

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

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

Product name: [GAM STAR CAT BOND](#)

Legal entity identifier: [549300YA8HHODUOIOX41](#)

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: \_\_\_\_%

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

It will make a minimum of sustainable investments with a social 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

with an environmental objective in economic activities that 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 promotes E/S characteristics, but will not make any sustainable investments

Notwithstanding the fact that the Fund does not commit to make any sustainable investments, the Fund may hold assets that meet the criteria of a sustainable investment on an incidental basis.



**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained

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

Insurance-Linked Securities (ILS) provide capital and liquidity in the event of natural disasters and are a structural capital solution supporting the stability and efficient functioning of the global insurance and reinsurance (“(re)insurance”) market. The Fund primarily invests in catastrophe bonds (“CAT bonds”), the most well-known type of ILS. ILS are sponsored primarily by insurers and reinsurers (“(re)insurers”) to transfer exposures from potentially large insured losses associated with natural catastrophes to investors. Corporations, governments and other public entities are increasingly sponsoring ILS to manage their obligations in times of disaster. In helping companies and communities recover and re-build after natural catastrophes, the ILS asset class is necessarily at the forefront of monitoring the impact of severe weather events and other catastrophes on economies. The ILS market itself sends an important price signal for climate risk, which in turn can support the mitigation of and adaptation to physical climate risks.

ILS also address increasing ‘protection gaps’ between insured and economic losses, and ‘disaster gaps’ between insured but not reinsured losses, by broadening the mutual sharing of catastrophe risks across a larger and deeper capital pool. The asset class spurs the continued investment in, and development of, cutting-edge models and tools designed to assess exposures to catastrophes.

In addition to these fundamental features of the asset class, the GAM Star CAT Bond (the “Fund” or “Financial Product”) also promotes the following environmental and social characteristics:

- 1) High environmental, social and governance standards are prevalent in the ILS market overall. More specifically the Delegate Investment Manager applies a proprietary rating methodology to support the promotion of these overall high ESG characteristics in the Fund. The Fund primarily invests in securities assessed to have positive ESG ratings, while securities assessed as negative are not eligible for inclusion. The rating methodology is described in the Investment Strategy section of this Appendix under the heading “Analysis of ESG Factors” and the Delegate Investment Manager’s ESG Policy, which is available by accessing the link detailed in response to the question “Where can I find more product specific information online?” on the last page of this Appendix;
- 2) Exclusion of ILS sponsors involved in specific activities considered to cause negative environmental and social impact, as described in the Sustainability Exclusion Criteria; and
- 3) Assessed adherence to generally accepted international norms and standards set by the United Nations Global Compact (“UN Global Compact”), by exclusion of ILS sponsors that violate these principles.

ILS are sponsored by a cedant such as a (re)insurer, corporate or government, but are issued by special purpose reinsurance vehicles (“SPRVs”), which are separate legal entities set up by corporate or sovereign sponsors, separating the overall risks of the sponsor from the specific risks of the ILS investment. Given the unique structure of these securities, absence of a prescribed asset class specific approach within the SFDR framework, and limited look-through to the underlying assets being (re)insured by the sponsor, this Fund applies certain environmental and social characteristics at the sponsor level only. These characteristics include the Sustainability Exclusion Criteria, assessed adherence to the UN Global Compact norms and standards, and consideration of principal adverse impacts. Good governance principles (as defined in the Investment Strategy section of this Appendix under the heading “Analysis of ESG Factors”) are applied at the sponsor level and investment level.

These characteristics are achieved through the Investment Strategy and binding characteristics set out in this Appendix.

Investors with specific sustainability preferences or sustainability-related objectives should consider the relevant disclosures in the Prospectus, Supplement and this Appendix in detail to ensure that the sustainability profile of the Fund reflects such preferences or objectives, in addition to their financial objectives and risk tolerance. Any decision to invest in the Fund should take into account both the financial and non-financial characteristics of the Fund, as further described in the Supplement. Investors should note that disclosures under the SFDR regime may be amended over time as further guidance is issued or practices evolve. This is particularly the case where investments are made in asset classes that are not directly referenced in the regulatory technical standards, for example relating to the indicators for adverse impacts on sustainability factors which are defined for investee companies, sovereigns (and supranational organisations) and real estate assets.

Furthermore, investors' attention is drawn to the heading "Risk Factors" in the Prospectus and Supplement, which should be considered before investing in the Fund.

No reference benchmark has been designated for the purpose of attaining the environmental and social characteristics promoted by the Fund.

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

The following sustainability indicators are used to measure the environmental and/or social characteristics of the Fund. Additional indicators may be reviewed as part of ongoing monitoring of the environmental and social characteristics of the Fund. The annual financial statements of GAM Star Fund Plc will include a periodic report for this Fund, which will disclose the extent to which environmental or social characteristics are met.

1) **Indicators relating to the analysis of ESG factors**

**Investments with POSITIVE or NEUTRAL ESG ratings:** proportion of securities within the Fund with a POSITIVE or NEUTRAL sponsor ESG rating based on the Delegate Investment Manager's proprietary scoring framework as described in the Investment Strategy section of this Appendix under the heading "Analysis of ESG Factors".

2) **Indicators relating to Sustainability Exclusion Criteria**

**ILS sponsored by non-Sovereigns**

**Involvement in controversial weapons:** share of investments in ILS sponsored by companies involved in the manufacture or selling of controversial weapons.

**Involvement in weapons manufacturing or weapons component manufacturing:** share of investments in ILS sponsored by companies involved in the manufacture of military weapons systems, and/or tailor-made components of these weapons systems, and/or tailor-made products or services that support military weapons systems (above 10% revenue threshold).

**Involvement in tobacco manufacturing:** share of investments in ILS sponsored by companies involved in the manufacture of tobacco products (above 5% revenue threshold).

**Involvement in tobacco retail and distribution:** share of investments in ILS sponsored by companies involved in the distribution and/or retail sale of tobacco products (above 5% revenue threshold).

**Involvement in oil sands extraction:** share of investments in ILS sponsored by companies involved in oil sands extraction (above 25% revenue threshold).

**Involvement in thermal coal mining:** Share of investments in ILS sponsored by companies involved in mining thermal coal or from generating electricity from thermal coal (above 25% revenue threshold).

**Sovereign sponsored ILS**

**"Not Free" Sovereign Sponsors:** share of investments in ILS sponsored by countries which have been assessed as "Not Free" by the Freedom House Global Freedom Score. The definition of the Freedom House Global Freedom Score and further details on the Scores are available at: <https://freedomhouse.org/countries/freedom-world/scores>.

3) **Indicators relating to UN Global Compact**

**Violations of UN Global Compact principles:** share of investments in ILS from sponsors that have been involved in

violations of the UN Global Compact principles

Reporting on the above indicators will rely on sustainability-related data. The quality, timeliness, completeness, and availability of sustainability-related data may still not be comparable with the general quality, timeliness, completeness, and availability of more standardised and traditional financial data. The Delegate Investment Manager may be required to use estimates, proxies or otherwise apply subjective judgements in assessing sustainability risk which, if incorrect, may result in the Fund suffering losses (including loss of opportunity).

- **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.

- **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

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

Not applicable

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

*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.*

**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-

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



Yes, the Fund takes into account principal adverse impacts (PAIs), as detailed in Tables 1, 2 and 3 of

Annex 1 of the Commission Delegated Regulation (EU) 2022/ 1288 (the “SFDR Delegated Act”), as outlined in the table below:

**For non-sovereign sponsored ILS:**

| Adverse sustainability indicator    |  | Fund Considerations   |
|-------------------------------------|--|---|
| <b>Table 1</b>                      |  |   |
| Social & Employee Matters           | 10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises | ILS sponsors with any violations of UN Global Compact principles  |
|                                     | 14. Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)                                  | ILS sponsors with exposure to controversial weapons (anti - personnel mines, cluster munitions, chemical weapons and biological weapons) are excluded from investment   |
| <b>Table 2</b>                      |  |   |
| Emissions                           | 4. Investments in companies without carbon emission reduction initiatives  | If an ILS sponsor is involved in the generation of energy from thermal coal with a revenue level above the Sustainability Exclusion Criteria threshold, then an investment can only be made if the sponsor is involved in credible carbon emission reduction initiatives to bring the sponsor in line with the Sustainability Exclusion Criteria in a reasonable timeframe. |
| Energy performance                  | 5. Breakdown of energy consumption by type of non-renewable sources of energy  |   |
| Water, waste and material emissions |  | Considered only if sponsor actions in this area leads to a UN Global Compact violation  |
| <b>Table 3</b>                      |  |   |
| Social and employee matters         |  | Considered only if sponsor actions in this area leads to a UN Global Compact violation  |
| Human Rights                        |  | Considered only if sponsor actions in this area leads to a UN Global Compact violation  |
| Anti-corruption and anti-bribery    |  | Considered only if sponsor actions in this area leads to a UN Global Compact violation  |


**For Sovereign-sponsored ILS:**

| Adverse sustainability indicator |   | Fund Considerations  |
|----------------------------------|---|--|
| <b>Table 1</b>                   |   |  |
| Social                           | 16. Investee countries subject to social violations | <p>Considered only to the extent it is covered by the Freedom House Global Freedom Score.</p> <p>ILS from sovereign sponsors that receive a “Not Free” score on the Freedom House Global Freedom Score are not eligible for investment, unless this sovereign is working through an international organization—such as the World Bank, the United Nations, regional development bank or other body with robust ESG safeguards that contributes to and is actively involved in the deal—to access the ILS market within the construct of an initiative that upholds principles of freedom: namely encouraging improved transparency and accountability of sovereign sponsors to their citizens.</p> |
| <b>Table 3</b>                   |   |  |
| Social                           | 19. Average freedom of expression score             | Considered only to the extent it is covered by the Freedom House Global Freedom Score  |
| Human Rights                     | 20. Average human rights performance                | <p>Considered only to the extent it is covered by the Freedom House Global Freedom Score.</p> <p>In addition, to be eligible investments, ILS from sovereigns with human rights allegations would be expected to work through an international organization—such as the World Bank, the United Nations, regional development bank or other body with robust ESG safeguards that contributes to and is actively involved in the deal—to access the ILS market within the construct of an initiative that upholds principles of human rights: namely encouraging improved transparency and accountability of sovereign sponsors to their citizens in times of disaster.</p>                          |

The annual financial statements of GAM Star Fund Plc will disclose in relation to the Fund how principal adverse impacts have been considered on sustainability factors.

More information about principal adverse impacts on sustainability factors are outlined in the Delegate Investment Manager ESG Policy, which is available by accessing the link detailed in response to the question “Where can I find more product specific information online?” on the last page of this Appendix.

No



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

**Good governance** practices include sound management structures, employee relations.

## What investment strategy does this financial product follow?

The Fund’s primary investment objective is to seek to generate returns through selective investment in a global portfolio of ILS. The environmental and social characteristics of the Fund are integrated into the investment process and implemented on a continuous basis as follows:

### 1) Analysis of ESG factors

This Fund invests in ILS with only positive or neutral ESG ratings, based on the proprietary ESG rating methodology detailed below, and excludes investments that are ESG rated as negative as well as investments from those sponsors involved in specific activities considered to cause negative environmental and social impact or do not adhere to international norms and minimum standards as defined by the United Nations Global Compact.

*ESG rating methodology* - all potential CAT bond investments for the Fund and all other ILS considered for the Fund are analysed by the Delegate Investment Manager before investment and are assigned an ESG rating with respect to their overall structure, rationale and quantitative elements as part of the investment process. The Delegate Investment Manager’s internal rating system is as follows:

1. **POSITIVE:** an investment which contributes to the furtherance of environmental characteristics (such as contribution to environment or to environmental resilience, sustainability, and awareness), social characteristics (broadening mutual sharing of risk) and/or good governance benefit tailored to the asset class (i.e., good risk governance, such as the sponsor demonstrating advanced risk management or meeting high standards in risk transfer disclosures to provide greater transparency and accountability in a (re)insurer’s, corporate’s or a government’s disaster preparedness and response).
2. **NEUTRAL:** an investment is judged overall to contribute neither positively nor negatively to the criteria defined above.
3. **NEGATIVE:** an investment or sponsor which makes an explicit negative environmental or social impact, or where the investment enables the sponsor to continue negative environmental, social or poor risk governance practices. While rare in the ILS market, the sponsor may have adverse sustainability impacts, or attempt to subvert transparency standards in ILS risk disclosures. ILS rated as negative are not eligible investments for the Fund.

ESG ratings are reviewed quarterly by the Delegate Investment Manager, or on an ad-hoc basis as the result of a significant change in the condition of the security as known and identified by the Delegate Investment Manager.

Should an investment’s ESG rating change to negative once in the Fund, the Delegate Investment Manager will determine how best to liquidate the position unless there is adequate and substantial justification for an exception, as determined by the Investment Committee with oversight from the compliance function. The justification for an exception will include an assessment to determine whether liquidation or engagement will be more effective in resolving the ESG issue(s) while having regard to the interests of the Fund’s investors. The Delegate Investment Manager will abstain from investing in similar investments until the identified negative ESG issue(s) is resolved.

### 2) Sustainability Exclusion Criteria

ILS from sponsors meeting any of the criteria below would be considered ineligible investments for the Fund (other than where outlined):

- Any involvement in controversial weapons as outlined in the GAM group-wide exclusion policy on banned weapons;
- Derive over 10% of their annual revenue from the manufacturing of weapons or weapon components;
- Derive over 5% of their annual revenue from the manufacture, retail or distribution of tobacco or tobacco-related products;
- Derive over 25% of their annual revenue from the extraction of oil sands;
- Derive over 25% of their annual revenue from the mining of thermal coal or from generating electricity from thermal coal, unless the sponsor has made a credible net zero decarbonization commitment or has credible plans to transition below the coal revenue threshold in the nearer term. The Delegate Investment Manager defines this as activities or projects contributing to a significant rate of reduction of carbon-equivalent emissions where the entity has committed to decarbonisation;

*For Sovereign Sponsors:*

- Sovereign sponsors which have been assessed as “Not Free” by the Freedom House Global Freedom Score, unless this sovereign is working through an international organization, such as the World Bank, the United Nations, a regional development bank or another body with robust and transparent sustainability safeguards. The definition of the Freedom House Global Freedom Score and further detail on the Scores are available at: <https://freedomhouse.org/countries/freedom-world/scores>.

Exclusions are incorporated, on a best-efforts basis, into the investment controls, drawing on information from independent ESG rating providers, recognised third-party sources and internal research as necessary. Should an investment breach the Sustainability Exclusion Criteria detailed above once in the Fund, the Delegate Investment Manager will determine how best to liquidate the position unless there is adequate and substantial justification for an exception, as determined by the Investment Committee with oversight from the compliance function. The justification for an exception will include an assessment to determine whether liquidation or engagement will be more effective in resolving the ESG issue(s) while having regard to the interests of the Fund’s investors. The Delegate Investment Manager will abstain from investing in ILS sponsored by the company or sovereign until the identified ESG issue(s) is resolved and the sponsor is no longer considered in breach of the Fund’s Sustainability Exclusion Criteria detailed above.

### **3) International norms and standards**

Sponsors are expected to adhere to minimum standards as defined by the UN Global Compact and international treaties governing the use of weapons. Sponsors assessed as having seriously breached the UN Global Compact are excluded, unless the sponsor is considered to have taken substantial and adequate steps to have addressed the allegations. The Delegate Investment Manager uses third-party data providers’ framework and data, and internal research as necessary, to categorise serious breaches, which are intended to identify credible allegations of a violation of global norms. The Delegate Investment Manager may use third party data and alternative sources to form its judgement regarding the allegations and sponsor response. Should an investment breach the UN Global Compact once in the Fund, the Delegate Investment Manager will determine how best to liquidate the position unless there is adequate and substantial justification for an exception, as determined by the Investment Committee with oversight from the compliance function. The justification for an exception will include an assessment to determine whether liquidation or engagement will be more effective in resolving the ESG issue(s) while having regard to the interests of the Fund’s investors. The Delegate Investment Manager will abstain from investing in ILS sponsored by the company until the identified ESG issue(s) is resolved. The UN Global Compact is a special initiative of the United Nations Secretary-General which calls companies worldwide to align their operations and strategies with ten principles in the areas of human rights, labour rights, the environment and anti-corruption. Further information is available at [www.unglobalcompact.org](http://www.unglobalcompact.org).

The elements of the Fund’s Investment Strategy outlined above, including any sustainability assessments and exclusions, are applied on a best-efforts basis, drawing on information from independent ESG rating providers, recognised third-party sources and internal research as necessary. Should an investment breach one of the characteristics once in the Fund, as described above, the Delegate Investment Manager will determine how best to liquidate the position having regard to the interests of the Fund’s investors, or remediate through in engagement if there is substantial and adequate justification for an exception. The Delegate Investment Manager may use third-party data and alternative sources, including engagement with the sponsor or issuer, to form its judgement regarding whether there is an adequate justification for an exception, as detailed above (for example, where the sponsor has published a decarbonisation plan, or where the sponsor has taken substantial and adequate steps to address



allegations of UN Global Compact violations). This may also be necessary where there is a difference in assessment between third-party ESG data or ratings providers and/or internal research. The security may be held while the appropriate course of action is determined. The Delegate Investment Manager will abstain from investing in similar investments until the identified ESG issue(s) is resolved and the relevant position or sponsor is no longer considered in breach of the Fund's characteristics.

More information on the ESG Policy for the Fund can be found by accessing the link detailed in response to the question "Where can I find more product specific information online?" on the last page of this Appendix.

● ***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?***

GAM views "binding" in this context to mean hard investment limits or processes in the Fund.

The following elements contain hard investment limits:

**Analysis of ESG factors**

The Delegate Investment Manager applies a proprietary ESG rating analysis to all eligible CAT bonds and all other ILS considered for the Fund prior to investment, which is reviewed at least quarterly. Only ILS that are assigned POSITIVE or NEUTRAL ESG ratings are eligible for investment. The Fund targets a minimum of 75% of the Fund's investment to be in instruments from sponsors rated positive. Neutral-rated investments are eligible for diversification and strategic market growth reasons.

Should an investment's ESG rating change to NEGATIVE once in the Fund, the Delegate Investment Manager will determine how best to liquidate the position if appropriate, unless there is adequate and substantial justification for an exception, as determined by the Investment Committee with oversight from the compliance function. The justification for an exception will include an assessment to determine whether liquidation or engagement will be more effective in resolving the ESG issue(s) while having regard to the interests of the Fund's investors. The Delegate Investment Manager will abstain from investing in similar investments until the identified negative ESG issue(s) is resolved.

**Sustainability Exclusion Criteria and international norms and standards** – involvement by the sponsor in the activities specified above (beyond the revenue threshold specified above) or UN Global Compact, would result in the investment being ineligible. Exclusions are applied on a best-efforts basis drawing on information from independent ESG rating providers, recognised third-party sources and internal research as necessary.

Should an investment be assessed as having breached the Sustainability Exclusion Criteria or the UN Global Compact once in the Fund, the Delegate Investment Manager will determine how best to liquidate the position unless there is adequate and substantial justification for an exception, as determined by the Investment Committee with oversight from the compliance function. The justification for an exception will include an assessment to determine whether liquidation or engagement will be more effective in resolving the ESG issue(s) while having regard to the interests of the Fund's investors. The Delegate Investment Manager will abstain from investing in ILS from the sponsor until the identified Sustainability Exclusion Criteria or UN Global Compact issue is resolved and the sponsor is considered to have taken substantial and adequate steps to have addressed the allegations or failures.

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

There is no committed minimum rate of reduction.

The reduction in the scope of the investments is directly linked to involvement in the activities outlined in the ESG rating and Sustainability Exclusion Criteria and will depend on the relevant investible universe.

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



Article 8 of SFDR and the European Commission Q&A on SFDR published 25 May 2022, provide guidance of good governance practices for corporate entities and confirm that the requirements do not apply to government bonds. It follows then that the requirements are not relevant to government sponsors of ILS, while the application of this to non-sovereign sponsored ILS is not specifically mentioned in the regulation. For this reason, an asset-class specific approach to assessing good governance is applied to eligible ILS investments for both sovereign and non-sovereign sponsored investments.

ILS investors play an important and strategic role in providing risk capital to (re)insurance companies and other sponsors, which ultimately can support households, businesses, and governments in managing their catastrophe risks and accessing insurance coverage that might not otherwise have been available or possibly only at a higher cost. ILS investors create the market where diversified capital supplies protection for catastrophes and where climate issues are at the forefront. To maximize the impact of the ILS market for the ultimate beneficiaries, the risk governance of the sponsor—which dictates how payouts are transformed into a timely and effective response to catastrophes—is paramount. For this critical reason, the Fund primarily applies an asset-class specific approach to assessing good governance and defines good governance through the lens of a sponsor's risk governance in the context of an ILS

The assessment of good governance at the investment level is integrated into the Delegate Investment Manager's ESG scoring framework and focuses specifically on good risk governance reflected by the risk management practices and the quality and transparency of disclosures and reporting by the ILS sponsor. The assessment of good governance in the context of a ILS investment is exhibited by the transparency of its risk disclosures, with a particular consideration of: the structure of the bond, with clear and sufficient detail on what would trigger a payout of the bond's principal; timely loss and payout reporting; the quality of essential data and risk modelling to enable risk estimation; and disclosures on how a sponsor governs its risk, including historical loss performance, the quality and transparency of historical loss reporting and available risk response and mitigation mechanisms. Good governance in this context is assessed in a qualitative and/or quantitative way dependent on the specific indicator.

In addition, good governance at the sponsor level is supported by assessing whether ILS sponsors adhere to minimum standards as defined by the ten principles of the UN Global Compact, which cover anti-corruption (Principle 10) and labour rights (Principles 3-6) and well as environmental governance (Principles 7-9). Further, if any significant sponsor governance issues are flagged by ESG rating providers, or discovered through internal research, these will be considered in the Delegate Investment Manager's ESG scoring framework in the context of risk governance and whether the ILS disclosures made can be considered credible and trustworthy. Good governance in this context is assessed in a qualitative manner.

**Asset allocation** describes the share of investments in

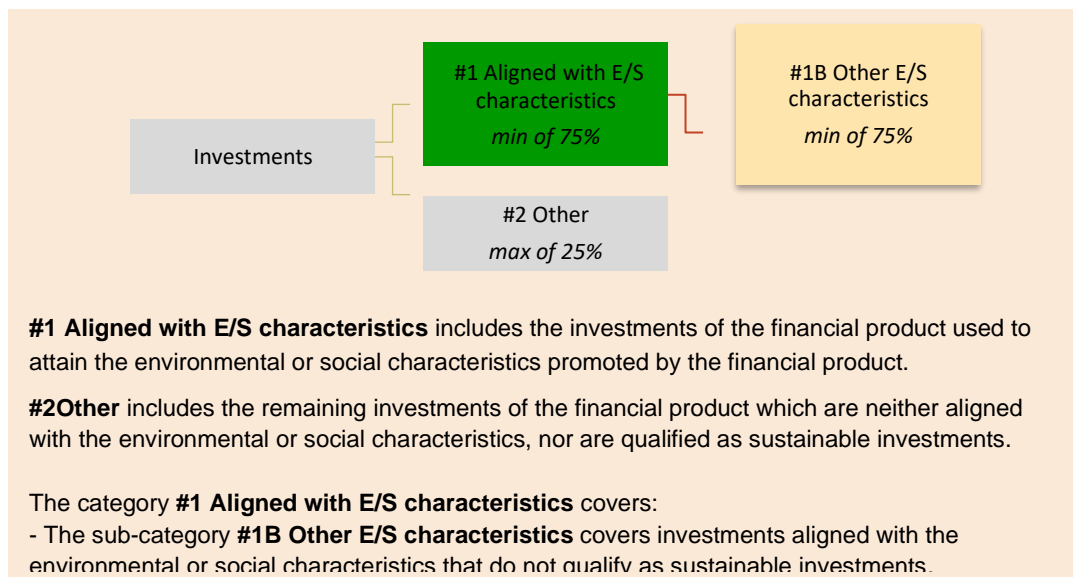


## What is the asset allocation planned for this financial product?

A minimum of 75% of the Fund is expected to be aligned with environmental/social characteristics promoted by the Fund. The Fund does not commit to holding sustainable investments. The Fund may hold a maximum of 25% of the Fund in investments that are not aligned with the environmental or social characteristics promoted by the Fund, and which fall into “#2 Other” category of investments, further details in relation to which are set out in the section titled “What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?”

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



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

Derivatives are assessed based on their underlying exposure. This may include ILS-related derivatives, which are assessed as part of the ESG rating system and have the same investment rationale as all other ILS in the Fund. The only other type of derivatives expected in the Fund would be for currency hedges. Such derivatives would not be aligned to the Fund’s E/S characteristics and are included in #2 Other.

**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

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

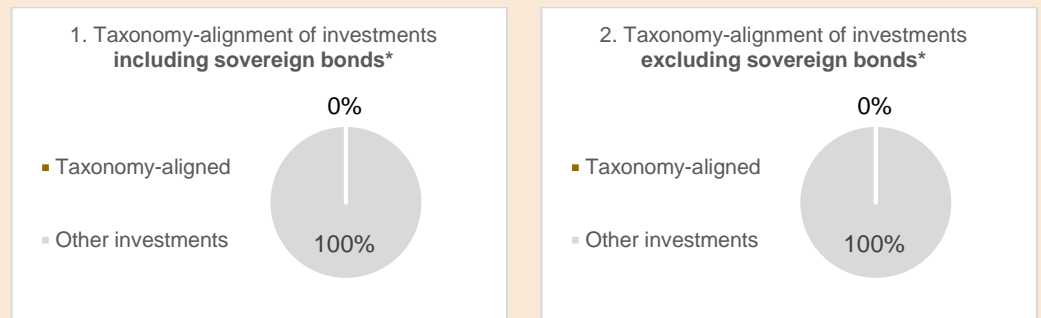


## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

While the Fund promotes environmental and social characteristics within the meaning of Article 8 of the SFDR, it does not currently commit to investing in a minimum level of “sustainable investments” within the meaning of the SFDR and it does not currently commit to a minimum level of investments taking into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation. As such, the minimum proportion of the Fund’s investments that contribute to environmentally sustainable economic activities for the purposes of the Taxonomy Regulation will be 0%.

The Fund may consider setting minimum taxonomy as data and reporting on taxonomy alignment improves

*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.*



\* For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures

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

Not applicable.



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

Not applicable.



## What is the minimum share of socially sustainable investments?

Not applicable.



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

#2 Other consists of ILS that are rated NEUTRAL, cash, collateral, and/or certain derivatives (see explanation regarding the assessment of derivatives above). ILS with a NEUTRAL ESG rating are considered for diversification and strategic market growth reasons. ILS with a NEUTRAL ESG rating are monitored as part of the quarterly ESG assessments to make sure the sponsor is not contributing negatively to environmental and social factors. We do not deem an assessment of minimum environmental and social safeguards to be relevant for cash by nature of the asset class, nor for non-ILS related derivatives such as currency hedges.



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?

No

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics



Where can I find more product specific information online?

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

**Fund documentation:**

<https://www.gam.com/en/funds/featured-funds/gam-star-cat-bond>

<https://www.gam.com/en/funds/list>

Investors should select “SFDR Disclosures” under the Documents section of the Fund.

**Policies and statements:**

<https://www.fcm.com/our-esg-policy.html>

<https://www.gam.com/en/corporate-responsibility/responsible-investing>