

Product name: CIRCA5000 Social & Economic Empowerment UCITS ETF

Legal entity identifier: 635400YSDUCY4SQUBH38

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.

Sustainability indicators measure how the sustainable objectives of this financial product are attained.



Sustainable investment objective

Does this financial product have a sustainable investment objective? <i>[tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments]</i>	
<input checked="" type="radio"/> <input checked="" type="radio"/> <input checked="" type="checkbox"/> Yes	<input checked="" type="radio"/> <input type="radio"/> <input type="checkbox"/> No
<div><input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: 0%<div><div><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</div><div><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</div></div></div>	<div><input type="checkbox"/> 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<div><div><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</div><div><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</div><div><input type="checkbox"/> with a social objective</div></div></div>
<div><input checked="" type="checkbox"/> It will make a minimum of sustainable investments with a social objective: 90%</div>	<div><input type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments</div>

What is the sustainable investment objective of this financial product?

The Fund’s sustainable investment objective is to provide exposure to companies focussed on ensuring the provision of economic and social opportunities to underserved populations.

The Fund achieves its sustainable investment objective by replicating the performance of the BITA CIRCA5000 Social & Economic Empowerment Impact Index (the “Index”) which is the Fund’s reference benchmark designated for the purpose of attaining its sustainable investment objective.

The Fund’s sustainable investments contribute to the sustainable investment objective as companies in which the Fund invests (and which are constituents of the Index which the Fund replicates) generate a positive impact in an area looking to create equal social and economic opportunities for all subsets of society whilst progressing human development, namely: (i) social inclusion; (ii) economic empowerment; and (iii) technological innovation.

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

The sustainability indicators used to measure the attainment of the sustainable investment objective of the Fund are:

1. *A minimum thematic purity threshold that determines the initial alignment of companies to the sustainable investment objective. Companies are assessed on what proportion of their revenue is thematically aligned to the sub-themes of the Index and only companies that are deemed to be materially aligned remain eligible for inclusion.*
2. *Net impact, positive impact and negative impact score thresholds which are applied to the universe at the index constituent determination stage. Average scores of the portfolio as determined by Vested Impact and the index provider in applying the methodology for the Index are then measured over time.*
3. *Sustainability screening criteria, as detailed in the BITA CIRCA5000 StayAway Framework, which include controversial business involvement and controversial conduct screens that are applied to the universe of eligible companies.*
4. *% of portfolio positively contributing to the UN Sustainable Development Goals, especially Goal 4: Quality Education, Goal 8: Decent Work and Economic Growth, Goal 9: Industry, Innovation and Infrastructure and Goal 10: Reduced Inequalities.*

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

The Fund's sustainable investments are subject to the measures described below which form part of the Index methodology and are designed to ensure that the Fund's sustainable investments do not significantly harm any environmental or social sustainable investment objective.

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

All mandatory indicators for adverse impacts on sustainability factors have been taken into account as follows:

In order to assess the involvement of companies in controversial industries, activities, and behaviours, BITA and CIRCA5000 have collaborated to jointly develop and maintain the StayAway Framework. This research-based analytical framework aims to identify and assess the extent to which a company causes, contributes, or is linked to violations of widely recognised international norms and standards.

The StayAway screens provide a normative assessment based on the UN's Global Compact Principles, International Labour Organization's (ILO) Conventions, OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights (UNGPs), the Principal Adverse indicators for SFDR and international regulatory and sustainability standards.

In addition, many of the indicators for adverse impacts on sustainability factors are also reflected in the Vested Impact Score, a major component of the Index construction and weighting methodology. At a high level, the score is broken into two component parts which contribute to an overall company Net Impact Score: 1) Positive Impact, 2) Negative Impact. Vested uses an impact-materiality approach to assess and quantify the external material impact of a company's activities, products and services including indirect impacts in the upstream and downstream value chains. The model integrates 257 million academic articles and over 100 million impact datapoints from over 1,500 impact organisations to generate a quantifiable and comparable impact rating with multiple underlying dimensions that can be used to assess companies against various environmental and social sustainability objectives. Companies involved in activities that are

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.

considered to have a material negative impact, including in areas connected to the adverse impacts on sustainability factors, perform poorly on the negative impact scores.

Companies flagged by the business involvement, business conduct and negative impact score filters are added to the BITA CIRCA5000 StayAway Exclusion List and are not eligible for inclusion in the index.

Moreover, the Fund will adopt an active engagement strategy that incorporates the indicators for adverse impacts on sustainability factors. The strategy will aim to ensure that the appropriate reporting, incentive and governance structures are in place to achieve the continuous positive improvement in the indicators.

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

The alignment of a company to the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights is assessed as part of the business involvement and business conduct screens in the BITA CIRCA5000 StayAway Framework. Any company flagged for material violations is added to the BITA CIRCA5000 StayAway Exclusion List and becomes ineligible for inclusion in the index. Controversy monitoring and alert systems are in place to ensure that any new breaches are identified swiftly so that they can be assessed in the context of the company's future inclusion in the Index.



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

☒ Yes

☐ No

The Index factors principal adverse impacts on sustainability into the weighting methodology through the BITA CIRCA5000 StayAway Exclusion List and the Vested Impact Scores. Any company deemed to be in breach of the do no significant harm principal is excluded from eligibility for inclusion in the index. Information on principal adverse impacts on sustainability factors will be available in the annual report for the Fund.



What investment strategy does this financial product follow?

The Fund invests in a portfolio of equity securities that, as far as practicable, comprise the component securities of the Index in similar proportions to their weightings in the Index. Where it is not possible or practicable for the Fund to invest directly in or continue to hold all of the component securities of the Index and/or where consistent with its investment objective, the Fund may also invest in Depositary Receipts

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

In replicating the Index (and subject to the tracking error between the Fund and the Index), the Fund is bound by the security selection criteria in the Index construction methodology, namely:

1. investing in companies deemed by the Index Provider to generate a positive impact in one or more of: (i) social inclusion; (ii) economic empowerment; and (iii) technological innovation, each of which look to create equal social and economic opportunities for all subsets of society whilst progressing human development, by reference to the Vested Impact Scores; and

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

2. *not investing in companies rated by Vested Impact with a net impact score less than 0, a negative impact score greater than 30 or a positive impact score less than 30*
3. *not investing in companies materially involved in controversial business activities including¹:*
 - a. *thermal coal, fossil fuels and nuclear;*
 - b. *controversial weapons, firearms and defence;*
 - c. *adult entertainment, alcohol, tobacco, gambling and recreational drugs;*
 - d. *commercial fishing, meat products, damaging pesticides, fur & leathers;*
 - e. *unsustainable palm oil, soybean or timber; and*
 - f. *single-use plastics;*
4. *not investing in companies flagged in controversial conduct screens including for:*
 - a. *bribery and corruption;*
 - b. *material environmental damage;*
 - c. *human rights violations;*
 - d. *child labour;*
 - e. *discriminatory practices;*
 - f. *unethical pricing;*
 - g. *fraud;*
 - h. *IP infringement; and*
 - i. *patent trolleying*
5. *not investing in companies included on the BITA CIRCA5000 StayAway Exclusion List for any other reason such as poor governance practices or poor performance on the adverse indicators on sustainability factors*

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?**

Good governance practices are assessed by the teams at BITA and CIRCA5000 as part of the BITA CIRCA5000 StayAway Framework. The assessment is based on proprietary research, leveraging external public data sources, and looks to identify any companies involved in poor governance practices or that have been implicated in any controversial activities that might indicate poor management structures and governance procedures.

Good governance practices also forms a core part of the CIRCA5000 stewardship approach which integrates with the BITA CIRCA5000 StayAway Framework. CIRCA5000 promotes good governance practices through voting and where appropriate through active engagement with companies.

Asset allocation describes the share of investments in specific assets.



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

Subject to any circumstances outside the control of the Fund as outlined in the supplement for the Fund, at least 90% of the Fund's investments will be constituents of the Index and on that basis align with the sustainable investment objective of the Fund. All 90% will be invested in socially sustainable investments. The remaining

¹ Materiality thresholds vary by activity in the BITA CIRCA5000 StayAway Framework and resulting exclusion list

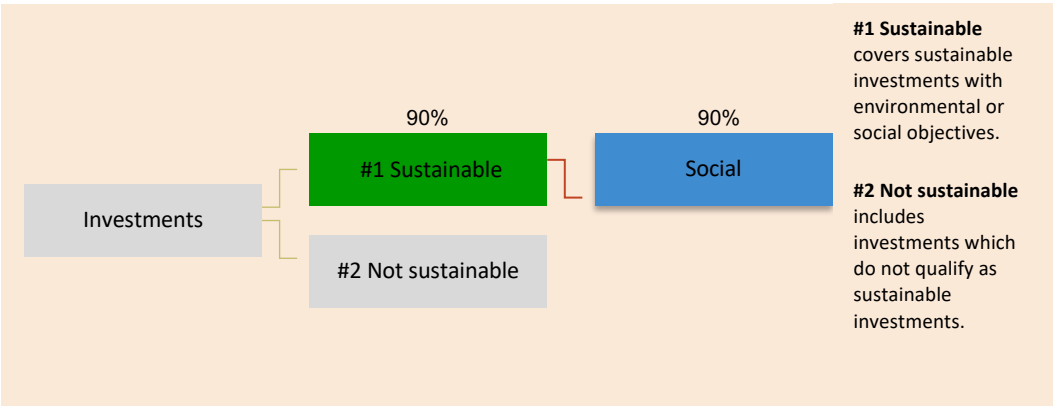
Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

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

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.

portion of the Fund’s investments will be in financial derivative instruments for hedging purposes or cash for ancillary liquidity.



- **How does the use of derivatives attain the sustainable investment objective?**
The use of derivatives does not attain the sustainable investment objective of the Fund. Such instruments are used for currency hedging or efficient portfolio management purposes only.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?
 0%

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy²?**


☐ Yes:

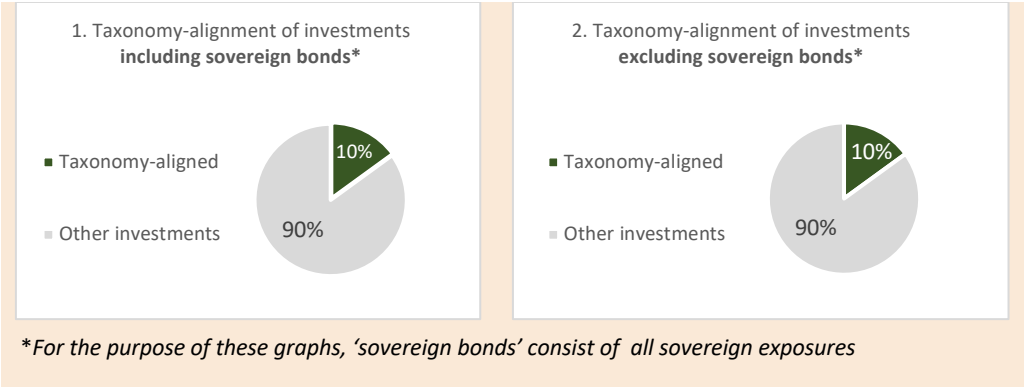
☐ In fossil gas
 ☐ In nuclear energy

☒ No

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.*

² 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.

 are environmentally sustainable investments 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 sustainable investments with a social objective?
90%



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

“#2 Not sustainable” investments comprise financial derivative instruments for currency hedging or efficient portfolio management purposes or cash for ancillary liquidity and in respect of which there are no minimum safeguards.



Reference benchmarks are indexes to measure whether the financial product attains the sustainable investment objective.

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

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

The Index is specifically designed to align with the sustainable investment objective of the Fund, i.e. to provide exposure to companies focussed on ensuring the provision of economic and social opportunities to underserved populations, and so is continuously aligned with the sustainable investment objective.

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

The Fund invests in a portfolio of equity securities that, as far as practicable, comprise the component securities of the Index in similar proportions to their weightings in the Index, thereby being aligned with the methodology of the Index on a continuous basis.

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

The Index only comprises companies deemed by the Index Provider to generate a positive impact in one or more of the areas of (i) social inclusion; (ii) economic empowerment; and (iii) technological innovation, each of which look to create equal social and economic opportunities for all subsets of society whilst progressing human development and, in doing so, excludes companies involved in certain business activities or deemed to cause harm or have the potential to cause harm, thereby differing from a relevant broad market index.

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

The methodology used for the calculation of the Index can be found at: <https://bitadata.com/pages/BCSEII>



Where can I find more product specific information online?

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

<https://circa5000.com/etfs/social-and-economic-empowerment>