued)**

| Adverse sustainability indicator                | Metric   | Explanation  |
|---|--|--|
| <b>ENVIRONMENTAL</b>                            |  |  |
| GHG Intensity                                   | GHG intensity of investee countries  | <p>The Sub-Fund considers this PAI metric by taking escalation actions with investee countries with high GHG intensity (relative to countries in the same economic group peers, as defined by the World Bank). Escalations can take the form of additional due diligence, engagement, collaborative initiatives, and/or exit, as determined by the Investment Manager. Monitoring and evaluation of escalation actions and their outcomes will be taken into account in terms of the ongoing eligibility of the investee countries, and/or investment positioning.</p> <p>During the reference period, the Investment Manager had access to data on investee countries' climate/carbon related practices, sourced from the third party vendor. These are used to support assessment of the performance of investee countries on these parameters within the Sub-Fund, and inform on the identification of areas for potential research, due diligence, engagement, as determined by the Investment Manager.</p> <p>Where relevant, feasible and in-line with the investment objective, the Investment Manager conducts engagement. Engagement is prioritized based on the GHG intensity of the investee countries.</p> <p>During the reference period, there was no direct exposure to in scope investments in investee countries.</p> |
| <b>SOCIAL</b>                                   |  |  |
| Investee countries subject to social violations | Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law | <p>The Sub-Fund minimises this PAI metric by excluding investee countries under international sanctions which include social violations (specifically those which are not party to, or have not ratified certain UN treaties and conventions (such as those on corruption, torture and punishment).</p> <p>During the reference period, the Investment Manager had access to data on investee countries' statuses on a selection of international treaties and conventions, sourced from the third party vendor. These are used to support assessment of the performance of investee countries on these parameters within the Sub-Fund, and inform on the identification of areas for potential research, due diligence, engagement, as determined by the Investment Manager.</p> <p>Where relevant, feasible and in-line with the investment objective or mandate, the Investment Manager conducts engagement.</p>  |

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|           | Adverse sustainability indicator | Metric  | Explanation  |
|-----------|----------------------------------|---|--|
| SOVEREIGN | Average corruption score         | Measure of the perceived level of public sector corruption using a quantitative indicator | <p>The Sub-Fund considers this PAI metric by taking escalation action with investee countries that do not have anti-corruption and anti-bribery policies. Escalations may be in the form of additional due diligence, engagement, collaborative initiatives, and/or exit, as determined by the Investment Manager. Monitoring and evaluation of escalation actions and their outcomes will be taken into account in terms of the ongoing eligibility of the investee countries, and/or investment positioning.</p> <p>During the reference period, the Investment Manager had access to data on investee countries related to bribery and corruption matters, sourced from the third party vendor. These are used to support assessment within the Sub-Fund, and inform on the identification of areas for potential research, due diligence, engagement, as determined by the Investment Manager.</p> <p>Where relevant, feasible and in-line with the investment objective, the Investment Manager conducts engagement. Engagement is prioritized based on the extent to which the investee countries have low corruption score.</p> |

*The Sub-Fund monitors and evaluates the PAI indicators and metrics indicated, although the availability of data on some indicators/metrics is currently limited and so may not necessarily cover the full scope. As such the integration of PAI indicators is conducted on a best-efforts basis. However, as data availability improves, assessments and monitoring will improve.*

## Appendix 5 – EU Sustainable Finance Disclosure Regulation (continued)



### What were the top investments of this financial product?

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is: 1<sup>st</sup> July 2022 – 30<sup>th</sup> June 2023

| Largest investments   | Sector        | % Assets | Country        |
|---|---------------|----------|----------------|
| French Republic Government Bond OAT - FRTR 2 1/2 05/30 REGS | Treasuries    | 4.55%    | France         |
| Spain Government Bond - SPGB 0 01/31/27                     | Treasuries    | 3.27%    | Spain          |
| European Union - EU 0 10/28 REGS                            | Supranational | 2.80%    | Supra National |
| Spain Government Bond - SPGB 0.7 04/30/32                   | Treasuries    | 2.61%    | Spain          |
| Italy Buoni Poliennali Del Tesoro - BTPS 0.6 08/01/31       | Treasuries    | 2.57%    | Italy          |
| Spain Government Bond - SPGB 0.35 07/30/23                  | Treasuries    | 2.43%    | Spain          |
| Bundesrepublik Deutschland Bundesanleihe - DBR 0 02/32 REGS | Treasuries    | 2.26%    | Germany        |
| Mexico Government International Bond - MEX 4 03/15/2115     | Sovereign     | 2.04%    | Mexico         |
| Bundesobligation - OBL 0 04/25 REGS                         | Treasuries    | 2.01%    | Germany        |
| Italy Buoni Poliennali Del Tesoro - BTPS 1.35 04/30 REGS    | Treasuries    | 1.84%    | Italy          |
| Bundesobligation - OBL 0 10/25 REGS                         | Treasuries    | 1.82%    | Germany        |
| Bundesschatzanweisungen - BKO 0.4 09/24 REGS                | Treasuries    | 1.62%    | Germany        |
| Republic of Austria Government Bond - RAGB 0 3/4 02/20/28   | Treasuries    | 1.52%    | Austria        |
| Italy Buoni Poliennali Del Tesoro - BTPS 0.95 03/23 REGS    | Treasuries    | 1.48%    | Italy          |
| European Union - EU 0 07/35 REGS                            | Supranational | 1.48%    | Supra National |

*As of 30th June 2023. This data has been compiled based on investment holding weights on the last business day of each month and averaged for the reference period. Classification of securities including sector and country are determined as at the last day of the reference period.*



### What was the proportion of sustainability-related investments?

The Sub-Fund invested 100% of its net assets (excluding cash, cash equivalents, short-term bank certificates and Money Market Instruments) relating to in scope issuers aligned with the E/S characteristics promoted by the Sub-Fund (#1).

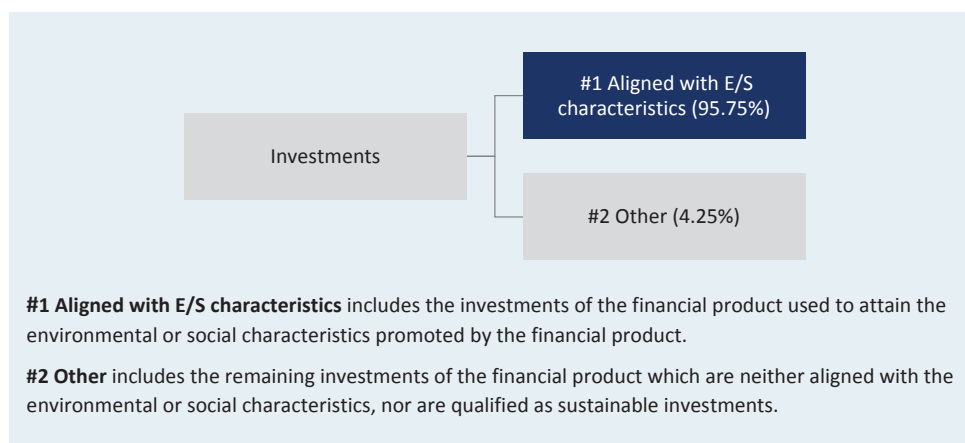


## Appendix 5 – EU Sustainable Finance Disclosure Regulation (continued)

### *What was the asset allocation?*

95.75% was invested relating to In Scope Securities aligned with the E/S characteristics of the Sub-Fund.

4.25% was held in cash, cash equivalents, short-term bank certificates and Money Market Instruments used for the purposes of capital preservation and which do not follow any minimum environmental or social safeguards (#2).



**Asset allocation** describes the share of investments in specific assets.

### *In which economic sectors were the investments made?*

| Sector                 | Proportion (%) |
|------------------------|----------------|
| Consumer Staples       | 0.56%          |
| Financials             | 12.73%         |
| Industrials            | 2.20%          |
| Real Estate            | 1.19%          |
| Energy                 | 0.20%          |
| Communication Services | 1.35%          |
| Health Care            | 0.40%          |
| Information Technology | 0.59%          |
| Sovereign              | 71.84%         |
| Consumer Discretionary | 0.60%          |
| Utilities              | 3.89%          |
| Cash & Derivatives     | 4.45%          |

*As of 30th June 2023. This data has been compiled based on sector weights on the last business day of each month and averaged for the reference period.*

## Appendix 5 – EU Sustainable Finance Disclosure Regulation (continued)

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflects the “greenness” of investee companies today.
- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.



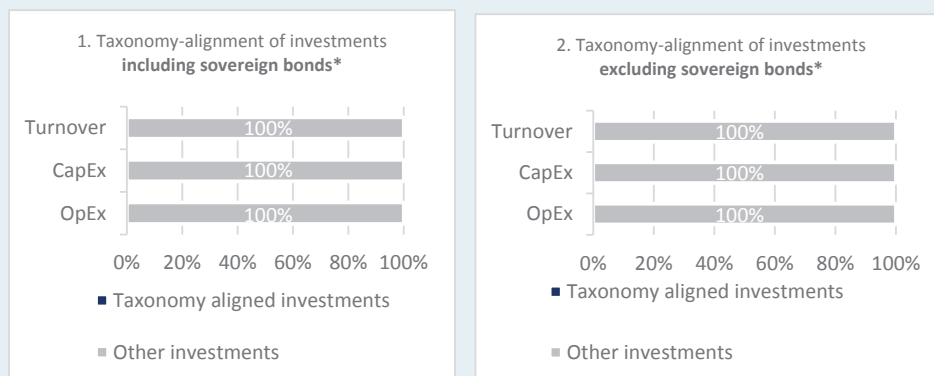
### To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not applicable, the Sub-Fund does not claim to make investments with a sustainable objective in the SFDR pre-contractual disclosure.

### Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy<sup>9</sup>?

- Yes: ☐ In fossil gas ☐ In nuclear energy
- ☒ No

*The graphs below show in green the percentage of investments that were 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 was the share of investments made in transitional and enabling activities?


Not applicable, the Sub-Fund does not claim to make investments with a sustainable objective in the SFDR pre-contractual disclosure.

<sup>9</sup> 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 no significant harm to 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.

**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.

**Appendix 5 – EU Sustainable Finance Disclosure Regulation (continued)**

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

***How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?***

Not applicable.



**What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?**

Not applicable, the Sub-Fund does not claim to make investments with a sustainable objective in the SFDR pre-contractual disclosure.



**What was the share of socially sustainable investments?**

Not applicable.



**What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?**

The Sub-Fund held certain instruments which do not contribute directly to the E/S characteristics promoted by the Sub-Fund such as Cash, short-term bank certificates and Money Market Instruments.

Such instruments were used for the purposes of capital preservation and do not follow any minimum environmental or social safeguards.



**What actions have been taken to meet the environmental and/or social characteristics during the reference period?**

In line with the ESG screening process, investment restrictions were implemented and revised as part of the regular cycle of updates.

As part of the ESG integration process, ESG assessments were conducted on new investments or existing ones reviewed and revised (either as part of the formal review cycle or as and when new information became available and/or material issuer ESG developments occurred) to determine the ongoing validity of the assigned Fundamental ESG (Risk) Rating, and the ongoing investment eligibility for the Sub-Fund. Accordingly during the period, there was a passive breach for a single issuer (a German automotive manufacturer) invested across five securities occurring over Q4 2022 as a result of a change of the assigned Fundamental ESG (Risk) Rating, moving from being ‘high’ to ‘very high’. The change followed new data from a third party vendor in relation to the issuer’s performance against international norms linked to human rights labour concerns at one of its subsidiaries (not wholly owned but a joint venture). Upon investigation (including directly engagement with the issuer) and reviewing the insights gained, the issuer’s ESG status was updated. The change to ‘very high’ Fundamental ESG (Risk) Rating resulted in securities linked with the issuer no longer being eligible for investment. The change was effective as of 24 November 2022, after which the Sub-Fund commenced selling down positions and by end December 2022, all positions were closed.

Whilst not binding, ESG engagement with issuers and other key stakeholders on environmental and/or social issues occurred and prioritised using a risk-based approach. For example, the Investment Manager participated in the green and social related primary issuance from a supranational political and economic

## Appendix 5 – EU Sustainable Finance Disclosure Regulation (continued)

union of member states that are located primarily in Europe, which support EU ESG-related objectives. Firstly, the green bond supports the NextGenerationEU (NGEU) crisis recovery fund, which was set up in response to the Covid-19 pandemic and intended to build a greener, more digital and more resilient future. At least 30% of the NGEU will be funded through the issuance of green bonds such as that which took place. Second, the social bond provides funds for the 'SURE' programme – an initiative offering back-to-back loans to member states to preserve employment and incomes throughout the coronavirus crisis. The positive ESG profile of the means it is a core issuer in the investment universe for the Investment Manager. On the corporate side, issuer engagements include a German diversified financials company, where dialogue with the Chief Finance Officer encompasses an update on measures to strengthen their ESG governance practices, as well as an update on their carbon commitments, and progress on their sustainable finance strategy. Progress is moving in the right direction in terms of targets but the Investment Manager will continue to look for further evidence of implementation and achievement of these goals. Another example covers a French diversified financials company that was engaged by the Investment Manager, with updates provided by management on their climate efforts, and views impressed upon the company about the need to have robust interim targets, as well as a broader discussion on regulatory compliance measures.



### How did this financial product perform compared to the reference benchmark?

Not applicable.

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