

ANNEX II

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment

means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The EU

Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



Product name: Origin Global
Emerging Markets Fund

Legal entity identifier: 549300QK66Q2XQ42K484

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes

No

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

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

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

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**: ___%

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

What environmental and/or social characteristics are promoted by this financial product?

The environmental characteristic considered by the Fund is greenhouse gas emissions.

No reference benchmark has been designated for the purposes of attaining the above characteristic promoted by the Fund.

Sustainability indicators

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



- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The Sub-Adviser uses the following indicator to measure the attainment the environmental characteristic promoted by the Fund:

For assessing a company's practice on GHG emissions, the Sub-Adviser utilises a bespoke metric to measure a company's sensitivity to a change in the price of carbon, as defined as the potential government levy against tonnes of CO2 emitted.

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

Not applicable as the Fund does not intend to make sustainable investments.

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

Not applicable as the Fund does not intend to make sustainable investments.

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

Not applicable as the Fund does not intend to make sustainable investments.

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

Not applicable as the Fund does not intend to make sustainable investments.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

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

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



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

- ✓ **Yes,** the Sub-Adviser considers principal adverse impacts on sustainability factors by combining internal analysis of the Fund's holdings and third-party data against all mandatory indicators in Table 1 of SFDR Annex 1 and selected optional indicators in Table 2 and 3 of SFDR Annex 1.

The principal adverse impacts on sustainability factors are considered as part of the Sub-Adviser's proprietary ESG scoring methodology and as such, the

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.

indicators are reviewed at regular intervals or when newly reported information becomes available.

Consideration of principal adverse impacts on sustainability factors will be confirmed as part of the periodic reporting disclosed in the annual report for the Fund.

No

What investment strategy does this financial product follow?

The Fund seeks to achieve its objective through investing principally in equity securities, being primarily the shares of companies, domiciled in emerging markets globally, with a typical minimum market capitalisation on purchase of \$1 billion.

The Sub-Adviser will look to invest in companies with well managed capital that re-invest earnings into the growth of their business, have a sustainable growth trend in price and a positive market consensus on earnings revisions. The Sub-Adviser will identify companies for inclusion on this basis through a consideration of four clearly defined and measurable criteria; cash flow return on invested capital, discounted cash flows, profit forecasts and share price trends.

In order to consider the environmental characteristic and with the intention of producing a more predictable future return path, the Sub-Adviser will also take the sensitivity of a company's cash flow returns to a change in the price of carbon into account. This is identified through recognising the charge that a government may levy per tonne of carbon emitted in that company's production process. It is intended that through identifying this trend that the Fund will be able to maintain a consistent systematic bias away from companies most sensitive to financial liabilities arising from their carbon emissions.

○ ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

In order to address the environmental characteristic promoted, the Sub-Adviser applies binding screening criteria to the selection of underlying assets as part of its investment decision making process.

In particular, the Sub-Adviser utilises a bespoke metric to measure a company's sensitivity to a change in the price of carbon, as defined as the potential government levy against tonnes of CO₂ emitted. The carbon emissions data used is sourced from ISS and Credit Suisse HOLT. This metric allows the Sub-Adviser to decile rank companies based on their exposure to the carbon risk measure. This identification of companies with an unfavourable carbon risk metric ranking is factored into the investment decision making process to enable a consistent and measurable bias away from companies with the highest rate of carbon emissions.

The binding screening criteria used by the Sub-Adviser ensures that the Fund's portfolio exposure to companies in the bottom three deciles on the Sub-Adviser's carbon risk metric will be of the order of 20% below that of MSCI Emerging Markets NTR, the Fund's index, over rolling twelve month periods and the Fund's portfolio will have aggregate emission levels lower than the Index as measured by tonnes of carbon emitted per dollar of revenue generated. This selection criteria may not be disapplied or overridden by the Sub-Adviser.

The Fund will also exclude holdings where company involvement in controversial weapons is identified, as defined by the ISS Controversial Weapons Research methodology. This screening and exclusion policy will apply across all equity securities holdings as described in the investment policy and does not specifically align itself to external guidelines or principles.

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

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



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

Not applicable as there is no committed minimum rate to reduce the scope of investments.

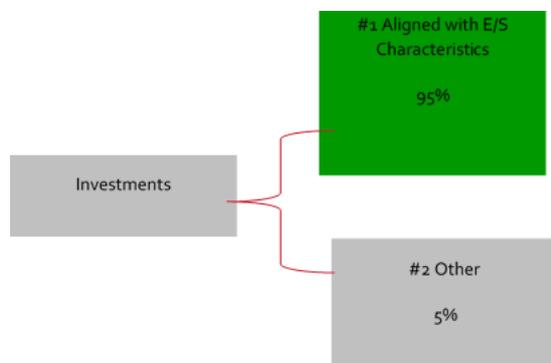
- **What is the policy to assess good governance practices of the investee companies?**

The Sub-Adviser considers quality of governance and the transparency and accuracy of financial accounts information as a key part of its holdings selection process. The Sub-Adviser uses the Credit Suisse HOLT tool to help assess the quality and accuracy of published financial information with this risk assessment fully integral to the stock selection process. The Sub-Adviser employs Glass Lewis, a leading independent global advisor on governance for counsel, and to enact the Sub-Adviser's proxy voting policy. This enables the Sub-Adviser to ensure that companies are held to account for poor decision making on board composition and general governance structure.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

In accordance with the binding elements of the investment strategy, 95% of investments made will be aligned to the E/S characteristics, whilst the remaining 5% will be cash, cash equivalents and hedging instruments.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristic, have no minimum environmental or social safeguards, nor are qualified 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.

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

Not applicable as derivatives are not used to attain the environmental or social characteristics.

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



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

0%

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.

1. Taxonomy-alignment of investments including sovereign bonds*



2. Taxonomy-alignment of investments excluding sovereign bonds*



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

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

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

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

0%



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

0%



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

0%



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

The investments included under "#2 Other" are cash, cash equivalents and hedging instruments which are not subject to environmental and/or social screening or any minimum environmental or social safeguards. Cash and cash equivalents do not affect the promoted environmental and / or social characteristics of the Fund. The assessment of issuers and of counterparties for cash and hedging instruments focusses on the creditworthiness of these parties, which can be impacted by sustainability risks.



- Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

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

No. There is no specific index designated as a reference benchmark to determine whether the Fund is aligned with the environmental and/or social characteristics that it promotes.

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

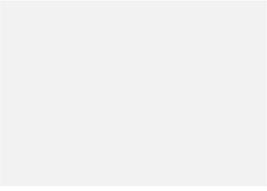
Not applicable. There is no specific index designated as a reference benchmark to determine whether the Fund is aligned with the environmental and/or social characteristics that it promotes.

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

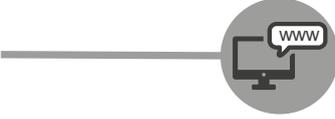
Not applicable. There is no specific index designated as a reference benchmark to determine whether the Fund is aligned with the environmental and/or social characteristics that it promotes.

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

Not applicable. There is no specific index designated as a reference benchmark to determine whether the Fund is aligned with the environmental and/or social characteristics that it promotes.

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

Not applicable. There is no specific index designated as a reference benchmark to determine whether the Fund is aligned with the environmental and/or social characteristics that it promotes.



Where can I find more product specific information online?

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

<https://www.principalam.com/eu/about-us/esg>