HC UCITS FUND – Credit Opportunities

Sustainability-related disclosures

Disclosure pursuant to Article 10 of Regulation (EU) 2019/2088 (SFDR) and Articles 23 to 36 of Commission Delegated Regulation (EU) 2022/1288

1. Summary

HC UCITS FUND – Credit Opportunities (the "Sub-Fund"), a sub-fund of HC UCITS FUND (the "Company"), promotes environmental and social characteristics in accordance with Article 8 SFDR.

The Sub-Fund integrates environmental, social and governance ("ESG") considerations and sustainability risks into its investment process in accordance with the Investment Manager's ESG policy and internal procedures as well as in accordance with the Investment Advisor's ESG/sustainable investment policy. The Investment Manager integrates Sustainability Risks and ESG factors in the investment decision-making process and ongoing monitoring of investments, in accordance with its documented ESG policy and procedures.

The Sub-Fund does not have sustainable investment as its objective and does not commit to making sustainable investments.

2. No sustainable investment objective

The Sub-Fund promotes environmental and social characteristics but does not pursue a sustainable investment objective.

It does not commit to making sustainable investments within the meaning of Article 2(17) SFDR.

3. Environmental and social characteristics promoted

The Sub-Fund promotes environmental and social characteristics by integrating ESG factors and sustainability risks into its investment decision-making and ongoing monitoring process, as reflected in the Investment Advisor's ESG/sustainable investment policy. This policy establishes a structured framework for ESG integration, combining exclusion criteria, proprietary ESG due diligence at company and commodity level, and continuous monitoring of Sustainability Risks.

The assessment may include:

- environmental management practices;
- energy consumption;
- greenhouse gas emissions;
- water, waste and pollution;
- transition and climate-related risks;
- employment quality;
- human resources management;
- compliance with international standards.

Sustainability indicators

The attainment of the environmental and social characteristics promoted is measured through the 14 mandatory PAI indicators applicable to investee companies set out in Table 1 of Annex I to Commission Delegated Regulation (EU) 2022/1288:

1) Greenhouse gas (GHG) emissions
2) Carbon footprint
3) GHG intensity of investee companies
4) Exposure to companies active in the fossil fuel sector
5) Share of non-renewable energy consumption and production
6) Energy consumption intensity per high-impact climate sector
7) Activities negatively affecting biodiversity-sensitive areas
8) Emissions to water
9) Hazardous and radioactive waste ratio
10) Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises
11) Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines
12) Unadjusted gender pay gap
13) Board gender diversity
14) Exposure to controversial weapons

Each relevant issuer is assessed against these indicators prior to investment and on an ongoing basis. The outcome of that assessment determines the issuer's eligibility within the Sub-Fund's ESG framework and, at portfolio level, the proportion of assets aligned with the characteristics promoted.

4. Investment strategy

The Sub-Fund follows an actively managed investment strategy seeking to achieve its investment objective through diversified exposure to eligible transferable securities and other financial instruments in accordance with the UCITS framework and the investment restrictions set out in the Prospectus.

The Sub-Fund is benchmark-agnostic and does not seek to replicate or track any index. Portfolio construction is based on fundamental financial analysis, risk assessment and active security selection, with a focus on long-term risk-adjusted returns.

In addition to traditional financial criteria, the Sub-Fund integrates ESG considerations into the investment process. The investment strategy incorporates:

- The application of exclusion criteria and normative screening, as defined in the Sub-Fund's ESG framework;
- The systematic assessment of the 14 mandatory PAI indicators applicable to investee companies;
- The assignment of an internal ESG Risk Rating based on the aggregated PAI scoring framework;
- The classification of issuers as "ESG Compliant" or "Non-Compliant".

The ESG eligibility framework is a binding component of the investment strategy. Issuers that do not meet the minimum ESG threshold are not eligible for the ESG-allocated portion of the portfolio, unless a documented reassessment is approved in line with internal procedures.

The Sub-Fund may hold ancillary liquid assets in accordance with the Prospectus. Cash positions are included in portfolio allocation monitoring but are not subject to ESG scoring.

5. Proportion of investments

Category	Expected share
Aligned with E/S characteristics	At least 51%
Other investments	Maximum 49%
Sustainable investments	0%
Taxonomy-aligned investments	0%

“Other investments” may include Non-Compliant issuers under the Sub-Fund's PAI scoring methodology, cash, cash equivalents, certain derivatives used for hedging or efficient portfolio management and derivative instruments providing net short exposure to specific issuers.

These investments do not contribute to the ESG-aligned minimum proportion of the portfolio. However, all issuers are subject to the Sub-Fund’s systematic PAI assessment framework.

6. Monitoring of environmental and social characteristics

The ESG characteristics promoted by the Sub-Fund are monitored on an ongoing basis throughout the lifecycle of the investments in accordance with the Investment Advisor’s documented ESG policy and internal procedures, with ESG assessments conducted at each investment and divestment within the portfolio, complemented by periodic reviews, including reassessment of ESG data and relevant indicators at least on a quarterly basis and upon any material change, to ensure ongoing compliance with the minimum ESG-compliant portfolio threshold.

Monitoring includes:

- pre-investment ESG assessment;
- ongoing monitoring of issuers;
- quarterly reassessment of ESG data and PAI indicators;
- review upon material changes;
- monitoring of controversies and breaches of international norms;
- monitoring of the minimum 51% ESG-compliant portfolio threshold.

Where an issuer no longer meets the ESG criteria, measures may include enhanced monitoring, engagement, reduction of exposure or divestment.

7. Methodologies

The Sub-Fund uses a PAI-based ESG scoring methodology.

Each relevant issuer is assessed against the 14 mandatory PAI indicators and receives a score of:

- 1: compliant;
- 0.5: partially compliant or moderate risk;
- 0: non-compliant, significant risk or insufficient disclosure.

Only issuers achieving a minimum score of 8 out of 14 (≥ 8/14) and classified as "ESG Compliant" are eligible for investment within the ESG-allocated portion of the portfolio. Issuers scoring below this threshold are classified as "Non-Compliant" and are not eligible for inclusion within this portion, unless a documented reassessment is approved in line with internal procedures.

The ESG classification of each issuer is reviewed on an ongoing basis, including reassessment at least on a quarterly basis and upon any material change in the underlying exposure or issuer, and upon the occurrence of material ESG-related developments.

If an issuer's ESG score falls below the minimum threshold after investment, the position is subject to internal review. Appropriate measures may include enhanced monitoring, engagement, reduction of exposure or divestment, taking into account investors' best interests and market conditions.

The investment process includes monitoring compliance with internationally recognized standards, including the UN Global Compact principles and the OECD Guidelines for Multinational Enterprises.

Issuers involved in severe controversies or serious breaches of these standards may be classified as "Non-Compliant" under the ESG framework.

At the level of the Investment Advisor, internal ESG committee oversees the consistent application of the scoring framework, the monitoring of portfolio ESG alignment and the implementation of the binding ESG criteria described above.

8. Data sources and processing

Data sources include:

- publicly available ESG reports from investee companies;
- issuer-level ESG disclosures;
- World Bank ESG Data Portal for sovereign exposures;
- information used to assess mandatory PAI indicators.

The data is used to classify issuers as "ESG Compliant" or "Non-Compliant".

9. Limitations to data and methodology

Main limitations include:

- availability and quality of issuer-level ESG data;
- incomplete ESG disclosure by certain issuers;
- insufficient disclosure resulting in a score of 0 for the relevant PAI indicator;
- cash and certain derivatives not being subject to ESG scoring;

- no appropriate methodology to determine Taxonomy alignment for sovereign bonds.

10. Due diligence

Due diligence includes:

- ESG eligibility assessment before investment;
- review of the 14 mandatory PAI indicators;
- verification of exclusion criteria;
- normative screening;
- assessment of governance-related factors;
- ongoing monitoring after investment.

11. Engagement policies

Engagement may be used where ESG issues are identified.

Possible measures include:

- enhanced monitoring;
- engagement with issuers;
- reduction of exposure;
- divestment, where appropriate.

12. Designated reference benchmark

None.