

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 (the **"Pre-contractual Disclosure"**)

**Product name:** ESG Investment Strategies  
(portfolio management via Robo-Advisor)

**Legal entity identifier:** 9845001DE7E84FF54124

## Environmental and/or Social Characteristics

<p><b>Sustainable investment</b> 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.</p> <p>The <b>EU Taxonomy</b> is a classification system laid down in Regulation (EU) 2020/852, establishing a list of <b>environmentally sustainable economic activities</b>. 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.</p>	<b>Does this financial product have a sustainable investment objective?</b>	
	<input checked="" type="radio"/> <input type="radio"/> <b>Yes</b>	<input type="radio"/> <input checked="" type="radio"/> <b>No</b>
	<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: ___%</b> <ul style="list-style-type: none"><li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li><li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li></ul>	<input type="checkbox"/> It promotes <b>Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments <ul style="list-style-type: none"><li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li><li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li><li><input type="checkbox"/> with a social objective</li></ul>
	<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: ___%</b>	<input checked="" type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>

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

Where the client indicates interest in aligning their investments with sustainability goals, the client, subject to relevant suitability assessment, has the opportunity to invest in portfolios with underlying assets that promote environmental or social characteristics (or a combination of those characteristics), with investee companies that follow good governance practices (the “**ESG portfolios**”, the “**Portfolios**”).

ESG portfolios (Sustainably Defensive, Sustainable and Steady, Conscious Equilibrium, Bold and Sustainable, Impactful Growth) are investment strategies designed for investors who are interested in better aligning their financial goals with other considerations, such as the investee companies’ impact on the environment, their social practices, or the effectiveness of their governance structures (the “**ESG Investment Strategy (-ies)**”).

While the ESG Investment Strategies offered by Revolut Securities Europe UAB (“**RSEUAB**”, “**us**”, “**we**”, “**our**”) promote environmental, social and good governance characteristics, they **do not have sustainable investment as an objective within the meaning of Art. 9 of Regulation (EU) 2019/2088** (the “**SFDR**”) and they also do not make investments into environmentally sustainable economic activities.

For ESG Investment Strategies, in addition to the usual selection criteria (e.g. low costs, high liquidity and broad diversification), the three aspects of sustainability (environmental, social and corporate governance) are taken into account when selecting financial instruments. RSEUAB primarily selects financial instruments the composition of which takes into account certain environmental, social and governance (“**ESG**”) standards, i.e. where the investment policy already aims to avoid or reduce sustainability risks using suitable and recognised methods of selection and Portfolio construction.

The ESG portfolio invests in financial products (primarily, exchange-traded funds (“**ETFs**”, “**Funds**”), which match predetermined criteria for ESG screening. For ESG Investment Strategies, RSEUAB has created Portfolios that consist of either selected Funds that are classified as Article 8 Funds (environmental and socially promoting as per the SFDR) or Article 6 Funds (no explicit sustainability focus as per the SFDR) that bear a sufficiently high ESG score, as determined by independent ESG score providers, such as Morningstar and Bloomberg. At the moment, no Article 9 Funds (Funds with sustainable investment as an objective, as per the SFDR) are included in the asset allocation of the ESG portfolios.

In case of bond Funds, various other parameters such as the ESG rating of the issuer of the sovereign have been taken into consideration. RSEUAB has ensured that at least 75% of each ESG portfolio consists of Article 8 ETFs.

RSEUAB has not designated a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the financial product. However, the investment policy of the respective financial instrument within the Portfolio is usually specified by the product manufacturer. Information on the investment policy of each financial instrument within the ESG portfolio may be found in the documentation of the respective financial instrument.

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Financial products selected by RSEUAB to be included in the ESG portfolios could have different tolerance towards sustainability risk, which, in turn, could be different from the sustainability risk tolerance of the client.

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

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

- **SFDR classification**

- All ESG portfolios should have at least 75% of Article 8 Funds (meaning, a minimum 75% of the Portfolio invests in Funds that promote sustainable - environmental or social - characteristics).

- In our classification, we have used the following indicators:

- *Equities-based financial instruments (equity Funds):* there is a wide variety of independent ESG metrics providers in the equity market. Our metrics used for ESG scoring of these instruments are drawn from a combined score based on:

- Bloomberg ESG;
- MSCI ESG;
- Sustainalytics ESG.

- *Fixed Income-based instruments (bond Funds):* fixed income instrument issuers mainly comprise sovereigns and corporates. ESG scores are not readily available for these instruments; therefore, we have constructed our own proxies using country scores for sovereign instruments and underlying equity scores for corporate instruments.

- RSEUAB has also employed a list of independent third-party reports and assessments to come up with the final selection:
  - World Bank ESG Ratings;
  - Notre Dame Global Adaptation Initiative Country Index ("ND-GAIN");
  - GHG Sovereign Emissions;
  - Net Zero Alignment - Germanwatch's Climate Change Performance Index ("CCPI") and the Climate Action Tracker.

In our ESG Fund selection methodology, we place stringent emphasis on verifying the accuracy of labeling to prevent exposure to greenwashing. This process ensures the integrity of the funds we shortlist. Additionally, we track and regularly monitor the major Portfolio constituents' underlying holdings to ensure that the investment Funds selected remain consistent with the ESG characteristics they have disclosed to be aligned with.

Regarding the financial instruments and their specific ESG characteristics, as well as the methods used to assess, measure, and monitor these characteristics and impacts, RSEUAB relies on data provided by the respective product manufacturers. This includes information

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on data sources, criteria for valuing underlying assets, and the sustainability indicators used to measure the environmental or social attributes or overall sustainability impacts.

- ***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?***

*No sustainable investment objective:* our ESG portfolios encompass Art. 8 Funds that promote environmental or social characteristics, but do not have sustainable investment objectives.

- ***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?***

Please find below the mandatory disclosure statement in accordance with requirements set out in the first paragraph of Article 6 of Regulation (EU) 2020/852:

**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.

*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.*



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

Yes.

No.

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## What investment strategy does this financial product follow?

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

The ESG portfolios invest primarily in Funds which match predetermined criteria for ESG screening, as noted above. Please refer to the "Strategy" section of the relevant Portfolio Strategy Report for Portfolio-specific details.

ESG portfolios are designed for socially and/or environmentally conscious investors who seek diversification and financial returns, while also considering non-financial (i.e., ESG) factors alongside traditional financial performance. Therefore, in the ESG portfolio design, ESG criteria was taken into account to shortlist and, then, select the final set of underlying Funds. Please refer to the section "*What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?*" to learn more about Fund selection.

Our ESG Investment Strategies are built using a strategic asset allocation ("SAA") approach, with a strong emphasis on sustainability factors. The aim is to achieve maximum diversification across regions and asset classes, primarily through the use of financial instruments that track broad market benchmark indices.

### ***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?***

RSEUAB has primarily selected ETFs that take aspects of sustainability into account by promoting environmental or social characteristics.

These financial instruments are usually labeled by additions such as "ESG" (abbreviation for Environmental, Social and Governance) or "SRI" (abbreviation for so-called "Socially Responsible Investments"). Through this labeling, product manufacturers demonstrate that certain ESG standards are applied. In accordance with ESMA Guidelines on funds' names using ESG or sustainability-related terms ([ESMA34-472-440](#)), asset managers must follow measurable criteria to assess their ability to use ESG or sustainability-related terms in fund names, including a minimum threshold for investments that have to meet environmental and/or social characteristics.

Furthermore, at least 75% of the ESG portfolio assets are classified as Article 8 Funds (as per the SFDR). For the remaining portion of assets, the selected Article 6 Funds undergo strict proprietary screening criteria (using a combination of Morningstar and Bloomberg ratings, including individual E, S, and G pillar scores, and CO2 emissions scores) to ensure that these Funds meet a set minimum threshold.

Please note that ESG Investment Strategies offered by RSEUAB as part of its Robo-Advisor portfolio management service do not aim for sustainable investment as an objective, as defined in the SFDR. The ESG Investment Strategies also do not commit to have a minimum proportion of sustainable investments.

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● **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 to reduce the scope of investments for the ESG Investment Strategies.

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

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The good governance assessment should encompass an evaluation of the investee companies' effective management, compensation practices, employee relations, management frameworks, and adherence to regulations, among others.

For the design of the composition of ESG portfolios, RSEUAB relies on data from ESG rating agencies as highlighted above to assess governance of the investee companies underlying the selected ETFs.

The following metrics regarding good governance are typically considered as part of these rating mechanisms:

- Board Composition: information about the diversity and structure of the investee company's board of directors;
- Audit Committee Structure: details about the independence and expertise of audit committees;
- Executive Compensation: analysis of how executives are compensated in relation to the investee company's performance;
- Corruption and Instability: measure of the investee company's exposure to and management of potential bribery & corruption, and stability risks.

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

Please refer to the "Asset Allocation" section of the Portfolio Strategy Report for Portfolio-specific details.

Currently, ESG Investment Strategies promote sustainability in the areas of environment, social, and consider good corporate governance, but does not aim at sustainable investment or sustainable investment with an environmental objective within the meaning of SFDR and the EU Taxonomy, nor any minimum proportion of such investments.

75% of the ESG portfolios are aligned with E/S characteristics through commitment to invest at least this proportion of assets into Article 8 ETFs. The remaining 25% of the ESG portfolio assets are into 'Other' investments (*see figure below*). These consist of Article 6 ETFs which, although they do not specifically promote sustainability characteristics, are nonetheless screened against sustainability criteria.

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Such an approach aims to ensure the overall aspirations of the ESG portfolios, as further described in section "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?"

The ESG Investment Strategies are based on SAA methodology with special consideration of sustainability aspects. The weights of the optimal Asset Allocation are determined based on performance and risk of the shortlisted ETFs. The final selection of ETFs from the shortlist is based on their potential performance, which is based on fundamentals, risks, intrinsic valuations, and estimated returns.

**Asset allocation** describes the share of investments in specific assets.

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.



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

Not applicable.

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To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.



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

ESG Investment Strategies offered by RSEUAB as part of its Robo-Advisor portfolio management service do not aim for sustainable investment as an objective (as defined in the SFDR) or any minimum share of such investments.

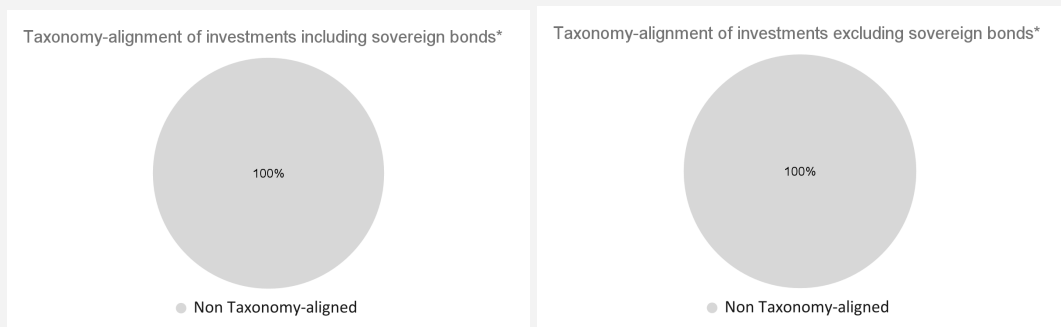
This is subject to change, provided the availability of reliable data increases.

### Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

Yes.

No.

*The two graphs below show 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.

<sup>1</sup> 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 objective - 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.

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**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.



are sustainable investments with an environmental objective 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?**

Not applicable, as the minimum proportion of investments in transitional and enabling activities is not established. Please also see the section above.



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

ESG Investment Strategies offered by RSEUAB as part of its Robo-Advisor portfolio management service do not commit to a minimum share of sustainable investments.



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

Please see the section above.



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

Article 6 Funds including fixed income instruments are used for diversification purposes.

See sections “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?” and “What is the asset allocation planned for this financial product?” for minimum environmental or social safeguards applicable to these Funds.



## ● **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 reference benchmark has been designated for this purpose.



## ● **Where can I find more product specific information online?**

**More product-specific information can be found on the [Robo-Advisor website](#).**

For entity and product-level sustainability-related disclosures, please see [here](#).

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<b>Change Log</b>	Version Number	Date of publication	Description of changes made
	<i>Version 1</i>	<i>29.10.2024</i>	<i>First version</i>

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