



Rivertree Bond – Euro Multilateral
Development Bank
Website disclosure

(a) 'Summary'

This fund aims to realize sustainable investments and contribute to social objectives. The fund intends to make sustainable investments that will not cause significant harm to any social objectives.

The fund contributes to the following social objectives:

- The Fund aims to contribute to the transition to a more sustainable and equitable economy by investing in issuers that contribute to this transition, without causing significant harm in other areas. To do this, it invests in bonds of Multilateral Development Banks (MDBs) which, in turn, provide loans and grants to member countries to finance projects that support social and economic development.
- The MDBs are international financial institutions founded by at least two countries to promote economic development in poor countries. The MDBs provide loans and grants to member nations to finance projects that support social and economic development, such as building new roads or providing people with clean water. MDB goals are often closely aligned with the United Nations Sustainable Development Goals. However, the specific characteristics may vary between the different investments in the portfolio depending on the MDB. Examples include reducing poverty, promoting diversity and gender equality, equal access to digital technologies and skills, and promoting shared prosperity.

The minimum proportion of sustainable investments of the fund is 85% which are socially sustainable investments.

In order to ensure the adequate consideration of social objectives of the product, Kredietrust has established an exclusion list of issuers that are considered to be in violation of the United Nations Global Compact (UNGC) principles (and for which engagement is not or no longer considered feasible) or are involved in controversial weapons (anti-personnel mines, biological weapons, cluster munitions, depleted uranium, white phosphorus, and nuclear weapons when related to involvement by corporate issuers in relation to countries that are not a signatory of the Non-Proliferation Treaty (NPT)).

The fund invests mainly in bonds issued by MDBs that count all G7 countries among their shareholders to ensure the solvency and homogeneity of investments. Since the mission of the Multilateral Development Banks is to support the social and economic development of the poorest countries, the bonds selected have a social objective. Specific objectives may vary between different investments in the portfolio depending on the MDB.

When selecting MDBs, the Portfolio Manager shall ensure the issuer's significant contribution to social objectives. In addition, each year the Portfolio Manager verifies in the annual report of each issuer the achievement of this contribution. The following issuers are classified as MDBs:

- African Development Bank
- Asian Development Bank
- European Investment Bank
- International Development Association
- International Bank for Reconstruction and Development
- International Finance Corporation

For investments in third-party funds, Kredietrust cannot impose the exclusion criteria to third-party managers and the exclusion criteria applied by them can differ from those of Kredietrust. Therefore, a principle-based approach is applied, and preference is given, where possible and feasible, to third-party funds that have exclusion policies.

The fund uses the following sustainability indicator to measure the attainment of each of the social objectives promoted by the financial product:

- The degree to which the financial product achieves the objective of sustainable investment is measured by the percentage of investments made in multilateral development bank bonds.

This sustainability indicator is measured as a percentage of investments.

For investee companies invested through either single lines or third-party funds Kredietrust consumes data from Sustainalytics for its reporting of social objectives of the fund. Sustainalytics has been selected because of their expertise, independence, universe scope, quality of data, and their strong due diligence process. Given that Kredietrust uses a specialised external provider for the data, the quality assurance and quality control is largely dependent on Sustainalytics. Sustainalytics has an extensive quality control framework that, depending on the exact dataset, includes various elements such as diagnostic checks, quality monitoring, and a remedial process to resolve any identified issues.

Methodologies and data related to measuring the attainment of each of the social objectives in the form of the sustainability indicators mentioned above can have limitations. This relates primarily to information becoming available in the public domain and the time lag for relevant information to be processed and included in the data that Kredietrust receives. Kredietrust believes that despite these limitations the data used to measure the social objectives of the financial product are sufficiently reliable to provide a meaningful representation of the attainment of the social objectives that the financial product promotes.

The due diligence process is conducted by Quintet's Fixed Income team and checked by KTL's Investment Management team. Both teams ensure that issuers selected are in line with the social objectives of the fund and Kredietrust's Responsible Investment Policy ([Regulatory Affairs | Quintet Luxembourg](#)).

For third-party funds, the due diligence process is conducted by the Quintet Fund Solutions team. All funds selected have to demonstrate basic responsible practices. This includes understanding environmental, social and governance (ESG) factors as well as a willingness to engage with the companies they invest in. Sustainable funds must fulfil not only investment risk-adjusted return criteria but also a more rigorous assessment of sustainability.

Kredietrust has an Active Ownership policy which involves monitoring the investments we make, identifying environmental, social and governance (ESG) issues, strategic problems, or opportunities for improvement, engaging with investment managers or management teams, and other efforts to encourage positive change for the long-term benefit of our clients and the world.

Kredietrust has instructed its engagement partner EOS at Federated Hermes to give special attention to companies that violate the principles of the UN Global Compact, or that are involved in significant ESG controversies. The engagement priorities are focused on the most material drivers of long-term

value, with four priority themes: climate change, human and labour rights, human capital management and board effectiveness and ethical culture.

(b) No significant harm to the sustainable investment objective

To ensure that the investments do no significant harm the fund applies the following approach, for single line investments (i.e., investment instruments issued by investee entities such as bonds) to qualify as a sustainable investment, a number of requirements needs to be met, including various criteria related to significant harm. Consequently, investments need to meet specific thresholds related to adverse impacts and operate in line with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

In case the sustainable investments are made via funds (i.e., collective vehicles such as mutual funds or Exchange Traded Funds (ETFs)), these funds need to have policies in place related to their own research and investment process to ensure there is no significant harm, at least by considering adverse impacts and by such investments being aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

(c) 'Sustainable investment objectives of the financial product'.

What are the sustainable investment objectives that the financial products contributes to?

The financial product contributes to the following social objective:

- Transition to a more sustainable and equitable economy by investing in issuers that contribute to this transition, without causing significant harm in other areas. To do this, it invests in bonds of Multilateral Development Banks (MDBs) which, in turn, provide loans and grants to member countries to finance projects that support social and economic development, such as building new roads or providing people with clean water. MDB goals are often closely aligned with the United Nations Sustainable Development Goals. However, the specific characteristics may vary between the different investments in the portfolio depending on the MDB. Examples include reducing poverty, promoting diversity and gender equality, equal access to digital technologies and skills, and promoting shared prosperity.

(d) 'Investment strategy'.

What is the investment strategy used to attain the sustainable investment objective?

The fund applies the following environmental and social considerations in the investment process:

1. For single lines:
 - a. When selecting MDBs, the Portfolio Manager shall ensure the issuer's significant contribution to social objectives. In addition, each year the Portfolio Manager verifies in the annual report of each issuer the achievement of this contribution. The following issuers are classified as MDBs:
 - African Development Bank
 - Asian Development Bank
 - European Investment Bank
 - International Development Association
 - International Bank for Reconstruction and Development
 - International Finance Corporation

To be eligible for investment, MDBs must meet at least the following three criteria:

- Financing sustainable development must be part of the mission of the MDB.
 - Explicit policy for financing projects in line with the SDGs in general or at least one SDG related to social development (e.g. SDG 1: no poverty, SDG 2: zero hunger, SDG 3: good health and well-being, SDG 4: quality education, SDG 5: gender equality, SDG 6: clean water and sanitation, SDG 7: clean and affordable energy, SDG 8: decent work and economic growth, SDG 9: industrial innovation and infrastructure, SDG 10: reduce inequalities, goal 16: peace, justice and strong institutions).
 - Report at least annually on the (global) impact of MDB-funded projects.
- b. Excluding investments based on the exclusion criteria that apply to the financial product. Please refer to the Responsible Investment Policy ([Regulatory Affairs | Quintet Luxembourg](#)) for more information about the exclusion criteria;
- c. Excluding investments as part of the portfolio construction process requirements that apply to the financial product. Please refer to the Responsible Investment Policy (Regulatory Affairs | Quintet Luxembourg) for more information about the portfolio construction requirements;
- d. Engaging on environmental and social issues with companies. Please refer to the Active Ownership policy ([Regulatory Affairs | Quintet Luxembourg](#)) for more information.

2. For investments in funds:

In case the financial product invests in funds, they undergo an extensive due diligence process in various areas. This includes the robustness of the investment process, the individuals running the strategy, the risk-adjusted return characteristics, the asset manager, and the fund's sustainability practises. A five-pillar approach is used to assess the sustainability practices and commitments of the funds. These five pillars are Intentionality, Portfolio Characteristics, Research, Active Ownership, and Transparency. Please refer to the Fund-Sustainability fund Assessment Summary ([Regulatory Affairs | Quintet Luxembourg](#)) for more information.

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

The assessment of good governance applies only to investments in companies. As multilateral development banks are defined as supranational entities, the assessment of good governance is not applicable. In case the investments in companies are made via third-party funds, these funds need to have a process in place to assess good governance. This is checked in the fund sustainability due diligence process.

(e) 'Proportion of investments.

What is the minimum proportion of Sustainable Investments?

The minimum proportion of sustainable investments of the financial product is 85%. While the fund intends to make sustainable investments, it does not specifically strive to make EU Taxonomy aligned

investments. As such, the minimum extent of sustainable investments with an environmental objective aligned with the EU Taxonomy is 0%.

The fund intends to make sustainable investments with an environmental objective that are not aligned with the EU Taxonomy, as well as sustainable investments with a social objective. The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 0%. The minimum share of socially sustainable investments is 85%.

What are non-sustainable investments and what is their purpose?

Investments included in this category are derivatives, cash, and money market instruments. These non-sustainable investments are held on an ancillary basis and/or for hedging purposes and/or for temporary exposure purposes in the event of large cash flows. There are no minimum environmental or social safeguards for derivatives and liquidity due to the nature of these instruments. When investments are made in money market instruments, these instruments are not allowed, as a minimum guarantee, to invest in issuers from countries against which the EU has imposed an arms embargo on the central government. There is no minimum environmental or social guarantee for these investments.

What is the ratio of direct exposures and non-direct exposures?

The financial product has only direct exposures to investee entities.

(f) 'Monitoring of sustainable investment objective

In order to ensure the adequate consideration of social objectives of the product, Kredietrust has established an exclusion list of issuers that are considered to be in violation of the United Nations Global Compact (UNGC) principles (and for which engagement is not or no longer considered feasible) or are involved in controversial weapons (anti-personnel mines, biological weapons, cluster munitions, depleted uranium, white phosphorus, and nuclear weapons when related to involvement by corporate issuers in relation to countries that are not a signatory of the Non-Proliferation Treaty (NPT)).

For single lines:

- When selecting MDBs, the Portfolio Manager shall ensure the issuer's significant contribution to social objectives. In addition, each year the Portfolio Manager verifies in the annual report of each issuer the achievement of this contribution. The following issuers are classified as MDBs:
 - African Development Bank
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To be eligible for investment, MDBs must meet at least the following three criteria:

- Financing sustainable development must be part of the mission of the MDB.

- Explicit policy for financing projects in line with the SDGs in general or at least one SDG related to social development (e.g. SDG 1: no poverty, SDG 2: zero hunger, SDG 3: good health and well-being, SDG 4: quality education, SDG 5: gender equality, SDG 6: clean water and sanitation, SDG 7: clean and affordable energy, SDG 8: decent work and economic growth, SDG 9: industrial innovation and infrastructure, SDG 10: reduce inequalities, goal 16: peace, justice and strong institutions).
 - Report at least annually on the (global) impact of MDB-funded projects.
- When the addition of a new security to the portfolio is envisaged, the Portfolio Manager (first line of defense) checks that the security he intends to buy is not on the Kredietrust's exclusion list. In case the security is on the exclusion list, no purchase is done. Every time the exclusion list is updated, the middle office department screens the portfolio of the fund. In case a newly excluded security is held in the portfolio, the middle office department informs the portfolio manager who will sell the security within 5 days.
 - The Portfolio Manager also monitors on an ongoing basis that all mandatory SFDR minimum thresholds shares of sustainable investments and ensures that the fund is compliant at any point of time.
 - Acting as the second line of defense, the Management Company's Risk Management department screens the portfolio on a daily basis to ensure no security held is on the exclusion list. In case such a situation is identified, the Risk Management department informs the portfolio manager who sells the security. When a new exclusion list is released, the Risk Management department also screens the portfolio of the fund. In case a newly excluded security is held in the portfolio, the risk department informs the portfolio manager who will sell the security within 5 days.

For third-party funds:

For investments in third-party funds, Kredietrust cannot impose the exclusion criteria to third-party managers and the exclusion criteria applied by them can differ from those of Kredietrust. Therefore, a principle-based approach is applied, and preference is given, where possible and feasible, to third-party funds that have exclusion policies.

g) 'Methodologies

What are the methodologies to measure how the social objectives are attained by the fund?

The fund uses the following sustainability indicator to measure the attainment of the social objective promoted by the fund:

- The degree to which the financial product achieves the objective of sustainable investment is measured by the percentage of investments made in multilateral development bank bonds.

This sustainability indicator is measured as a percentage of investments.

(h) 'Data sources and processing'

What data is used to attain the sustainable investment objective of the financial product?

For Kredietrust's investment decision-making and reporting related to investee entities, Kredietrust consumes data from Sustainalytics on their environmental and social characteristics. Kredietrust has

chosen Sustainalytics as a primary ESG data provider following an extensive market review and due diligence process performed by its mother company Quintet Group. Sustainalytics has been selected because of their expertise, independence, universe scope, quality of data, and their strong research process.

How is the data quality ensured and the data processed?

Given that Kredietrust uses a specialised external provider for the data, the quality assurance and quality control is largely dependent on Sustainalytics. Sustainalytics has various quality assurance checks, which are done automatically, as well as various manual checks done annually, such as year-on-year subindustry data comparison checks. Their quality assurance and control processes apply to their full infrastructure: from data collection via a variety of research platforms, to data storage within multiple research, product, and aggregation databases, as well as end-of-gate checks before data reaches Kredietrust

What is the proportion of estimated data?

For this specific data it is not possible for Kredietrust to determine the proportion of estimated data used to calculate the sustainability indicators. This relates to the fact that it is based on research conducted by Sustainalytics, which leverages a combination of information reported by the companies, multiple public sources, and Sustainalytics' proprietary analytical frameworks.

(i) 'Limitations to methodologies and data'

What are the limitations to the methodologies and data used to measure the contribution to the social objective?

Methodologies and data related to measuring the contribution to each of the social objectives in the form of the sustainability indicators mentioned above can have limitations.

The primary limitation is that certain entity-specific information may have not (yet) reached the public domain and therefore it may not be considered in the MDB selection process. In addition, once information has become public, it can take some time before all relevant evidence has been analysed. As our aim is to track the contribution to the social objectives by monitoring the percentage of the funds' investments in MDBs we are limited by the availability and relevancy of these public data.

How do these limitations not affect how the contribution to the sustainable investment objectives is measured?

Given the strong and systematic research process underpinning the data, despite the abovementioned limitations, as the monitoring of the percentage of funds' investment in the MDBs, Kredietrust believes that the data used to measure the social objectives of the fund are sufficiently reliable to provide a meaningful representation of the contribution to the social objectives that the financial product contributes to. In the same time Kredietrust monitors on an ongoing basis the selected MDBs to ensure that all relevant information are timely incorporated in decision-making.

(j) 'Due diligence'

What due diligence is carried out on the underlying assets of the financial product?

The due diligence process is conducted by Quintet's Fixed Income team and checked by KTL's Investment Management team. Both teams ensure that issuers selected are in line with the social objectives of the fund and Kredietrust's Responsible Investment Policy ([Regulatory Affairs | Quintet Luxembourg](#)).

For third-party funds, the due diligence process is conducted by the Quintet Fund Solutions team. All funds selected have to demonstrate basic responsible practices. This includes understanding environmental, social and governance (ESG) factors as well as a willingness to engage with the companies they invest in. Sustainable funds must fulfil not only investment risk-adjusted return criteria but also a more rigorous assessment of sustainability.

The due diligence process is composed of the five following pillars:

- Intentionality: explicit and intended links to sustainability in fund objectives.
- Portfolio characteristics: sustainable characteristics across holdings and portfolio construction.
- Research: sufficient skills, capacity and tools embedded in methods and processes.
- Active ownership: engagement supported by clear policies.
- Transparency: engagement, and progress on sustainable targets.

More details on the due diligence process of the fund can be found here ([Regulatory Affairs | Quintet Luxembourg](#)).

(k) 'Engagement policies.

What engagement policies are implemented?

Kredietrust has an Active Ownership policy which involves monitoring the investments we make, identifying environmental, social and governance (ESG) issues, strategic problems, or opportunities for improvement, engaging with investment managers or management teams, and other efforts to encourage positive change for the long-term benefit of our clients and the world.

Kredietrust has instructed its engagement partner EOS at Federated Hermes to give special attention to companies that violate the principles of the UN Global Compact, or that are involved in significant ESG controversies. The engagement priorities are focused on the most material drivers of long-term value, with four priority themes: climate change, human and labour rights, human capital management and board effectiveness and ethical culture.

Kredietrust regards exclusions as a last resort for companies in violation of the UNGC principles, when active ownership has proven unsuccessful, or is infeasible, and further investment would be incompatible with our principles and the best interests of our clients.

(l) 'Attainment of the sustainable investment objective

No index has been designated as a reference benchmark to track the attainment of the sustainable investment objective.

Legal disclaimer

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