

Sustainability-related disclosure

state: 23 March 2023

The following information relates to: **Alpora Innovation Europa Fonds**

In order to comply with the legal requirements pursuant to Article 10 of the *EU Regulation 2019/2088 on sustainability-related disclosures in the financial services sector ("SFDR")*, LLB Swiss Investment AG hereby publishes **information** on the **environmental or social characteristics** related to the investment strategy of the aforementioned fund with which environmental and social characteristics are advertised (within the meaning of Article 8 SFDR). In addition, the **methods for assessing, measuring and monitoring the environmental and social characteristics are explained**.

1. Summary

No reference value has been named to achieve the environmental or social characteristics advertised with the fund.

Instead, the two **sustainability approaches "ESG integration" and "exclusion principle"** are applied. At the same time, the fund does not invest in companies that violate the 10 principles of the **UN Global Compact**. This ensures that these companies fulfil their responsibility towards people and the environment. The ESG characteristics are primarily assessed with the ESG data of the **data provider "Sustainalytics"**.

2. No sustainable investment objective

This financial product advertises environmental or social characteristics, but does **not aim at "sustainable investments"**.

3. Environmental or social characteristics of the financial product

No reference value has been named to achieve the environmental or social characteristics advertised with the fund. Rather, the two sustainability approaches "ESG integration" and "exclusion principle" described below are used for this purpose.

a) ESG integration

In the ESG integration approach, ESG risks and opportunities are systematically considered in the conventional financial analysis and investment decision-making process. Company-specific **"ESG Risk Ratings"** from ESG data provider **"Sustainalytics"** are used for the comprehensive qualitative ESG assessment. "Sustainalytics is a leading global independent ESG and corporate governance research-, rating- and analysis-firm that helps investors around the world develop and implement responsible investment strategies.

"Sustainalytics" "ESG Risk Ratings" provide information on the ESG risks and their financial impact on a company. Each company is classified into five ESG risk classes: "Negligible", "Low", "Medium", "High" and "Severe".

The fund may invest up to a **maximum of 10% of its assets** in investments that **do not have an "ESG Risk Rating"** from "Sustainalytics". A qualitative ESG assessment of such companies is nevertheless carried out, but primarily based on the fund's own data and information. The necessary information and data are requested directly from the target companies (e.g. discussions with management, sustainability reports, strategy or policy) and assessed for credibility.

b) Exclusion principles

The fund follows the recommendations for exclusion of the **SVVK-ASIR** (Swiss Association for Responsible Investments). Investments in manufacturers of controversial weapons are thus excluded. The excluded companies or issuers from the arms sector are companies whose products violate Swiss

laws and internationally recognised conventions, namely the **Ottawa and Oslo Conventions** and the **international Nuclear Non-Proliferation Treaty**. These agreements, ratified by Switzerland, prohibit the development, production, stockpiling and distribution of cluster munitions, anti-personnel mines and nuclear weapons. Further information on the SVVK-ASIR can be found on its website <https://svvk-asir.ch/en>. This exclusion is respected at all times.

In addition, companies or emitters that violate the principles of the **UN Global Compact** are excluded. These principles cover the areas of human rights, labour standards, environmental protection and corruption prevention. Further information on the UN Global Compact can be found on its website <https://www.unglobalcompact.org/>. Up to 10% of the companies may be subsequently classified as "non-compliant" by "Sustainalytics". In the case of these companies, clarifications are made with the companies concerned and there are intentions on the part of the management of these companies that this exclusion will be respected again.

4. Investment strategy

With a combination of **norm-based exclusions** and the **integration** of environmental ("E" for "Environment"), social and ethical ("S" for "Social") criteria, as well as criteria of good corporate governance ("G" for "Governance") - together "ESG" - it is intended to pursue a sustainable investment strategy. For a further explanation of these two strategies, please refer to the aforementioned chapter *3. Environmental or social characteristics of the financial product*.

Environmental protection, human rights, labour standards and, above all, responsible **corporate governance** are important components of sustainability. Therefore, these topics are firmly integrated into the sustainable investment process.

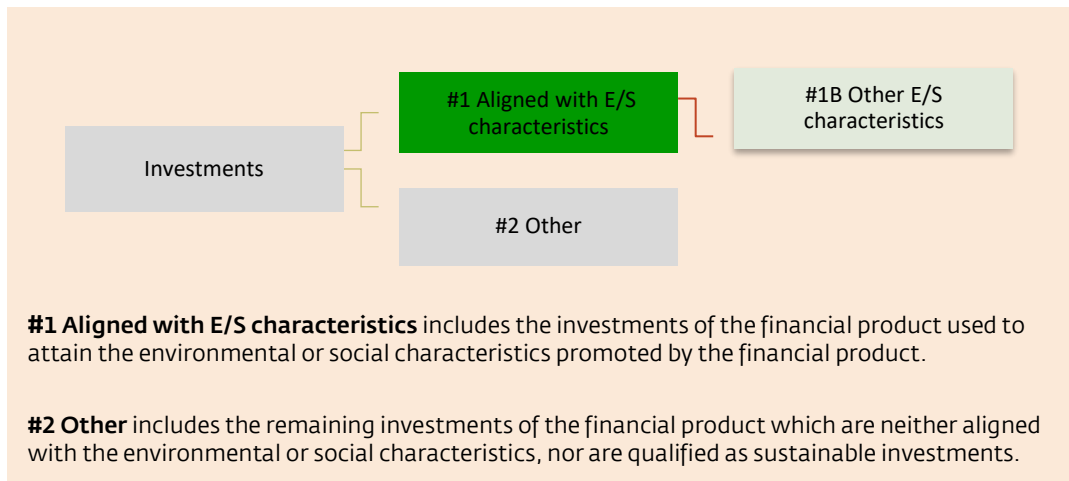
Corporate governance issues can be promptly identified through **ongoing controversy monitoring**. Good corporate governance practices are assessed through compliance with the 10 principles of the **UN Global Compact**. The fund does not invest in any company that violates these principles. By taking these 10 principles of the UN Global Compact into account, companies not only fulfil their fundamental responsibility towards people and the environment, but also create the conditions for long-term success.

5. Proportion of investments

At least 90% of the fund's investments comply with the aforementioned "ESG integration" and "exclusion principles" on an ongoing basis and therefore promote the corresponding environmental and social characteristics (in graph **#1** below).

The fund does not hold "sustainable investments" as defined by the SFDR, which is why only environmental or social characteristics are pursued with the fund (in graph **#1B** below).

Finally, the fund can hold up to a maximum of 10% of the fund assets in investments that are subsequently classified as "non-compliant" by "Sustainalytics" with regard to the UN Global Compact. In the case of these companies, clarifications are made with the companies concerned and there are intentions on the part of the management to respect this exclusion again (in the following graph **#2**). These investments, even if they are not oriented towards ecological and social characteristics, have to fulfil minimum requirements. These are expressed in the form that compliance with certain conventions and standards (e.g. SVVK-ASIR, Ottawa and Oslo Conventions, International Treaty on the Non-Proliferation of Nuclear Weapons) is always applied to the investments.



6. Monitoring of environmental or social characteristics

Compliance with the investment strategy is monitored on the one hand by the **delegated asset manager** of the fund and on the other hand by the risk management of the **fund management company**. These regularly performed controls are documented accordingly.

The delegated asset manager updates the external ESG data used from "Sustainalytics" on a quarterly basis, which forms the basis for its monitoring of compliance with the ESG characteristics. The fund management company, for its part, updates the external MSCI ESG data used on a weekly basis.

As part of the **selection process**, the **delegated asset manager** checks whether the corresponding investment fulfils the set requirements with regard to the ESG characteristics. If an instrument does not meet the relevant requirements, the instrument is not approved for a potential transaction. In addition, the effects on the overall portfolio are examined as part of the allocation process. If the potential allocation of the instrument leads to a violation of the determined sustainability criteria or limits, the corresponding transaction is not executed.

In order to ensure that no violations of defined sustainability criteria and quotas are generated due to market movements or changes in ESG data, a review is carried out at least monthly by the **delegated asset manager**. The **fund management company**, for its part, also carries out a review on a daily basis. As the fund management company itself does not have any ESG data from "Sustainalytics", it uses its external MSCI ESG data to check the fund's compliance with the ESG characteristics. If the fund management company identifies a breach of the fund's investment guidelines on the basis of the MSCI ESG data, it first seeks an exchange with the delegated asset manager and checks whether there is also a breach with the ESG data from "Sustainalytics" (ESG information from different ESG data providers may differ). In addition, it checks the delegated asset manager's compliance with the ESG characteristics with the ESG data from "Sustainalytics" on a quarterly basis. Any **"passive violations"** identified are remedied through market-based transactions.

7. Methodologies

Compliance with the ESG characteristics in this fund is checked by assessing the sustainability indicators on the basis of the data from the external data providers listed in chapter 8. *Data sources and processing*.

8. Data sources and processing

a) What data sources are used to achieve the environmental or social characteristics advertised with the financial product?

"ESG Risk Ratings" from the ESG data provider "**Sustainalytics**" are used. "Sustainalytics" is a leading global independent ESG and corporate governance research-, rating- and analysis-firm that helps investors around the world develop and implement responsible investment strategies.

b) What measures have been taken to ensure the quality of the data?

For the fulfilment of the ESG characteristics, the **delegated asset manager** uses data from the external specialised ESG data provider "Sustainalytics". By updating the ESG data on a quarterly basis, changes in individual instruments can be identified and measures can be taken accordingly.

The **fund management company** uses data from the external specialised ESG data provider "MSCI", with which the ESG data from "Sustainalytics" used in portfolio management are checked for plausibility. Significant inconsistencies in the ESG data of these two ESG data providers are discussed and reviewed.

The delegated asset manager as well as the fund management company **review the quality and selection of the data provider on an annual basis**.

c) How are the data processed?

The data processing is automated and carries out an evaluation of the sustainability classes at issuer level (company).

d) What proportion of the data is estimated?

A maximum of 10% of the fund's assets may be invested in investments that do not have an "ESG risk rating" from "Sustainalytics". Certain assessments of ESG characteristics are nevertheless made for such investments, although these may be based on estimates.

With regard to the ESG data from "Sustainalytics", please refer to the data provider itself.

9. Limitations to methodologies and data

The fund uses **ESG data** from an external ESG data provider in its investment strategy, which may be **incomplete, inaccurate, different or unavailable**. Therefore, there is a risk that a security or issuer may be incorrectly assessed and wrongly included in or excluded from the fund's portfolio.

In addition, a **certain degree of subjectivity** may enter into the selection process due to the lack of ESG data.

Due to increasing regulatory requirements on the topic of sustainability, we assume that **ESG data coverage and quality will gradually improve in the future**.

10. Due diligence

Environmental protection, human rights, labour standards and, above all, responsible **corporate governance** are important components of sustainability. Therefore, these topics are firmly integrated into the sustainable investment process.

Corporate governance issues can be identified very promptly through ongoing controversy monitoring. Good corporate governance practices are assessed through compliance with the 10 principles of the **UN Global Compact**. The fund does not invest in any company that violates these principles. By taking these 10 principles of the UN Global Compact into account, companies not only fulfil their fundamental responsibility towards people and the environment, but also create the conditions for long-term success.

11. Engagement policies

No principles are currently applied for the engagement policy, as an active engagement policy is not part of this investment strategy.

12. Designated reference benchmark

No index will be used as a benchmark to determine whether the fund complies with the environmental and/or social characteristics.

This english version is an unofficial translation from the original, which was prepared in german. Only the german version is binding.