

A stylized illustration of a green plant with long, narrow leaves and clusters of small, glowing yellow-green berries. The plant is set against a dark blue, textured background. The text 'Sustainable Investment Principles' is overlaid on the plant.

Sustainable Investment Principles

ocean of opportunities

bonafide

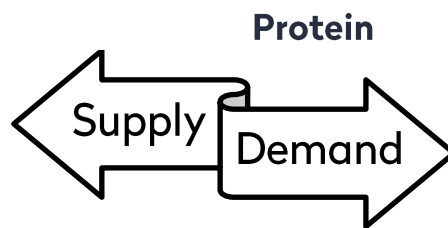
Sustainable Investment Principles

Bonafide Wealth Management AG



Mission statement

The demand for protein as a food source is unabated worldwide. Changed eating habits, growing middle classes and steady population growth are driving demand. At the same time, overfished seas and resource-intensive live-stock farming offer little scope for further increases in production in times of climate change. Bonafide has therefore made it its goal to promote sustainable protein production and thus contribute to a healthier global population and more resource-efficient food production.



 Promotion of sustainable protein production

Definition of sustainability

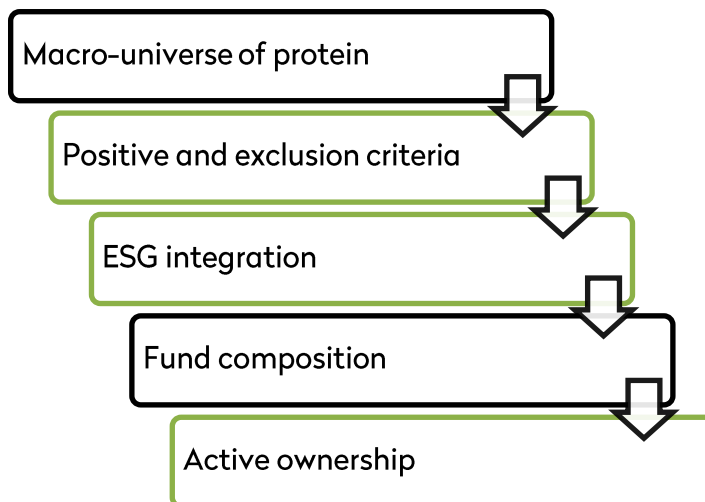
Companies that make a significant contribution to one of the seventeen goals for sustainable development (SDGs) are considered sustainable. According to the EU taxonomy, both direct and indirect or enabling contributions are taken into account.



Source: UN Sustainable Development Goals





Sustainability in the investment process

The following chart illustrates where the issue of sustainability is applied in the investment process. After the investment universe has been pre-selected based on exclusion and positive criteria, ESG ratings are calculated for each company, which, together with other qualitative and quantitative data, contribute to the creation of the model portfolio. In accordance with Bonafide's Active Ownership Principles, sustainability issues are also explored in greater depth for some companies as part of an engagement.

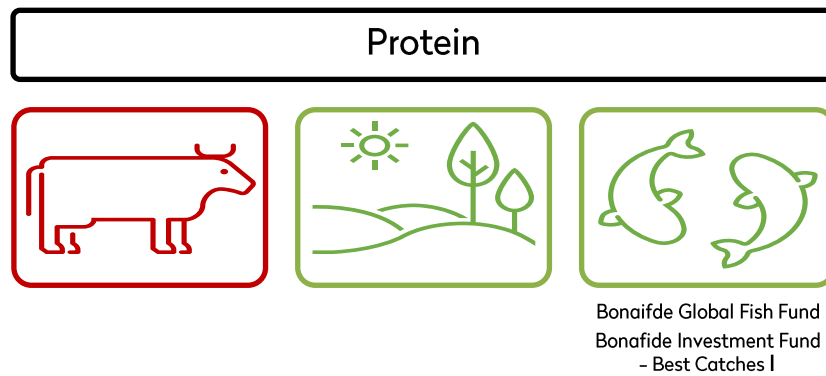


Positive criteria

Sustainability already plays a decisive role at Bonafide when defining the investment universe. Starting from the macro-universe of protein which includes all protein-producing companies, resource-intensive protein sources are filtered out to begin with in the interests of climate protection. In particular, the selection criteria used are the pollutant emissions, the water requirements and the land requirements of the respective protein source. The ecological footprint of animal protein sources in relation to farmed fish is shown in the following table.

				
Flächenbedarf	1.0 x	36.0 x	22.0 x	109.0 x
Wasserbedarf	1.0 x	3.5 x	7.2 x	29.0 x
Schadstoffausstoss	1.0 x	1.0 x	2.0 x	3.0 x

The graph shows that red meat in particular leaves an ecological footprint that shouldn't be ignored. Among the animal protein sources, some of which contain more essential amino acids and better omega-3 fatty acids than plant-based protein sources, fish and poultry can stand out as relatively resource-friendly. Based on this analysis of the resource intensity of different protein sources, the decision was made for sustainability reasons to exclude meat from the investment universe entirely and to position Bonafide as a provider of sustainable theme funds in the fish & seafood sector.



According to a **Food and Agriculture Organisation** assessment, Bonaifde makes a positive contribution by concentrating on the fish and seafood sector, especially to the following SDGs and their underlying indicators, whereby with Life under water (14) in particular a **development goal often neglected internationally** is addressed.

No hunger (2)

- Improving the food supply
- Increasing the productivity and income of local fishermen
- Conservation of marine biodiversity
- Promotion of sustainability in fish farming
- Reduction in the volatility of food prices

Clean water and sanitary facilities (6)

- Reduction of water intensity in production

Sustainable consumption and production (12)

- Increase of efficiency in production

Life under water (14)

- Protection of marine fish stocks
- Improving access to fish stocks for local fishermen

Exclusion criteria

As a primary exclusion criterion, the UN Global Compact principles listed below are applied to the investment universe using the ISS ESG database. Companies involved in whaling, **weapons manufacturing** or fossil fuels are also excluded. As a result of these measures, around 20% of the investment universe is excluded from the further investment process due to inadequate sustainability performance.

TEN PRINCIPLES

Principle 1

Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2

make sure that they are not complicit in human rights abuses.

Principle 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4

the elimination of all forms of forced and compulsory labour;

Principle 5

the effective abolition of child labour; and

Principle 6

the elimination of discrimination in respect of employment and occupation.

Principle 7

Businesses should support a precautionary approach to environmental challenges

Principle 8

undertake initiatives to promote greater environmental responsibility; and

Principle 9

encourage the development and diffusion of environmentally friendly technologies.

Principle 10

Businesses should work against all forms of corruption, including extortion and bribery.

Source: *UN Global Compact*

ESG integration

As a further means of addressing sustainability issues, Bonafide focuses on integrating ESG ratings into the investment process. Since 2018, Bonafide has been obtaining ESG ratings from ISS, one of the leading sustainability rating agencies worldwide. The share of portfolio companies with available ESG ratings was able to be increased by more than 50% to almost 100% within one year. The ratings are included in the determination of the watch list with a weighting of 10%. In view of the small market capitalisation of many of the companies in the investment universe, there is no exclusion based on the ESG rating, as they often don't have sufficient resources to provide the desired information promptly.

Funds composition

The internal ESG rating is incorporated with a weighting of 10% in an overall score, which is used to determine the watch list. A further 30% is contributed by a qualitative assessment and the remaining 60% by a quantitative assessment. Starting from the watch list, companies are included in the fund on the basis of further qualitative criteria, such as current market developments or diversification targets.

Active ownership

Selected portfolio companies are also directly confronted with sustainability issues as part of an engagement and a targeted exercise of voting rights. Further details can be found in Bonafide's Active Ownership Principles.

Communication

The current sustainability performance of the funds is communicated as part of a report that appears monthly. This involves comparing the weighted, company-specific ESG ratings of the companies with those of the investment universe.

