

Product-specific disclosures for Munich Re Investment Partners EUA Strategy RAIF-FCP

Legal basis

- Regulation (EU) 2019/2088 Article §10
- Delegated Regulation (EU) 2022-1288 §24-36

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1 Summary (§25)

Munich Re Investment Partners GmbH ('**Investment Partners**') has been delegated the portfolio management function for the 'Munich Re Investment Partners EUA Strategy FCP-RAIF' (the "**Fund**", LEI: 549300XHRNRHEMSXQX32). The Fund promotes environmental characteristics but does not have sustainable investments as its investment objective. The Fund's investment objective is to provide institutional investors exposure to emission allowances issued under the European Emissions Trading System (the '**EU ETS**' and the securities being '**EUAs**'). With the investment, the fund aims to positively contribute to carbon emissions mitigation in the European Union's real economy in scope of the EU ETS. The Fund has not assigned a reference benchmark to monitor the Fund's attainment of the promoted environmental characteristics. The Fund monitors principal adverse impacts ("**PAIs**") on sustainability factors of its investment decisions in a periodic and ad-hoc review of the underlying investments. The monitoring is part of a standardised process that is fully integrated into the investment decision making process. To report and disclose the Fund's success on carbon emissions mitigation within the European Union, the Fund discloses the number of EUAs held by the Fund and the overall trend of total tCO₂ emissions covered by the EU ETS. As an additional measure of effectiveness, the Fund monitors and discloses the time series development of PAI No. 15 "GHG Intensity". For this purpose, the Fund collects relevant data from a range of qualified data sources, including leading providers of sustainability research data. The due diligence carried out on the underlying asset is governed by respective internal policies (Munich Re Investment Partners Responsible Investment Guideline and [Munich Re Responsible Investment Guideline](#)). The due diligence is mainly based on the consideration of PAIs and sustainability risk indicators of the Fund. Specifically, systematic procedures for measuring and evaluating these indicators are applied and integrated within the investment process of the Fund. The Fund invests exclusively in EUAs being government issued securities or derivatives thereof. At current point in time Investment Partners does not perform engagement for the Fund.

2 No sustainable investment objective (§26)

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

3 Environmental or social characteristics of the financial product (§27)

The Fund promotes its aim to contribute to climate mitigation through the reduction of CO₂ emissions in the real economy achieved by pricing of emissions through the EU ETS as an environmental characteristic. The Fund product achieves this environmental characteristic by investing directly and exclusively in emissions allowances issued under the EU ETS. One EUA represents the right for EU ETS compliance entities to emit one tonne of Carbon Dioxide equivalents (CO₂e). By holding EUAs physically, the Fund will, for the period it is holding such EUAs, prevent their use by compliance entities. EUAs are used by compliance entities to surrender their actual, verified CO₂e emissions as part of annual emissions compliance. All other equal, a reduction of EUAs supply may increase more demand competition for EUAs, which may, in turn, also contribute to an increase in EUA prices. An increase in EUA prices may further incentivise entities in scope of the EU ETS to decarbonise and transition faster to a low carbon business, for example through switching to clean energy use or deploying less carbon-intensive production technologies.

4 Investment strategy (§28)

In order to facilitate the promoted environmental characteristics, the Fund's investment strategy aims to gain direct exposure to physical EUAs. Therefore, the Funds main objective is to invest into emissions allowances issued under the EU ETS, or any other instruments or assets permitted under the RAIF law that support the pursuit of the Fund's investment strategy. For technical reasons the Fund may temporarily hold EUA-related derivatives. The investment strategy was confirmed to meet the defined thresholds developed by Investment

Partners for PAI indicators and sustainability indicators. This assessment is periodically repeated to ensure that thresholds and minimum safeguards are still met. Investment Partners has adopted several technical and operational measures that allow for a post-trade review and regular reporting on whether the Fund's assets are placed in such way that the Fund as a whole attains the environmental characteristics described above.

5 Proportion of investments (§29)

The Fund targets at 100% of its assets being aligned with environmental characteristics, and intends to promote such, but will not make any sustainable investments. This excludes cash positions that are held for fund management purposes only. The Fund holds EUAs and therefore has physical exposure to such EUAs. For technical reasons the Fund may temporarily hold EUA-related derivatives .

6 Monitoring of environmental or social characteristics (§30)

The monitoring of the fulfilment of the promoted environmental and social characteristics is carried out via standardised processes ensuring the conformity of investment decisions with defined criteria. The respective sustainability characteristics of the financial product are implemented in accordance with information provided in the private placement memorandum. This includes PAI and sustainability risk indicators for all issuer that are regularly compared against defined thresholds. PAI and sustainability risk indicators are monitored on an on-going basis, minimum annually. Information on principal adverse impact on sustainability factors will be available in the Fund's annual report under section "How did this financial product consider principal adverse impacts on sustainability factors?" In case the values of the PAIs indicators and of the sustainability risk indicators are in line with the thresholds, the respective issuer is cleared for inclusion into the sustainability positive list. A technical investment restriction based on the sustainability positive list is restricting portfolio managers to technically process transactions that do not comply. This restriction is ensured and documented by means of both pre-trade and post trade monitoring. Similarly, the indicators determined to measure the attainment of the environmental characteristics of the fund are captured and monitored on a regular basis to ensure ongoing compliance with the Fund's investment objective.

7 Methodologies (§31)

The environmental characteristics promoted by the Fund are measured by using various indicators. Applicable PAI indicators are selected based on Annex I of the RTS to Regulation (EU) 2019/2088 in combination with Delegated Directive (EU) 2022/1288 and evaluated for the EU ETS member states as the underlying issuer of the EUAs. With respect to sustainability risk management, Investment Partners draws on the analyses performed by leading providers of sustainability research data. Sustainability risk ratings of the underlying issuer are used as input to analyse, assess and manage sustainability risk of the EUAs. Furthermore, the Fund reports the number of physical EUAs held in the Fund's portfolio each year ("CO2 Equivalent").

Additionally, the Fund reports the trend of total tCO2 emissions covered by the EU ETS, i.e. the yearly CO2e reduction achievement of the EU ETS. Since the EU ETS was introduced in 2005, emissions have been reduced by around 45% until 2022 in the sectors covered by emissions trading scheme. As an additional measure of effectiveness, the Fund monitors and discloses the time series development of PAI No. 15 "GHG Intensity" as part of the regular PAI disclosure.

8 Data sources and processing (§32)

Investment Partners leverages data sources from several external data service vendors (including but not limited to MSCI ESG, ISS ESG, etc.) for relevant ESG data. Additionally, it uses data published by the European Commission on the EU ETS and government-issued data on greenhouse gas emissions and gross domestic product figures to assess the effectiveness of the EU ETS and to assess effectiveness of the Fund

in supporting it. For all data, Investment Partners conducts a data quality assurance assessment, which addresses data relevance, timeliness and consistency. To diversify data input, Investment Partners uses more than one data vendor. Investment Partners themselves do not process the sourced data any further nor at this stage does Investment Partners estimate any missing data points.

9 Limitations to methodologies and data (§33)

Investment Partners relies on external parties to calculate adequate and correct ESG data. Due to the still persisting issue that ESG data is not fully standardised, some ESG data might therefore be estimated and therefore lacking accuracy and relevance. More specifically, the data used for calculating CO2-related metrics within the Fund are subject to a up to two year data lag caused by the extensive calculations required to produce such highly-aggregated numbers. As Investment Partners relies on external data providers it might be the case that a false data value is being passed on which may be used for investment decision making. Despite this technical data limitation, the research data used is generally considered to be reliable. The external research data providers used by Investment Partners source many data from trusted public bodies that apply various data security measures. Investment Partners research has proximity to the raw data basis of many data used to make checks should they be needed. Lastly, Investment Partners uses several data service vendors to ensure consistency across data providers for ESG data values. In conclusion, Investment Partners does not perceive these limitations to affect the attainment of the environmental characteristic of the Fund.

10 Due diligence (§34)

The due diligence carried out on the underlying asset of the Fund is governed by respective internal policies. The due diligence is mainly based on the consideration of PAIs and sustainability risk indicators within the Fund. Specifically, systematic procedures for measuring and evaluating these indicators are applied and integrated within the investment process of the Fund.

11 Engagement policies (§35)

The scope of securities as outlined above is limited to securities issued by sovereigns and derivatives thereof. Currently, Investment Partners does not carry out any engagement.

12 Designated reference benchmark (§36)

The Fund does not use a reference benchmark for the purpose of determining whether it attained its environmental characteristics.

13 Change history

Initial disclosure as of XX July 2023