

AMO Japan Sustainable Equity Portfolio

Sustainability-related disclosures required for Article 9 financial products under the EU Sustainable Finance Disclosure Regulation (EU) 2019/2088

Preamble

AMO Japan Sustainable Equity Portfolio (the “financial product”) intends to positively contribute to environmental challenges associated with climate change, sustainable consumption and the use of water resources as well as waste management. With respect to social challenges, the positive contribution is targeted to support a resilient, equitable, safe and healthy society. The sustainable investment objectives are based on the UN Sustainable Development Goals (“SDGs”).

The investment strategy will focus on

- environmentally sustainable investments in economic activities in accordance with Article 2 (17) of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (“SFDR”) that do not qualify under Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (“EU Taxonomy Regulation”); and
- socially sustainable investments in economic activities in accordance with Article 2 (17) SFDR.

All investments will be made in line with the sustainability investment strategy above.

Since the financial product intends to only invest in Japanese securities, the investments of the financial product do not pursue to qualify under the EU Taxonomy Regulation. Therefore, the financial product does not intend to make investments that are in scope and in line with the requirements of the EU Taxonomy Regulation.

Sustainability-related disclosures required for Article 9 financial products under the EU Sustainable Finance Disclosure Regulation (EU) 2019/2088 in accordance with articles 37 – 49 of Commission Delegated Regulation (EU) 2022/1288

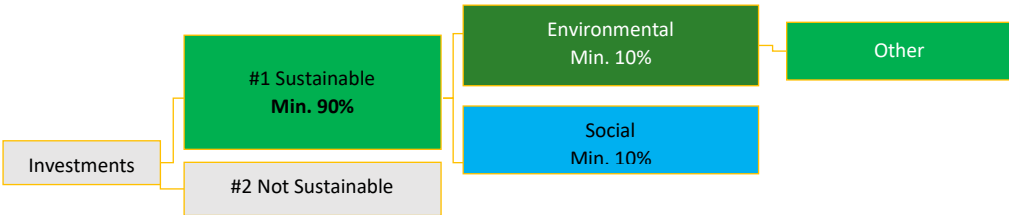
Full name of the Article 9 sub-fund: AMO Japan Sustainable Equity Portfolio (“financial product”)

Legal entity identifier: 635400XZAB7EFZXM4D78

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Disclaimer: The present working document may be subject to further changes that may be induced by regulatory changes and amendments.

Website section ‘Summary’

<p>I. No significant harm to the sustainable investment objective</p>
<p>The assessment of “Do No Significant Harm” is part of the investment due diligence and ongoing monitoring and is based on a proprietary Materiality Map. The Materiality Map considers both Sustainable Materiality and Financial Materiality and is used to identify and prioritise key sustainability factors across different industries, and to assess the environmental and social impact of the investee companies. The assessment of the DNSH principle is systematically documented for every investee company. The strategy has adopted all the 14 indicators applicable to investments in investee companies that are set as mandatory under SFDR as well as additional indicators as optional choices. In the investment due diligence, the principal adverse impacts of investment decisions on sustainability factors are considered with respect to mandatory and optional indicators. Changes are actively monitored during the holding period. Specific thresholds are set for each PAI in order to assess and determine eligibility of an investment for the financial product.</p>
<p>II. Sustainable investment objective of the financial product</p>
<p>The financial product intends to positively contribute to tackling of environmental challenges associated with climate change, sustainable consumption and the use of water resources as well as waste management. With respect to social challenges, the positive contribution is targeted to support a resilient, equitable, safe and healthy society. The sustainable investment objectives are based on the UN Sustainable Development Goals (“SDGs”).</p>
<p>III. Investment strategy</p>
<p>The financial product will pursue an equity strategy as its main investment strategy with the possibility to invest on an ancillary basis into other asset classes. The financial product’s assets are allocated into investments that comply with defined sustainability standards regarding the pursued environmental and social objectives.</p> <p>The financial product pursues the following sustainability investment strategy:</p> <ul style="list-style-type: none"> (i) Exclusion strategy. (ii) Sustainable investments according to art. 2 (17) SFDR. (iii) Monitoring and engagement process on the Sustainability KPIs.
<p>IV. Proportion of investments</p>
<p>The financial product plans to invest an aggregate of at least 90% (or at least 80% under exceptional circumstances, such as large redemptions or subscriptions, and/or times of market turmoil) of its assets in investments that are aligned with the pursued environmental and social objectives and qualify as sustainable investments under article 2 (17) SFDR, whereby at least 10% of its assets shall always be used for sustainable investments with an environmental objective, and at least another 10% of its assets shall always be used for sustainable investments with a social objective. The proportion of non-sustainable investments is expected to be minor (less than 10%). The financial product is only investing directly into issuers and is neither investing into investment funds nor derivatives.</p>  <pre> graph LR Investments --> S1["#1 Sustainable Min. 90%"] Investments --> S2["#2 Not Sustainable"] S1 --> E["Environmental Min. 10%"] S1 --> SO["Social Min. 10%"] S1 --> O["Other"] </pre>
<p>V. Monitoring of the sustainable investment objective</p>
<p>To attain the sustainable investment objectives, the eligibility of candidate companies is assessed based on a two-step process, where step 1 is determining the eligibility itself and step 2 is defining specific Sustainability metrics for the monitoring of investee companies’ contribution to the environmental and/or social objectives of the financial product. Further multiple internal controls in respect of investment decision making and monitoring have been established for this financial product. If investee companies are not contributing to the financial product’s sustainable investment objectives as planned, the investment manager will engage with the investee company to identify improvement opportunities when appropriate. If an investment continues to fail to deliver the required contribution, this may lead to divestment as a last resort.</p>

<p>VI. Methodologies</p>
<p>The measurement of the attainment of the sustainable investment objectives of the financial product is performed by ensuring that the investee companies comply with the below indicators:</p> <p>(i) <u>Alignment to UN SDGs – Selection indicator</u> Companies must meet at least one of the following inclusion criteria to be eligible for investment:</p> <ol style="list-style-type: none"> 1. Share of turnover or profit linked to at least one UN SDG, 2. “Best in Class” contribution in at least one UN SDG, or 3. Net Zero Alignment (Scope 1, 2) contributing to UN SDG 13 (Climate action). <p>(ii) <u>Measurement by Sustainability KPIs – Monitoring indicators</u> For each investment linked to at least one SDG, a sustainability indicator is used as a Key Performance Indicators (“KPIs”) assigned to each of the invested companies.</p> <p>Sustainability KPIs evolve over time, therefore the investment manager will ensure their ongoing relevance with respect to the investments of this financial product. As the Sustainability KPIs to be assessed may differ from investment to investment, the Sustainability KPIs detailed above are to be understood as in principle relevant and dependent on the specific investment.</p>
<p>VII. Data sources and processing</p>
<p>For the financial product a variety of data sources are used in the process of research, selection and monitoring of investments. The data sources used to ascertain the attainment of the sustainable investment objective of the financial product include, inter alia publicly available reports, public announcements, information directly obtained from the company or external data vendors. Data sources obtained from external data vendors are subject to quality assessment.</p>
<p>VIII. Limitations to methodologies and data</p>
<p>The limitations to methodologies and data arise from the financial product’s geographic and investment focus. The financial product invests in equity securities listed in Japan. The world’s third largest economy, Japan has in excess of 3,000 listed companies. They are subject to extensive and evolving corporate disclosure rules. Companies at the smaller end of the capitalization spectrum may provide more limited disclosure. Similarly, external vendor data coverage may be limited or non-existent for some issuers.</p>
<p>IX. Due Diligence</p>
<p>A detailed due diligence of all assets, including sustainability aspects, is an integral part of the investment process. During the due diligence, all relevant sustainability aspects and indicators are reviewed and it is ensured that they are compliant with the applicable investment restrictions. Multiple internal controls are in place in respect of investment decision making for the financial product.</p>
<p>X. Engagement policies</p>
<p>A corporate engagement process is established for the financial product and is guided by the “Sustainable Investment Framework” which governs the engagement, proxy voting, and applicable exclusions lists. The scope for the engagement process is first the determination of the relevant materiality for each. Based on this initial identification, the progress of the issuer with respect to the relevant materiality is measured and monitored on a periodic basis. The engagement process takes place at least once a year and the usual engagement period for defined actions is between 2 – 4 years.</p>
<p>XI. Attainment of the sustainable investment objective</p>
<p>The financial product does not use a reference benchmark for the purpose of attaining the sustainable investment objective.</p>

Website section ‘No significant harm to the sustainable investment objective’

The assessment of “Do No Significant Harm” (“DNSH”) is part of the investment due diligence and ongoing monitoring and is based on a proprietary Materiality Map . The Materiality Map considers both Sustainable Materiality and Financial Materiality, and is used to identify and prioritise key sustainability factors across different industries, and to assess the environmental and social impact of the investee companies. The assessment of the DNSH principle is systematically documented for every investee company.

The strategy has adopted all the 14 indicators applicable to investments in investee companies that are set as mandatory under SFDR as well as additional indicators as optional choices. The selection of optional indicators is based on the Materiality Map.

In the investment due diligence, the principal adverse impacts (PAI) of investment decisions on sustainability factors are considered with respect to mandatory and optional indicators, as described above. Changes are actively monitored during the holding period. Specific thresholds are set for each PAI in order to assess and determine eligibility of an investment for the financial product.

During the investment due diligence (and on an ongoing basis after the investee company has been selected), it is taken into consideration whether the investee companies are involved in any controversial activities in terms of international norms. Controversies in terms of environmental, social, and governance issues as well as the target issuers’ compliance with, or violations of global norms in terms of e.g. human rights, labour rights, bribery & corruption, child labour, discrimination, health & safety, forced labour are assessed based on OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Website section ‘Sustainable investment objective of the financial product’

The financial product intends to positively contribute to tackling of environmental challenges associated with climate change, sustainable consumption and the use of water resources as well as waste management. With respect to social challenges, the positive contribution is targeted to support a resilient, equitable, safe and healthy society. The sustainable investment objectives are based on the UN Sustainable Development Goals (“SDGs”).

Website section ‘Investment strategy’

The financial product will pursue an equity strategy as its main investment strategy with the possibility to invest on an ancillary basis into other asset classes, as further specified in Appendix IV of the prospectus. The financial product’s assets are allocated into investments that comply with defined sustainability standards regarding the pursued environmental and social objectives.

The financial product pursues the following Sustainability investment strategy:

- Exclusion strategy.
- Sustainable investments according to art. 2 (17) SFDR.
- Monitoring and engagement process on Sustainability KPIs.

The sustainability assessment represents a core part of the investment process. The sustainability assessment is carried out through a combination of top-down thematic analysis and granular bottom-up research. The top-down thematic analysis seeks to identify ways in which potential investments (investee companies) can bring about a positive contribution to specific Sustainable Development Goals as reflected in the core portfolio themes outlined in the previous section (“Sustainable investment objective of the financial product”). The bottom up research process for potential investee companies utilises information disclosed by or directly obtained from such companies, as well as data sourced from external third party data providers.

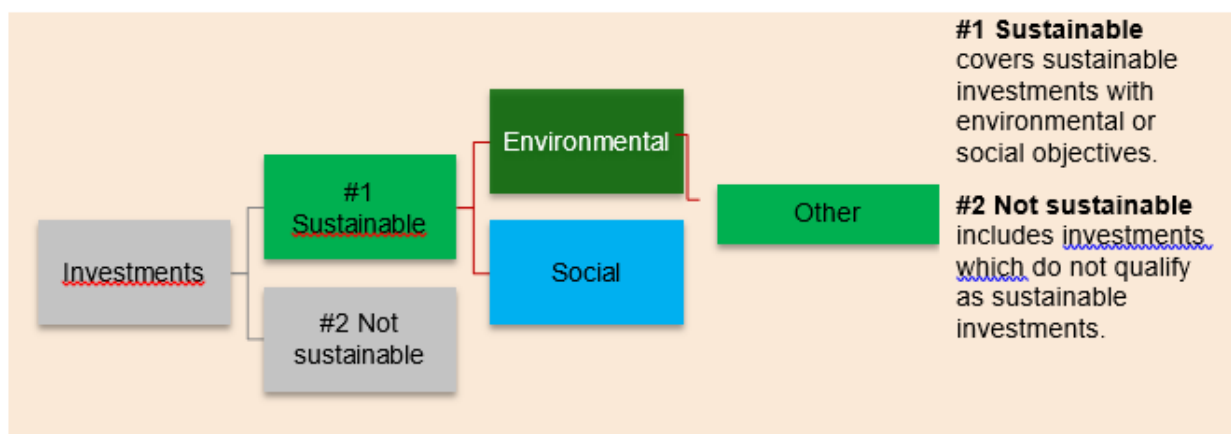
With respect to good governance practices, the financial product assesses each investee company during the investment due diligence process as well as over the course of the holding. Inter alia, processes with respect to general governance considerations, compliance with social and labour standards, tax considerations and compensation schemes are assessed. The assessments take into consideration internal ESG research, as well as ESG information from third party ESG data providers.

Website section ‘Proportion of investments’

The financial product plans to invest an aggregate of at least 90% (or at least 80% under exceptional circumstances, such as large redemptions or subscriptions, and/or times of market turmoil) of its assets in investments that are aligned with the pursued environmental and social objectives and qualify as sustainable investments under article 2 (17) SFDR, whereby at least 10% of its assets shall at all times be used for sustainable investments with an environmental objective, and at least another 10% of its assets shall at all times be used for sustainable investments with a social objective.

The financial product may hold a minimal amount of cash or cash equivalent assets for liquidity purpose. The proportion of such non-sustainable investments is expected to be minor (less than 10%) so that the delivery of the sustainable investment objective should, irrespective of the use of such investments, not be significantly affected.

The financial product is only investing directly into issuers (companies) and is neither investing into investment funds nor derivatives allowing for indirect exposure to the issuers regarding the investments contributing to #1 Sustainable.



Website section ‘Monitoring of the sustainable investment objective’

To attain the sustainable investment objectives, the eligibility of candidate companies is assessed based on a two-step process, where step 1 is determining the eligibility itself and step 2 is defining specific sustainability metrics for the monitoring of investee companies’ contribution to the environmental and/or social objectives of the financial product. For a description of the methodology please see section ‘Methodologies’.

By initially assessing and periodically monitoring eligibility, the financial product is ensuring the attainment of the sustainable investment objective throughout the lifecycle of the financial product.

Further multiple internal controls in respect of investment decision making and monitoring have been established for this financial product. These include, but are not limited to, controls to ensure all applicable product guidelines are observed at all times, processes to ensure four-eye checks on proposed transactions, and independent oversight by Risk and Compliance functions as required.

Reviews of the positive contribution to one or more of the UN SDGs are conducted across the investment lifecycle on regular and as relevant also on an ad-hoc basis based on materiality of any sustainability factor. If investee companies are not contributing to the financial product’s sustainable investment objectives as planned, the investment manager will engage with the investee company to identify improvement opportunities when appropriate. If an investment continues to fail to deliver the required contribution, this may lead to divestment as a last resort.

Website section ‘Methodologies’

The measurement of the attainment of the sustainable investment objectives of the financial product is performed by ensuring that the investee companies comply with the below indicators:

Alignment to UN SDGs – Selection indicator

Companies must meet at least one of the following inclusion criteria to be eligible for investment:

1. Share of turnover or profit linked to at least one UN SDG,
2. “Best in Class” contribution in at least one UN SDG, or
3. Net Zero Alignment (Scope 1, 2) contributing to UN SDG 13 (Climate action).

Eligibility under the above selection indicator is assessed both at initial investment and on an ongoing basis. Companies will also be required to comply with requirements detailed in the section *‘No significant harm to the sustainable investment objective’*.

Measurement by Sustainability KPIs – Monitoring indicators

- For each investment linked to at least one SDG, a sustainability indicator is used as a Key Performance Indicators (“KPIs”) assigned to each of the invested companies.
- The KPIs may include inter alia the following:
 - Accumulated capacity of solar panel power generation appliances built (GW),
 - Turnover from consulting services in developing economy or rural area (JPY),
 - The amount of plastic recycled in the production (ton), or
 - Greenhouse gas emissions (CO₂e) reduction.

Sustainability KPIs evolve over time, therefore the investment manager will ensure their ongoing relevance with respect to the investments of this financial

product. As the Sustainability KPIs to be assessed may differ from investment to investment, the Sustainability KPIs detailed above are to be understood as in principle relevant and dependent on the specific investment.

Website section ‘Data sources and processing’

For the financial product a variety of data sources are used in the process of research, selection and monitoring of investments.

The financial product invests in equity securities listed in Japan.

The data sources used to ascertain the attainment of the sustainable investment objective of the financial product include, inter alia publicly available reports, public announcements, information directly obtained from the company or external data vendors.

All external data vendors are assessed and vetted for quality before becoming an approved data supplier. Data points obtained from external data vendors are subject to an internal quality assessment based on four eyes check focusing on consistency of data .

Data is processed during quantitative and qualitative analyses of the investee companies. Where possible, data sources are fed and stored directly into our systems to avoid any necessary human error. Various equity analysts and fund managers are able to perform the necessary research tasks by drawing upon this data.

The investment team does not use estimated data.

Website section ‘Limitations to methodologies and data’

The limitations to methodologies and data arise from the financial product’s geographic and investment focus. The financial product invests in equity securities listed in Japan. The world’s third largest economy, Japan has in excess of 3,000 listed companies. They are subject to extensive and evolving corporate disclosure rules. Companies at the smaller end of the capitalisation spectrum may provide more limited disclosure. Similarly, external vendor data coverage may be limited or non-existent for some issuers.

Such limitations do not affect the attainment of the sustainable investment objective primarily due to two factors:

- (1) Japan already possesses a sufficiently large investment universe of companies that provide extensive corporate disclosure aligned to global standards; and
- (2) The investment team of the financial product possesses extensive research resources based in Japan and is able to perform additional research and analysis and undertake dialogue with companies, as well as advocate more broadly for ongoing improvements in corporate disclosure.

Website section ‘Due diligence’

A detailed due diligence of all assets, including sustainability aspects, is an integral part of the investment process. During the due diligence, all relevant sustainability aspects and indicators are reviewed and it is ensured that they are compliant with the applicable investment restrictions as set out in the Appendix III of the prospectus.

Multiple internal controls are in place in respect of investment decision making for the financial product. These include, but are not limited to, controls to ensure all applicable product guidelines are observed at all times, processes to ensure four-eye checks on proposed transactions, and independent oversight by Risk and Compliance functions as required.

Website section ‘Engagement policies’

A corporate engagement process is established for the financial product. The engagement process is guided by the “Sustainable Investment Framework” which governs the engagement, proxy voting and applicable exclusions lists.

The scope for the engagement process is first the determination of the relevant materiality for each issuer (e.g. what environmental and/or social topics are most relevant to the financial and sustainability performance of the issuer). Based on this initial identification, the progress of the issuer with respect to the relevant materiality is measured and monitored on a periodic basis.

The financial product puts an emphasis in the engagement process on issuers that show potential for a significant increase in corporate value through improved action, or where there is concern that the continuation of the current situation will deteriorate future corporate value.

The engagement is carried out by the investment team on an ongoing basis and documented accordingly. The engagement process takes place at least once a year and the usual engagement period for defined actions is between 2 – 4 years. The progress of the issuer is tracked and documented.

Website section 'Attainment of the sustainable investment objective'

The financial product does not use a reference benchmark for the purpose of attaining the sustainable investment objective.