

**Pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, 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 include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** Premier Umbrella Fund - BlueOrchard Public Bond Fund - Blue II (the "BlueOrchard Public Bond Fund - Blue II")

**Legal entity identifier:**  
254900GHI7MVGA2MGE16

## Sustainable investment objective

### Does this financial product have a sustainable investment objective?

☒ ☒ ☒ **Yes**

☐ ☐ ☐ **No**

☒ It will make a minimum of **sustainable investments with an environmental objective: 20%**

☐ 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 **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 will make a minimum of **sustainable investments with a social objective: 20%**

☐ It promotes E/S characteristics, but **will not make any sustainable investments**



### What is the sustainable investment objective of this financial product?

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

1. Sustainable investments 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

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

economy, pollution prevention and control or protection and restoration of biodiversity and ecosystems.

Investments can for example be in green, sustainability and climate bonds.

2. Sustainable investments 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.

At least 60% of the Net Asset Value of BlueOrchard Public Bond Fund - Blue II will be made in sustainable investments within the meaning of article 2 (17) of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, as amended (the "SFDR"), whereas the minimum exposure of BlueOrchard Public Bond Fund - Blue II to sustainable investments in each of aforesaid sub-categories (i.e., investments with an environmental objective and investments with a social investment) will be at least 20% of its Net Asset Value. The different asset classes follow either environmental or social objectives and the allocation of the asset classes depends on market conditions.

BlueOrchard Public Bond Fund - Blue II aims to contribute towards the following UN Sustainable Development Goals (the "SDGs") specifically:

- SDG 3: Good Health and Well-Being
- SDG 6: Clean Water and Sanitation
- SDG 7: Affordable, Reliable, Sustainable and Modern Energy
- SDG 8: Decent Work and Economic Growth
- SDG 9: Industry, Innovation and Infrastructure
- SDG 11: Sustainable Cities and Communities
- SDG 12: Responsible Consumption and Production; and
- SDG 13: Climate Action

Each sustainable investment should positively contribute to at least one of those eight SDGs, without significantly harming any sustainable objectives.

There is no external reference benchmark designated for the purpose of attaining the sustainable investment objectives. Instead, internal proprietary assessments based on the B.Impact Framework (as defined below) will be used to screen the investment universe. For each sustainable objective, the Investment Manager selects the relevant KPIs and assesses the materiality of their contribution.

#### ● ***What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?***

BlueOrchard Public Bond Fund - Blue II will be assessed using the B.Impact Framework which includes two scorecards: an ESG scorecard (the "ESG Scorecard") and an impact scorecard (the "Impact Scorecard"). These scorecards (that have an associated rating scale) will be used to measure and report on the attainment of the sustainable investment objectives of BlueOrchard Public Bond Fund - Blue II.

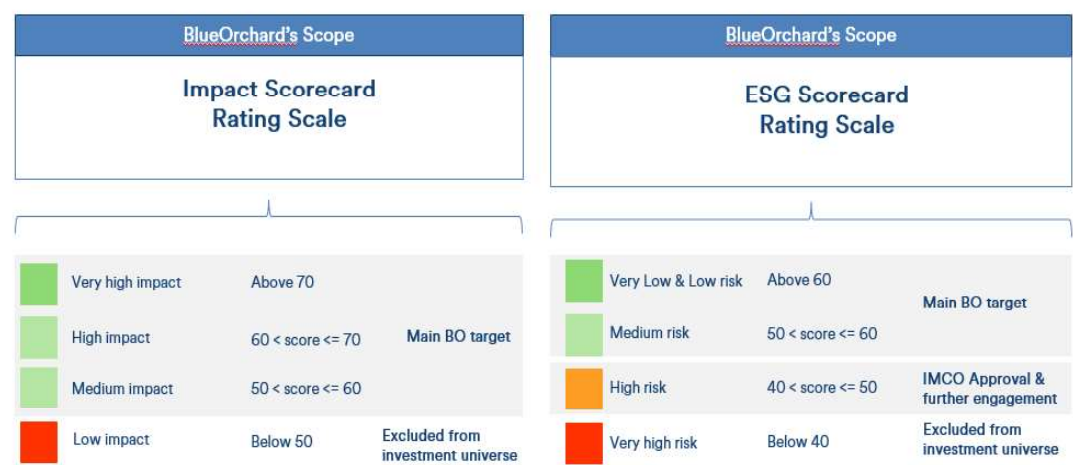
BlueOrchard Public Bond Fund - Blue II will only invest in issuances that achieve impact ratings with “Very High” impact, “High” impact and “Medium” impact and that have at the utmost a "medium risk" rating according to the ESG Scorecard.

B.Impact Framework explained:

B.Impact is the Investment Manager’s holistic approach to manage and measure ESG risks and impact potential across asset classes and impact themes. The B.Impact Framework has been verified externally, as per the Operating Principles of Impact Management, receiving the highest score and being showcased in BlueMark’s Practice Leaderboard<sup>6</sup>.

- The ESG Scorecard performed on company level entails a Sustainability Risk assessment taking into consideration environmental, social and governance events or conditions that could cause an actual or a potential material negative impact on the value of the investment. It also assesses if the company meets certain minimum safeguard standards.
- The Impact Scorecard performed on each investment assesses the potential impact of the investment and follows the five dimensions of the Impact Management Project<sup>7</sup>. It combines the investment intent with impact KPIs and information on the end beneficiaries and assesses the contribution while factoring in the different potential risks that the intended impact may not be achieved. The result of the Impact Scorecard assessment is the confirmation of the alignment and contribution to BlueOrchard Public Bond Fund - Blue II’s sustainable social objectives. The Investment Manager uses different sustainability indicators to measure the impact contribution at bond or issuer company level. In particular, the Investment Manager uses the Impact Scorecard to analyze how the use of proceeds of bonds or the contribution of issuers are contributing to the sustainable investment objectives of BlueOrchard Public Bond Fund - Blue II. Examples of the indicators include, but are not limited to, number of beneficiaries reached (students, hospital patients), number of households reached (new water and sanitation connection, access to telecommunication network, affordable housing loans), number of micro/small/medium enterprises supported, CO2 emissions reduced or avoided, MWh of renewable energy generated, MW of renewable energy capacity installed, or MWh of energy saved.

Below are the Impact Scorecard and ESG Scorecard rating scales.



<sup>6</sup> See [https://www.blueorchard.com/wp-content/uploads/2024/03/2023.11.30\\_BO\\_Disclosure-Statement-Final.pdf](https://www.blueorchard.com/wp-content/uploads/2024/03/2023.11.30_BO_Disclosure-Statement-Final.pdf) for additional details.

<sup>7</sup> <https://impactmanagementproject.com/> The IMP has brought together a range of different organisations to build and further global consensus on how to measure, assess and report impacts on people and the environment.

- An SDG mapping based on the impact KPIs is done at both an individual investment and overall portfolio level.

The ESG and impact assessment process is performed independently from any other fund activity and team, and involves multiple steps shown below. It is also the first step of the investment process, which plays the role of a gate keeper in relation to the investable universe. In fact, it is the responsibility of the Investment Manager's impact team ("Impact Team") to potentially include a company or bond issuance in the investment universe. The process has been externally verified.

A breakdown by ESG risk and impact score will be reported at portfolio level with percentages of exposure to "Very High" impact, "High" impact and "Medium" impact for the impact scores of every investment, and "Very Low" ESG risk, "Low" ESG risk and "Medium" ESG risk, for the ESG score of every investment.

Each investment will be analyzed on the contribution to the environmental or social sustainable objectives of BlueOrchard Public Bond Fund - Blue II as described above.

### ***How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?***

**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.

During the investment process, the mandatory indicators for adverse impacts on sustainability factors listed in Table 1 as well as any relevant principal adverse impact indicators of Tables 2 and 3 of 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 included in the B.Impact Framework as well as its Impact Scorecard and ESG Scorecard and thus taken into account by assessing an investee's performance against these principle adverse impact sustainability indicators. The results of these assessments are used as part of the process to determine whether BlueOrchard Public Bond Fund - Blue II's sustainable investments do not cause significant harm to any of BlueOrchard Public Bond Fund - Blue II'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 Impact Scorecard and the 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 Public Bond Fund - Blue II. 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 Impact Scorecard and the ESG Scorecard as well as with the external provider RepRisk.

The notion of "do no harm" is at the core of BlueOrchard Public Bond Fund - Blue II'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.

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

The mandatory principal adverse impact indicators of Table 1 as well as any relevant principal adverse impact indicators of Tables 2 and 3 of Annex I of the Delegated Regulation are part of the ESG assessment performed on every sustainable investment. These indicators are part of the B.Impact Framework and its Impact Scorecard and ESG Scorecard and the answers will be tracked to monitor the change of these impacts over time.

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

The systematic use of the proprietary B.Impact Framework defines the use of the ESG Scorecard and the Impact Scorecard to assess all potential sustainable investments and their alignment to the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises and 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. Furthermore, the Investment Manager excludes issuers which are involved on a structural, repetitive, or severe basis directly or indirectly via their subsidiaries in controversies or violations of the UN Global Compact (UNGC) principles.



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

☒ Yes

BlueOrchard Public Bond Fund - Blue II considers the mandatory principal adverse impact indicators of Table 1 as well as any relevant principal adverse impact indicators ("PAIs") of Tables 2 and 3 of Annex I of the Delegated Regulation.

All these indicators are, directly or through proxies, integrated into the B.Impact Framework, within the ESG Scorecard, and contribute to the final ESG assessment of companies or issuers. Considering these PAIs together with additional data allows the Investment Manager:

- to gain a more holistic picture of the sustainability risk that can have a material impact on the risk adjusted return of the investments and those that are already discounted by the price of the security.
- to better understand the real negative impact of investments. As an example, the simple number of reported CO2 emissions doesn't provide the direction of emissions nor the efforts in place by the company to reduce them. A company with significant GHG emissions, but implementing strong reduction might have a more positive impact than one with lower emissions but no reduction in sight.

When seeking to identify significant harm, BlueOrchard Public Bond Fund – Blue II's approach to taking into account the PAIs involve a quantitative and a qualitative assessment. Where it is not considered appropriate or feasible to set quantitative thresholds, the Investment Manager engages, where relevant. Investee companies deemed not to satisfy the quantitative thresholds would generally be excluded, unless on a case-by-case basis the data is deemed not representative of a company's performance in the relevant area.

This framework is subject to ongoing review, particularly as the availability and quality of the data evolves.

The Investment Manager's approach includes:

1. Quantitative - this includes indicators where specific thresholds have been established:
  - a) Via the application of exclusions. This approach is relevant to PAI 4 (Exposure to companies active in the fossil fuel sector), PAI 5 (Share of non-renewable energy consumption and production), PAI 10 (Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development Guidelines for Multinational Enterprises), and PAI 14 (Exposure to controversial weapons).
  - b) Further, the following PAIs are assessed as part of the Investment Manager's ESG Scorecard which seeks to analyse where significant harm is occurring and exclude them if significant harm is confirmed: PAI 7

(Activities negatively affecting biodiversity-sensitive areas); PAI 8 (Emissions to water); PAI 9 (Hazardous waste and radioactive waste ratio) ; PAI 11 (Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises) ; and PAI 14 (Number of identified cases of severe human rights issues and incidents).

- c) Via the application of an alert system flag if the relevant indicator(s) exceeds a threshold. These quantitative thresholds to assess significant harm are established centrally by the Investment Manager's Impact Team and monitored systematically. This approach applies to indicators where the Investment Manager has segmented the population into harm groups to establish a threshold, such as carbon related PAI metrics, PAI 1 (GHG emissions), PAI 2 (Carbon footprint) and Voluntary PAI 4 (Investing in companies without carbon emission reduction initiatives). PAI 3 (GHG intensity of investee companies) operates in a similar way but the threshold is based on a revenue metric. A threshold for PAI 6 (Energy consumption intensity per high impact climate sector) is established based on the above-mentioned carbon measures. A similar approach has been taken for PAI 15 (GHG intensity). PAI 16 (Investee countries subject to social violations) also operates in the same way but based on data availability regarding social violations. Through this process the relevant issuer(s) that is/are deemed not to satisfy the quantitative thresholds is/are flagged to the Investment Manager for consideration, whose response may involve selling the holdings(s) or maintaining the position if on a case-by-case basis the data is deemed not representative of a company's performance in the relevant area. Investee companies deemed to cause significant harm are excluded from BlueOrchard Public Bond Fund – Blue II.
2. Qualitative - This includes PAIs where the Investment Manager believes that the data available does not enable the Investment Manager to make a quantitative determination regarding whether significant harm is done so as to warrant excluding an investment. This approach applies to indicators such as PAI 12 (Unadjusted gender pay gap) and PAI 13 (Board gender diversity), where the Investment Manager engage where considered appropriate.

Further information of PAIs on sustainability factors is available in the annual financial report of the BlueOrchard Public Bond Fund – Blue II .

☐ 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 universe is constituted mostly of use-of-proceeds bonds, sustainability-linked bonds and Impact Bonds (as defined in section "Investment Guidelines and Restrictions" of this Specific Part) 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 Public Bond Fund - Blue II.

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 Impact Scorecard and 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 Public Bond Fund - Blue II. 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 re-evaluation, 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”).<sup>8</sup> The B.Impact Framework for public assets has already been externally verified regarding its alignment to the OPIM<sup>9</sup>

BlueOrchard Public Bond Fund - Blue II may only acquire assets with an impact score of “Very High”, “High” or “Medium” as well as assets with an ESG risk score of “Very Low”, “Low” or “Medium”.

Investments into assets with a “high ESG risk” are possible but require an additional approval of the Impact Committee approval and might require additional engagement with the investee, or additional monitoring requirements (to be defined during the Impact Committee).

For hedging purposes, BlueOrchard Public Bond Fund – Blue II may use financial derivative instruments (cross-currency swaps, interest rate swaps and FX forwards). Repurchase transactions may be used with the intent of raising cash in order to provide collateral to the counterparty in the context of such hedging activities.

● ***What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?***

The binding elements of BlueOrchard Public Bond Fund - Blue II are:

- BlueOrchard Public Bond Fund - Blue II will not knowingly invest in any activity that is involved in excluded investments, as per the Investment Manager's public assets exclusion list (see table 1 below).
- All sustainable investments of BlueOrchard Public Bond Fund - Blue II will aim to positively contribute to at least one of the eight SDGs outlined above and thus to at least one of the sustainable investment objectives of BlueOrchard Public Bond Fund – Blue II.
- BlueOrchard Public Bond Fund - Blue II's investment universe consists of organizations that have very low, low or medium risk ESG ratings, as indicated by the ESG Scorecard's rating scale mentioned above. Investments into “high ESG risk” are possible but require an additional approval of the Impact Committee approval and might require additional engagement with the investee, or additional monitoring requirements (to be defined during the Impact Committee). “Very high ESG risk” organizations are excluded from the BlueOrchard Public Bond Fund - Blue II's investment universe.
- BlueOrchard Public Bond Fund - Blue II targets investments with “Very High” impact, “High” impact and “Medium” impact, as indicated by the Impact Scorecard's rating scale. Investments with “Low” impact will be excluded from the investment universe.

In applying the aforesaid binding elements, the Investment Manager ensures that at least 60% of the Net Asset Value of BlueOrchard Public Bond Fund - Blue II will be made in sustainable investments within the meaning of article 2 (17) of SFDR. The Investment Manager will ensure that investments made to meet aforesaid 60% threshold shall be made with the objective to generate a positive and measurable social or environmental impact alongside a financial return.

Lastly, the investment strategy is selecting either use-of-proceeds bonds such as green bonds, sustainability bonds or social bonds for which the impact and the alignment to the sustainable investment objectives of BlueOrchard Public Bond Fund - Blue II can be fully assessed and analysed, sustainability-linked bonds under the condition that the targets selected by the issuers are deemed as material from a sustainability perspective by the Investment Manager, or other Impact Bonds as further described in section 5. "Investment Guidelines and Restrictions" of this Specific Part of the Prospectus. All these bonds have to qualify as sustainable investment in the meaning of

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<sup>8</sup> <https://www.impactprinciples.org/>

<sup>9</sup> [https://www.blueorchard.com/wp-content/uploads/2024/03/2023.11.30\\_BO\\_Disclosure-Statement-Final.pdf](https://www.blueorchard.com/wp-content/uploads/2024/03/2023.11.30_BO_Disclosure-Statement-Final.pdf)



art. 2 (17) SFDR and to contribute to at least one of the sustainable investment objective of BlueOrchard Public Bond Fund - Blue II.

**Table 1: Blue Orchard Public Asset Exclusion List**

Criteria	Production	Supporting activities	Use-of-proceeds instruments
Controversial behavior	0%	0%	Full adherence
Controversial Weapons	0%	0%	Full adherence
Conventional Weapons	5%	5%	Full adherence
Coal	5%	5%	Specific treatment defined
Unconventional Oil & Gas	0%	5%	Specific treatment defined
Conventional Oil & Gas	5%	5%	Specific treatment defined
Power generation	5%	5%	Specific treatment defined
Radioactive material	0%	0%	Full adherence
Unbonded asbestos fibers	0%	0%	Full adherence
Drift net fishing	0%	n/a	Full adherence
Tobacco	0%	5%	Full adherence
Cannabis	5%	5%	Full adherence
Alcohol (excl. beer & wine)	5%	5%	Full adherence
Gambling	0%	0%	Full adherence
Pornography	0%	5%	Full adherence

**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?***

The assessment based on the B.Impact Framework will include pre-investment screens and an assessment of the good governance practices of each investment, including on factors such as sound management structures, employee relations, remuneration of staff, tax compliance, a code of conducts and ESG incident screening. The good governance score represents at least 33% of the ESG Scorecard's score and comprises topics such as business integrity, compliance with local regulation, corporate governance accountability or transparency and disclosure maturity.

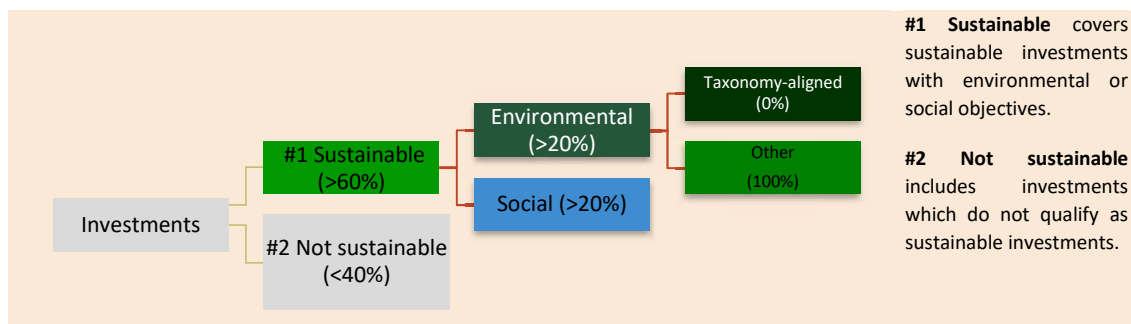
Post-investment, changes to these factors will be monitored, assessed and engaged with. Where potential issues arise, the performance of an issuer is below expected, or when the reported data is incomplete to reach a conclusion, the Investment Manager will engage with the issuer to evaluate the performance. The Investment Manager will encourage investee companies to improve their good governance practices and disclosures as well as their contribution to the social and climate related transformation. In case the score of an investee company in the rating scale of the Impact Scorecard falls below 50 in the periodic re-assessment performed by the Investment Manager, such position in the portfolio of BlueOrchard Public Bond Fund - Blue II has to be sold, taking into account the interests of the Unitholders.





## What is the asset allocation and the minimum share of sustainable investments?

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



**#1 Sustainable** covers sustainable investments with environmental or social objectives.

**#2 Not sustainable** includes investments which do not qualify as sustainable investments.

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.

The share of sustainable investment is exclusively allocated to investment in fully vetted (for impact and ESG purposes) issuers and their bond issuances. All these bond investments are considered "category 1" or "Sustainable" as they are subject to the previously described requirements for impact/ESG/sustainability and required to achieve at minimum a "Medium" ESG risk score and a "Medium" impact score for admission into the portfolio universe of acceptable investments.

In respect of "category 2" or "Not Sustainable", BlueOrchard Public Bond Fund - Blue II may, for purposes of liquidity management, also maintain an allocation of cash and cash management service (CMS) of Brown Brothers Harriman or other depository banks, short-term treasury bills and U.S. government securities. This category (limited to up to 40% of the Net Asset Value of BlueOrchard Public Bond Fund – Blue II) also includes financial derivative instruments (whereas only cross-currency swaps, interest rate swaps and FX forwards are eligible financial derivative instruments) used for hedging purposes as well as collateral received in this regard and repurchase transactions entered into by BlueOrchard Public Bond Fund – Blue II with the intent of raising cash in order to provide collateral to the counterparty in the context of such hedging activities.

The total minimum share of sustainable investment is 60% of the Net Asset Value of BlueOrchardPublic Bond Fund - Blue II. With the exception of the cash, cash management service, U.S. government securities and short term treasury bills for liquidity management, derivatives for hedging of the portfolio as well as collateral received in this regard and repurchase transactions entered into by BlueOrchard Public Bond Fund – Blue II with the intent of raising cash in order to provide collateral to the counterparty in the context of such hedging activities, all investments are considered and required to be "sustainable" and meet the criteria established in section 5. "Investment Guidelines and Restrictions" of this Specific Part of the Prospectus. Further information in respect of the safeguards applied to assets included in category "#2 Not Sustainable" can be found under "What investments are included under "#2 Not sustainable", what is their purpose and are there any minimum environmental or social safeguards?".

The Management Company may temporarily allow the Investment Manager to increase the cash ratio above 5% of the total book value of BlueOrchard Public Bond Fund - Blue II (excluding any cash, short-term treasury bills, U.S. government securities and derivative exposures) at its discretion to help the Investment Manager to protect BlueOrchard Public Bond Fund - Blue II through periods of intense market stress as determined by the Management Company or period of holding securities being matured after consultation with the Investment Manager.

### ● **How does the use of derivatives attain the sustainable investment objective?**

BlueOrchard Public Bond Fund - Blue II is not using derivatives as part of the sustainable investment strategy. Therefore, derivatives are only used for hedging purposes (limited to cross-currency swaps, interest rate swaps and FX forwards), hence being considered as neutral.



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

At the date of this Prospectus, it is not yet possible to commit to BlueOrchard Public Bond Fund - Blue II maintaining a minimum alignment with the EU Taxonomy, as the Investment Manager is currently not in a position to accurately determine to what extent the investments of BlueOrchard Public Bond Fund - Blue II are in taxonomy-aligned environmentally sustainable activities. However it is expected that BlueOrchard Public Bond Fund - Blue II invests in companies and economic activities that contribute to the environmental objectives of climate change mitigation and 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 within the meaning of the EU Taxonomy. Therefore there is no minimum extent to which BlueOrchard Public Bond Fund - Blue II's sustainable investments with an environmental objective are aligned with the EU Taxonomy.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>10</sup>?**

☐ Yes:

☐ In fossil gas

☐ In nuclear energy

☒ No

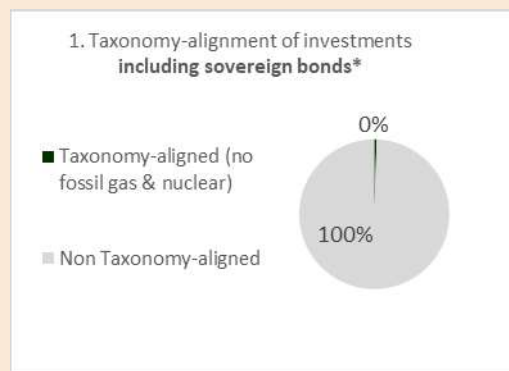
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

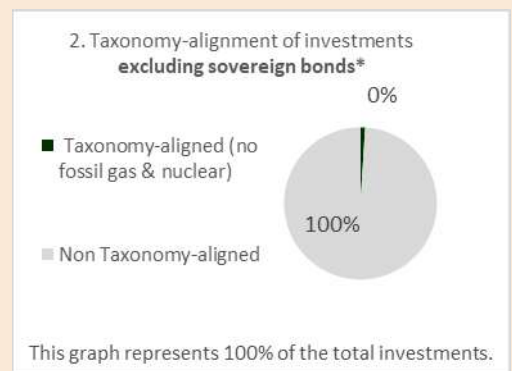
**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas

**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.**

[OBJ]



[OBJ]



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

<sup>10</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 not significantly harm any EU Taxonomy objectives - 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.

emission levels corresponding to the best performance.

### ● **What is the minimum share of investments in transitional and enabling activities?**

As per the above, at the date of this Prospectus the share of investments by BlueOrchard Public Bond Fund - Blue II in transitional and enabling activities is currently deemed to constitute 0% of the Net Asset Value of BlueOrchard Public Bond Fund – Blue II.

In future, it is expected that BlueOrchard Public Bond Fund - Blue II will assess and report on the extent to which its underlying investments are in economic activities that qualify as environmentally sustainable under the EU Taxonomy, along with information relating to the proportion of enabling and transitional activities. This Prospectus will be updated once it is possible in the Investment Manager's opinion to accurately disclose to what extent BlueOrchard Public Bond Fund - Blue II's investments are in taxonomy-aligned environmentally sustainable activities, including the proportions of investments in enabling and transitional activities selected for BlueOrchard Public Bond Fund - Blue II.

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

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 100% of the Net Asset Value of BlueOrchard Public Bond Fund – Blue II. As stated above, this Prospectus will be updated once it is possible in the Investment Manager's opinion to accurately disclose to what extent BlueOrchard Public Bond Fund – Blue II's sustainable investments with an environmental objective are aligned with the EU Taxonomy.



### **What is the minimum share of sustainable investments with a social objective?**

The minimum share of sustainable investments with a social objective is 20% of the Net Asset Value of BlueOrchard Public Bond Fund - Blue II.



### **What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?**

Category “#2 Not sustainable” includes investments that are used for liquidity management, such as cash and cash management service (CMS) of Brown Brothers Harriman or other depositary banks, U.S. government securities and short-term treasury bills, or for hedging purposes, such as financial derivative instruments (limited to cross-currency swaps, interest rate swaps and FX forwards) as well as collateral received in this regard and repurchase transactions entered into by BlueOrchard Public Bond Fund – Blue II with the intent of raising cash in order to provide collateral to the counterparty in the context of such hedging activities.

Minimum safeguards are applied in relation to cash and hedging investments via the operation of good governance test procedures and by reference to the OECD Guidelines for Multinational Enterprises and the UNGP,

including the 33 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.

Investments in assets included under "#2 Not sustainable" are consistent with and do not affect the delivery of the sustainable investment objective on a continuous basis as they are only made for the purposes of liquidity or hedging, but not for investment purposes.



## **Is a specific index designated as a reference benchmark to meet the sustainable investment objective?**

There is no benchmark, based on the nature of the fixed maturity strategy.

- ***How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?***

N/A

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

N/A

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

N/A

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

N/A

**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.blueorchard.com/products/premier-umbrella-fund-blueorchard-public-bond-fund-blue-ii/>