



Sustainability-related disclosures

Premier Umbrella Fund - BlueOrchard Impact Bond Fund - Blue I

Summary

BlueOrchard Impact Fund - Blue I may invest into bonds from corporates, sovereigns and supranational institutions which would meet the impact investment criteria of the Investment Manager (each an “Impact Bond”) with a comparable maturity range as the Index, and equivalents as determined by the Investment Manager.

BlueOrchard Impact Fund - Blue I must invest at least 95% of its total book value (excluding any cash and short-term treasury bills) into Impact Bonds.

The sustainable investment objectives of BlueOrchard Impact Bond Fund - Blue I are to invest the substantial majority of its portfolio into:

1. Impact Bonds that contribute to the transition to a low carbon economy and the reduction of carbon emissions via climate mitigation solutions such as renewable energy, clean transportation or energy efficiency solutions, along with climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control or protection and restoration of biodiversity and ecosystems.
2. Impact Bonds with a social inclusion objective, particularly investing in bonds that contribute to improve financial inclusion, access to essential services and basic infrastructure to underserved populations. Essential services considered are clean drinking water, sewers, sanitation, information and communication systems, and basic infrastructure categories comprise access to health, education and vocational training.

No significant harm to the sustainable investment objective

During the investment process, the indicators for adverse impacts on sustainability factors listed in Annex I of the Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of ‘do no significant harm’, specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports, as amended from time to time (“Delegated Regulation”) are taken into account by assessing an investee’s performance against the principle adverse impact sustainability indicators established by the Delegated Regulation. The results of these assessments are used as part of the process to determine whether BlueOrchard Impact Bond Fund - Blue I’s Impact Bonds do not cause significant harm to any of BlueOrchard Impact Bond Fund - Blue I’s sustainable investment objectives, taking account of any relevant additional information produced as part of the due diligence and investment processes.



The systematic use of the proprietary B.Impact Framework defines the use of the SPIRIT Impact Scorecard and the SPIRIT ESG Scorecard to assess all potential investments and to identify any significant harm or principal adverse sustainability impacts towards the sustainable investment objectives of BlueOrchard Impact Bond Fund - Blue I. Additionally, a standard list of sustainability factors is systematically analyzed in these scorecards. Post-investment, ESG issues are monitored by the Impact Team with a reassessment of the SPIRIT Impact Scorecard and the SPIRIT ESG Scorecard as well as with the external provider RepRisk.

The notion of “do no harm” is at the core of BlueOrchard Impact Bond Fund - Blue I’s purpose and the Investment Manager closely and very actively monitors developments in specific sectors to identify negative industry trends where they arise and to reassess investment strategy where necessary in that context.

All relevant principle adverse sustainable impact indicators are assessed at the time of investment and will be monitored over the holding period of the investment.

Sustainable investment objective of the financial product

The sustainable investment objectives of BlueOrchard Impact Bond Fund - Blue I are to invest the substantial majority of its portfolio into:

1. Impact Bonds that contribute to the transition to a low carbon economy and the reduction of carbon emissions via climate mitigation solutions such as renewable energy, clean transportation or energy efficiency solutions, along with climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control or protection and restoration of biodiversity and ecosystems.
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Investment strategy

The universe is constituted mostly of use-of-proceeds bonds and sustainability-linked bonds with clear and measurable impact metrics and targets that are aligned and contribute to at least one of the environmental or social sustainable objectives of BlueOrchard Impact Bond Fund - Blue I. The Impact Team has full ownership of the ESG & Impact assessments and is responsible for its monitoring, including the review of any major update/change. The Impact Team also performs the SPIRIT Impact Scorecard and SPIRIT ESG Scorecard as well as SDG mapping and impact categorisation. The Investment Manager's portfolio management team (“PM Team”) provides a pre-evaluated potential investment universe, taking the exclusion list and impact potential into account. After, the Impact Team is in charge of reviewing and approving an investment opportunity from a sustainability perspective. Investments can only be done on these approved securities. The PM Team is responsible for the risk-return balance and the diversification of

BlueOrchard Impact Bond Fund - Blue I. There is no involvement of the PM Team in the ESG and impact assessment of an investment opportunity. The Investment Manager's risk, legal and compliance team ("RLC Team") may flag potential country or investment risk on an ad-hoc basis and may request the Impact Team to complete a reevaluation, to ensure that none of the issuers cause any significant reputational risk for the Investment Manager.

The Investment Manager's "Impact Committee", composed of a representative of the Impact Team (mandatory and with voting rights), a representative of the RLC Team (mandatory and with voting rights), a representative of the relevant regional investment team bringing local expertise (optional, without voting rights), a representative of the PM Team (optional, observer role without voting rights), can be conveyed on an ad-hoc basis in case of controversies accompanying an investment opportunity. Decisions are taken exclusively unanimously.

In addition, the B Impact Framework follows best impact practices and is aligned with the Operating Principles for Impact Management ("OPIM")¹. The B.Impact Framework for public assets has already been externally verified regarding its alignment to the OPIM².

Proportion of investments

All Impact Bonds (100%) are screened according to BlueOrchard's proprietary B.Impact ESG and Impact screening methodology.

The total minimum share of Impact Bonds is 95% of the total book value of BlueOrchard Impact Bond Fund – Blue I. With the exception of the cash/liquidity management and hedging portion of the portfolio, all investments are considered and required to be "sustainable" and meet the criteria established in the Prospectus and Investment Guidelines.

The minimum share of Impact Bonds with a social objective is 30% of the total book value of BlueOrchard Impact Bond Fund – Blue I.

The minimum share of Impact Bonds with an environmental objective is 30% of the total book value of BlueOrchard Impact Bond Fund – Blue I.

Monitoring of sustainable investment objective

Once the bond ESG and Impact assessments are made, the Impact Management Team records the analysis in the listed debt database. This database is BlueOrchard's proprietary monitoring dashboard and reflects the different steps of the bond assessment from an impact perspective. The database is the source for impact reporting and monitoring of investments, a responsibility held by the Impact Management Team.

All Impact assessments are updated on a yearly basis. An important part of this assessment is the collection of updated impact KPIs, which allows to monitor the progress of the expected impact. The ESG assessments will be updated every 1 to 2 years, based on the level of ESG risk assessed in the previous assessment. If performance falls below minimum thresholds or the issuer fails to meet disclosure requirements, engagement with an issuer can occur, or, if needed, divestment.

¹ <https://www.impactprinciples.org/>

² <https://www.blueorchard.com/investment-expertise/listed-debt/>

Methodologies

The methodology followed for the assessment of every Impact Bond is the B Impact Framework which follows best impact practices and is aligned with the Operating Principles for Impact Management (“OPIM”)³. The B.Impact Framework for public assets has already been externally verified regarding its alignment to the OPIM⁴.

Over time, BlueOrchard has developed, implemented and refined a strong ESG and impact performance management practice with unique management tools that track its impact and ESG footprint in terms of enhanced social and environmental impact and financial returns for both its investors and investees.

To systematically assess the impact of each current and prospective investee and identify potential for improvement, BlueOrchard has developed its proprietary B.Impact framework. The main pillars of the B.Impact framework include the expansion of BlueOrchard’s long-standing and innovative SPIRIT tool into dedicated SPIRIT ESG and SPIRIT Impact scorecards. These scorecards have been developed to evaluate relevant and material ESG and Impact factors across all BlueOrchard’s asset classes and impact themes.

The SPIRIT ESG Scorecard assesses the ESG risks of each portfolio company considered for investment and produces a rating that is used as a key input for the origination and monitoring of investments. The SPIRIT Impact Scorecard assesses the potential impact of each investment opportunity and follows the five dimensions of the Impact Management Project. The Scorecard combines the investment intent with impact KPIs and information on the end beneficiaries. It also assesses BlueOrchard’s investment contribution while factoring potential unintended negative effects. The impact KPIs are mapped against the UN’s SDGs at both an individual company and overall fund level.

Data sources and processing

The score of the E, S and G assessment derives from both publicly available information sourced from the issuer (i.e. sustainability report, environmental policy, code of conduct etc.) and the analysis prepared by RepRisk, an external data provider synthesizing 28 material ESG issues into a comprehensive analytics report.

The impact score derives from publicly available information sourced from the issuer, mostly the bonds framework as well as the allocation reporting and impact reporting about the bonds.

Limitations to methodologies and data

Given the fast-paced development of ESG and Impact management tools and methodologies across the industry, BlueOrchard’s proprietary tools are reviewed and updated on a regular basis to drive industry best-practice. The last update was reviewed and launched in December 2020.

³ <https://www.impactprinciples.org/>

⁴ <https://www.blueorchard.com/investment-expertise/listed-debt/>

Using a proprietary tool eases comparability across the Impact Bonds based on the same metrics and standards.

Some of the data and information to fill the scorecards might not be published or exist. If this is the case, the Impact Team will engage with the issuer to retrieve this information. In the event that the information cannot be retrieved, the Impact Team will decide whether this information is material or not and whether to exclude the issuer from the Fund's investable universe.

RepRisk data coverage might not fully cover the issuers selected in the Fund. If it is the case, the Impact Team will request from RepRisk that the issuer is added to the coverage.

Due diligence

Investments will be selected by applying a 3-stage top-down, country risk and bottom-up process. These analyses result in an impact and financial scoring and determine the portfolio construction process. A rigorous bottom-up credit selection has been established to ensure social and financial goals are pursued and aligned. The process includes: issuer background analysis, ESG risk assessment, external rating review, ESG and Impact Spirit scorecards assessments and SDG alignment, capital adequacy & performance, risk / return assessment.

Engagement policies

The Impact Management Team can challenge issuers on ESG and Impact characteristics identified during the analysis. Such engagement can take the form of oral or written communication and can be incorporated into a respective issuer assessment, in case the issuer has additional documentation available or credible demonstrates its approach further. BlueOrchard also sees engagement as a useful tool to communicate to companies any weaknesses identified in their ESG and impact performance and possible measures to improve both their ESG practices and impact performance.

The engagement with companies consists of 1-to-1 investor calls, where the Impact Team takes the opportunity to challenge issuers about ESG and Impact related questions identified during the ESG and impact assessments and analyses. The discussions can be a source for change/improvement of documentation available and approach.

Attainment of the sustainable investment objective

The fund represents an innovation in the market with a strong impact focus. The fund maps its impact to the Sustainable Development Goals (SDGs) via a dedicated SDG methodology allowing for SDG mapping at fund and investment level.

All Impact assessments are typically updated on a yearly basis. An important part of this assessment is the collection of updated impact KPIs, which allows to monitor the progress of the expected impact.

The Impact Management Team will report on the alignment to the Fund's sustainable investment objectives at least on a quarterly basis with a breakdown by impact theme and SDG alignment at the Fund level.