

*Statement on principal adverse impacts of investment  
decisions on sustainability factors*

Disclosure on the implementation of the requirements of Article 4 (1) of Regulation (EU) 2019/2088 and Delegated Regulation (EU) 2022/1288 Chapter II - Section 1 on sustainability-related disclosures in the financial services sector regarding the transparency of adverse sustainability impacts at entity level

|                  |  |
|------------------|--|
| Document version | ▪ Version 2.0  |
| Main amendments  | ▪ Update as per (EU) 2022/1288 – SFDR RTS              |
| Date             | ▪ June 2023  |
| Review cycle     | ▪ Next periodic review to be completed by 30 June 2024 |

## Contents

|  |           |
|--|-----------|
| <b>1. Introduction .....</b>                           | <b>3</b>  |
| <b>2. Summary .....</b>                                | <b>5</b>  |
| <b>3. Quantitative information .....</b>               | <b>7</b>  |
| <b>3.1 Mandatory indicators.....</b>                   | <b>7</b>  |
| <b>3.2 Additional indicators .....</b>                 | <b>15</b> |
| <b>4. Qualitative information .....</b>                | <b>18</b> |
| <b>4.1 Description of policies .....</b>               | <b>18</b> |
| <b>4.2 Engagement policies .....</b>                   | <b>19</b> |
| <b>4.3 References to international standards .....</b> | <b>20</b> |
| <b>4.4 Historical comparison .....</b>                 | <b>20</b> |

# 1. Introduction

## Group Affiliation

BG FUND MANAGEMENT LUXEMBOURG S.A. (hereinafter "BG FUND MANAGEMENT LUXEMBOURG S.A." or the "Management Company") is a management company authorised by the Luxembourg supervisory authority Commission de Surveillance du Secteur Financier (hereinafter "CSSF") pursuant to Chapter 15 of the Luxembourg law of 17 December 2010 on undertakings for collective investment (hereinafter "UCI Law") and is also authorised as an alternative investment fund manager pursuant to the Luxembourg law of 12 July 2013 on alternative investment fund managers (hereinafter "AIFM Law").

In the above context, BG FUND MANAGEMENT LUXEMBOURG S.A. is managing the following three SICAVs that are umbrella funds containing various sub-funds:

- LUX IM
- BG COLLECTION INVESTMENTS
- BG PRIVATE MARKETS SICAV-SIF

The Management Company's policies respect the principles declared by the Banca Generali Group and they are aligned with the commitments undertaken at group level through the signatory to various internationally recognised initiatives, such as the United Nations Principles for Responsible Investment.

## Scope of the statement

The scope for the PAI consideration and calculation in the following statement encompasses the managed (sub-)funds that either qualify as per article 9 of the Sustainable Finance Disclosure Regulation - EU 2019/2088 (SFDR) or as per article 8 of the SFDR under the condition that they pursue a dedicated PAI strategy or commit to invest in sustainable assets as per SFDR article 2(17) or as per Taxonomy Regulation article 2(1) - EU 2020/852. The inclusion of these sub-funds ensures a comprehensive evaluation of principal adverse impacts associated with the investments. The following content of the statement, including actions taken, description of policies, engagement activities and other relevant information, pertains specifically to the sub-funds that are directly managed by the Management Company and not to the ones managed by delegated investment managers.

It should be noted, that for all the sub-fund which are managed by delegated investment managers, one should refer to their respective PAI statements for comprehensive insights into the actions taken and policies implemented within those specific sub-funds.

This statement explicitly does not cover any non-sustainable funds, i.e. SFDR article 6 and plain vanilla SFDR article 8 funds without a dedicated PAI strategy and / or sustainable investments in which's context a PAI consideration is mandatory.

## Commitments for funds in scope

BG FUND MANAGEMENT LUXEMBOURG S.A. is aware and fully concerned of the potential impact that sustainability risks may have on the managed sub-funds and their risk-return profiles, therefore considering them in the context of the investment decision making process as well as on an ongoing basis during the management of a fund.

## % of AUM

The sub-funds taken into consideration for this PAI Statement represent (as of December 31<sup>st</sup>, 2022):

- **42.28% of total AuM of the ManCo** *(regardless of their SFDR product classification)*
- **86.39% of total AuM of the ManCo** *(including sub-funds qualified under Article 8 and Article 9 of SFDR and irrespectively of the nature of the investment manager – directly managed by BG FUND MANAGEMENT LUXEMBOURG S.A. or by a delegated investment manager)*

## 2. Summary

### Partecipante ai mercati finanziari

BG FUND MANAGEMENT LUXEMBOURG S.A. (549300UQ9FXR10DMTM81)

### Sintesi

BG FUND MANAGEMENT LUXEMBOURG S.A. (549300UQ9FXR10DMTM81) prende in considerazione i principali effetti negativi delle proprie decisioni di investimento sui fattori di sostenibilità. La presente dichiarazione è la dichiarazione consolidata sui principali effetti negativi sui fattori di sostenibilità di BG FUND MANAGEMENT LUXEMBOURG S.A.

La presente dichiarazione sui principali effetti negativi sui fattori di sostenibilità riguarda il periodo di riferimento dal 1° gennaio 2022 al 31 dicembre 2022.

BG FUND MANAGEMENT LUXEMBOURG S.A. ha scelto di considerare i principali effetti negativi delle decisioni di investimento sui fattori di sostenibilità per i comparti gestiti che si qualificano ai sensi dell'articolo 9 del Regolamento UE 2019/2088 SFDR (Sustainable Finance Disclosure Regulation) o ai sensi dell'articolo 8 del Regolamento SFDR, a condizione che perseguano una strategia dedicata o si impegnino a investire in attività sostenibili ai sensi dell'articolo 2(17) del Regolamento SFDR o ai sensi dell'articolo 2(1) del Regolamento UE 2020/852 (Regolamento Tassonomia). Nell'esame dei principali effetti negativi, BG FUND MANAGEMENT LUXEMBOURG S.A. prende in considerazione tutti gli indicatori (PAI) obbligatori di cui al Regolamento delegato UE 2022/1288 (SFDR RTS), Allegato 1, Tabella 1, nonché un indicatore degli effetti negativi sulla sostenibilità aggiuntivo di cui all'SFDR RTS Allegato I - Tabelle 2 e 3, per investimenti sia in imprese che in emittenti sovrani. Gli indicatori presi in considerazione sono debitamente indicati nelle informative precontrattuali dei rispettivi comparti e sono infine riflessi nella presente dichiarazione. L'inclusione di questi comparti assicura una valutazione completa dei principali effetti negativi associati agli investimenti. BG FUND MANAGEMENT LUXEMBOURG S.A. attenua tali effetti aderendo a una politica di investimento sostenibile dedicata che comprende diversi elementi come, ad esempio, lo screening negativo e l'integrazione ESG.

Il seguente contenuto della dichiarazione, che include le azioni adottate, la descrizione delle politiche relative all'individuazione e gestione dei principali effetti negativi, le politiche di impegno e altre informazioni rilevanti, riguarda specificamente i comparti gestiti direttamente da BG FUND MANAGEMENT LUXEMBOURG S.A.. Per tutti i comparti gestiti da un gestore delegato, si rimanda alle rispettive dichiarazioni, per avere un quadro completo delle azioni intraprese e delle politiche attuate all'interno dei comparti specifici.

## Descrizione dei principali effetti negativi sui fattori di sostenibilità

La tabella seguente presenta una sintesi degli indicatori degli effetti negativi sulla sostenibilità che sono presi in considerazione in almeno una delle seguenti situazioni:

- a) nel corso della valutazione del "non arrecare un danno significativo" (Do Not Significant Harm / DNSH) per gli investimenti sostenibili ai sensi dell'articolo 2(17) del Regolamento SFDR, al fine di garantire che un investimento non provochi danni significativi o effetti negativi; oppure
- b) seguendo una strategia dedicata agli indicatori degli effetti negativi sulla sostenibilità che si concentra in particolare su indicatori specifici (selezionati).

Come illustrato nella sintesi introduttiva, in generale vengono presi in considerazione i seguenti indicatori degli effetti negativi sulla sostenibilità:

**a) Indicatori applicabili agli investimenti in emittenti societari:**

- (i) tutti i 14 indicatori obbligatori come previsto dal Regolamento SFDR, Allegato 1 - Tabella 1;
- (ii) un indicatore supplementare connesso al clima e all'ambiente;
- (iii) un indicatore supplementare in materia di problematiche sociali e concernenti il personale, il rispetto dei diritti umani e le questioni relative alla lotta alla corruzione attiva e passiva.

**b) Indicatori applicabili agli investimenti in emittenti sovrani e organizzazioni sovranazionali:**

- (i) entrambi gli indicatori obbligatori come previsto dal Regolamento SFDR, Allegato 1 - Tabella 1;
- (ii) un indicatore supplementare connesso al clima e all'ambiente;
- (iii) un indicatore supplementare in materia di problematiche sociali e concernenti il personale, il rispetto dei diritti umani e le questioni relative alla lotta alla corruzione attiva e passiva.

Inoltre, la tabella seguente fornisce anche una spiegazione dei diversi indicatori, nonché una panoramica delle azioni adottate o programmate e degli obiettivi specifici fissati per il periodo di riferimento successivo in relazione a indicatori specifici o a un'area generica di effetto negativo.

**Si noti:** per Maggiore chiarezza, *BG FUND MANAGEMENT LUXEMBOURG S.A. non gestisce alcun comparto che investa in attivi immobiliari, né direttamente né indirettamente, e pertanto gli indicatori PAI specifici di cui all'Allegato I del SFDR RTS relativi agli investimenti in attivi immobiliari non rientrano nell'ambito di applicazione della presente dichiarazione.*

### 3. Quantitative information

#### 3.1 Mandatory indicators

**Please note:** Any actions taken, planned and targets set are pertaining to (sub-)funds which are in scope of this PAI statement, i.e. any (sub-)funds that either qualify as per article 9 of the SFDR or as per article 8 of the SFDR under the condition that they pursue a dedicated PAI strategy or commit to invest in sustainable assets as per SFDR article 2(17) or as per Taxonomy Regulation article 2(1) and are directly managed by BG FUND MANAGEMENT LUXEMBOURG S.A..

| Indicators applicable to investments in investee companies |  |                                     |   |   |
|--|--|-------------------------------------|---|---|
| CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS           |  |                                     |   |   |
| Adverse sustainability indicator                           | Metric                                 | Impact 2022                         | Explanation   | Actions taken, and actions planned and targets set for the next reference period  |
| Greenhouse gas emissions                                   | 1. GHG emissions                       | Scope 1 GHG emissions               | Expressed as: Tonnes of CO2 equivalent ( <i>tCO2e</i> )<br>Coverage: 54.55% of the AUM  | <p><b>Banca Generali Group level:</b> In 2022, Banca Generali Group took the initiative to implement a comprehensive monitoring system for assessing the carbon footprint (scope 1 and 2 emissions) of its direct investments. This monitoring system aims to support the strategic objective of achieving net zero emissions by 2040 as outlined in its Strategic Plan. By closely monitoring and managing the carbon footprint of its investments, Banca Generali is committed to minimizing its environmental impact and contributing to a more sustainable future.</p> <p>Banca Generali has set some specific environmental targets to guide its efforts in reducing carbon emissions. These targets include:</p> <ul style="list-style-type: none"> <li>• A 25% reduction in carbon footprint by 2025 (compared to the 2019 baseline) for corporate securities;</li> <li>• Phasing out coal by 2030 for all corporate investments;</li> <li>• Achieving net zero emissions by 2040.</li> </ul> <p>Moreover, Banca Generali's intention over the next reference periods is to join the Task Force on Climate-Related Financial Disclosures (TCFD) in order to collaborate in the development of the recommendations in the area of climate-related disclosures that financial market participants should use in order to create an environment of more transparent information about climate-related financial risks for all investors, shareholders and the general public.</p> |
|  |  | Scope 2 GHG emissions               | Expressed as: Tonnes of CO2 equivalent ( <i>tCO2e</i> )<br>Coverage: 54.77% of the AUM  |   |
|  |  | Scope 3 GHG emissions               | Expressed as: Tonnes of CO2 equivalent ( <i>tCO2e</i> )<br>Coverage: 53.81% of the AUM  |   |
|  |  | Total GHG emissions                 | Expressed as: Tonnes of CO2 equivalent ( <i>tCO2e</i> )<br>Coverage: 53.39% of the AUM  |   |
|  | 2. Carbon footprint                    | Carbon footprint                    | Expressed as: Total GHG emissions as a ratio of all investments ( <i>tCO2e/current value</i> )<br>Coverage: 53.39% of the AUM |   |
|  | 3. GHG intensity of investee companies | GHG intensity of investee companies | Expressed as: GHG emissions as a ratio of investee company's revenue ( <i>tCO2e/€M</i> )<br>Coverage: 52.81% of the AUM       |   |

|  |   |        |   |   |
|--|---|--------|---|---|
| 4. Exposure to companies active in the fossil fuel sector      | a) Share of investments in companies active in the fossil fuel sector   | 3.88%  | <b>Expressed as:</b> Share of investments<br><b>Coverage:</b> 54.62% of the AUM   | <p><b>BG FUND MANAGEMENT LUXEMBOURG S.A. level:</b> As part of its commitment to sustainable investing, BG FUND MANAGEMENT LUXEMBOURG S.A. has adopted a Sustainable Investment Policy that incorporates a sector exclusion on coal. This exclusion reflects BG FUND MANAGEMENT LUXEMBOURG S.A.'s stance against investments in coal-related activities, which are known to have a significant environmental impact. By implementing this exclusion policy, BG FUND MANAGEMENT LUXEMBOURG S.A. aims to allocate its resources towards more environmentally friendly investment opportunities.</p> <p>Within the context of BG FUND MANAGEMENT LUXEMBOURG S.A.'s investment management, some of the (sub-)funds in scope of this PAI statement, are subject to explicit consideration of PAI 2 (Carbon footprint) by means of a dedicated carbon footprint score provided by an external advisor. In addition to monitoring the carbon footprint of investments, BG FUND MANAGEMENT LUXEMBOURG S.A. is actively engaged in assessing the ESG performance of its portfolio.</p> <p>To support these efforts, BG FUND MANAGEMENT LUXEMBOURG S.A. relies on a data provider that provides such ratings for all (sub-)funds in scope of this PAI statement. The PAIs represented in this section are considered via the corporate ESG model in various categories:</p> <ul style="list-style-type: none"> <li>a) "Production Processes": GHG Emissions (Scope 1-3) and GHG intensity are directly incorporated within the "Production Process" category. Moreover, companies that have established renewable energy targets, leading to a reduced share of non-renewable energy consumption or production, receive favourable recognition. Additionally, the energy efficiency of a company's operations is considered as a data point affecting its score in this category.</li> <li>b) "Environmental Strategy": this category evaluates a company's emission reduction targets and the implementation of relevant programs to mitigate air emissions. Companies that demonstrate alignment with global agreements such as the Paris Agreement, in terms of temperature goals and emission reduction commitments, are rewarded. Conversely, companies that lag behind or fail to align with these global agreements may face penalties in their scoring.</li> <li>c) "Products": datapoints within this category generate a premium for companies that sell green products/services and penalise those companies that are characterised by minimal green product offerings.</li> </ul> <p>BG FUND MANAGEMENT LUXEMBOURG S.A. continuously strives to improve its sustainable investment approach thereby looking for new possibilities to limit and minimize adverse impacts on the environment and particularly greenhouse gas emissions.</p> |
| 5. Share non-renewable energy consumption and production       | a) Share of non-renewable energy consumption of investee companies from non-renewable energy sources compared to renewable energy sources | 41.50% | <b>Expressed as:</b> Share of non-renewable energy consumption<br><b>Coverage:</b> 52.45% of the AUM  |   |
|  | b) Share of non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources  | 40.85% | <b>Expressed as:</b> Share of non-renewable energy production<br><b>Coverage:</b> 3.27% of the AUM  |   |
| 6. Energy consumption intensity per high impact climate sector | Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector (NACE A)                       | 0.00   | <b>Expressed as:</b> Energy consumption in GWh per million EUR of revenue of investee companies ( <i>GWh/€M</i> )<br><b>Coverage:</b> 0.04% of the AUM  |   |
|  | Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector (NACE B)                       | 0.05   | <b>Expressed as:</b> Energy consumption in GWh per million EUR of revenue of investee companies ( <i>GWh/€M</i> )<br><b>Coverage:</b> 1.20% of the AUM  |   |
|  | Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector (NACE C)                       | 10.60  | <b>Expressed as:</b> Energy consumption in GWh per million EUR of revenue of investee companies ( <i>GWh/€M</i> )<br><b>Coverage:</b> 21.99% of the AUM |   |
|  | Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector (NACE D)                       | 44.54  | <b>Expressed as:</b> Energy consumption in GWh per million EUR of revenue of investee companies ( <i>GWh/€M</i> )<br><b>Coverage:</b> 3.27% of the AUM  |   |



|              |   |  |       |  |  |
|--------------|---|--|-------|--|--|
|              |   | Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector (NACE E)  | 0.00  | <b>Expressed as:</b> Energy consumption in GWh per million EUR of revenue of investee companies ( <i>GWh/€M</i> )<br><b>Coverage:</b> 0.54% of the AUM |  |
|              |   | Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector (NACE F)  | 0.00  | <b>Expressed as:</b> Energy consumption in GWh per million EUR of revenue of investee companies ( <i>GWh/€M</i> )<br><b>Coverage:</b> 0.59% of the AUM |  |
|              |   | Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector (NACE G)  | 0.03  | <b>Expressed as:</b> Energy consumption in GWh per million EUR of revenue of investee companies ( <i>GWh/€M</i> )<br><b>Coverage:</b> 2.25% of the AUM |  |
|              |   | Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector (NACE H)  | 28.92 | <b>Expressed as:</b> Energy consumption in GWh per million EUR of revenue of investee companies ( <i>GWh/€M</i> )<br><b>Coverage:</b> 1.20% of the AUM |  |
|              |   | Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector (NACE L)  | 0.00  | <b>Expressed as:</b> Energy consumption in GWh per million EUR of revenue of investee companies ( <i>GWh/€M</i> )<br><b>Coverage:</b> 1.29% of the AUM |  |
| Biodiversity | 7. Activities negatively affecting biodiversity-sensitive areas | Share of investments in investee companies with sites/operations located in or near to biodiversity sensitive areas where activities of those investee companies negatively affect those areas | 3.20% | <b>Expressed as:</b> Share of investments<br><b>Coverage:</b> 54.22% of the AUM  | <p>As foreseen in BG FUND MANAGEMENT LUXEMBOURG S.A.'s Sustainable Investment Policy, the corporate ESG model incorporates the PAI indicators related to biodiversity, water and waste within its comprehensive assessment framework, for (sub-)funds in scope of this PAI statement. These indicators are specifically evaluated within the "Production Process" category, providing a deeper insight in the environmental practices.</p> <p>Within this category, one crucial aspect is a company's impact on biodiversity. The ESG model assesses the measures implemented by the company to mitigate its ecological footprint and safeguard biodiversity. This includes evaluating targets and initiatives aimed at reducing the negative impact on ecosystems, preserving habitats and protecting endangered species. Companies that demonstrate a strong commitment to biodiversity conservation and have well-defined targets for reducing their ecological impact receive positive recognition in this category.</p> |
| Water        | 8. Emissions to water   | Tonnes of emissions to water generated by investee companies per million EUR invested (value expressed as a weighted average)  | 1.28  | <b>Expressed as:</b> Tonnes per million EUR invested ( <i>t/€M</i> )<br><b>Coverage:</b> 2.73% of the AUM  |  |

|  |  |  |       |   |  |
|--|--|--|-------|---|--|
| Waste  | 9. Hazardous waste and radioactive waste ration  | Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested (value expressed as a weighted average)   | 94.90 | <p><b>Expressed as:</b> Tonnes per million EUR invested (<i>t/€M</i>)</p> <p><b>Coverage:</b> 29.68% of the AUM</p> | <p>The ESG model takes also into account programs and initiatives related to hazardous waste reduction. Companies that prioritize the implementation of effective waste management strategies are rewarded in their evaluation. The same concept applies to the water usage and conservation strategies. The model evaluates a company's strategies and practices related to water usage, including measures to e.g. reduce water consumption and increase water efficiency.</p> <p>BG FUND MANAGEMENT LUXEMBOURG S.A. continuously strives to improve its sustainable investment approach thereby looking for new possibilities to limit and minimize adverse impacts on the environment and particularly in the area of biodiversity, water stress and waste management.</p>   |
| INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS |  |  |       |   |  |
| Social and employee matters  | 10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises | Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises   | 0.37% | <p><b>Expressed as:</b> Share of investments</p> <p><b>Coverage:</b> 55.86% of the AUM</p>                          | <p>In the assessment of all (sub-)funds in scope of this PAI statement, a specific exclusion policy is in place that explicitly considers the violations of the UN Global Compact principles and the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises. This exclusion policy ensures that companies or entities found to be in violation of these internationally recognized standards are excluded from the investment portfolio.</p> <p>Both the UN Global Compact principles and the OECD Guidelines provide principles and recommendations for responsible business conduct in areas such as human rights, labour, environment and anti-corruption. They serve as frameworks for businesses to align their operations with universally accepted values and responsible business practices. Moreover they promote responsible corporate behaviour and contribute to the sustainable development and societal well-being.</p> <p>Any violations of these principles by the entities within the investment portfolio are carefully examined and appropriate measures are taken, such as exclusion or divestment.</p> <p>BG FUND MANAGEMENT LUXEMBOURG S.A. continuously strives to improve its sustainable investment approach thereby looking for new possibilities to limit and minimize adverse impacts on social matters and particularly in the area of adherence to international principles and guidelines.</p> |
|  | 11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and  | Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to | 7.08% | <p><b>Expressed as:</b> Share of investments</p> <p><b>Coverage:</b> 54.56% of the AUM</p>                          | <p>As foreseen in BG FUND MANAGEMENT LUXEMBOURG S.A.'s Sustainable Investment Policy, the corporate ESG model incorporates PAI indicators within its comprehensive assessment framework, for (sub-)funds in scope of this PAI statement.</p> <p>In the evaluation of companies that violate the UN Global Compact principles and OECD Guidelines for Multinational Enterprises, the ESG rating considers their non-compliance with these internationally recognized</p>  |

|  |   |  |        |   |  |
|--|---|--|--------|---|--|
|  | OECD Guidelines for Multinational Enterprises | address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises |        |   | <p>standards. Companies lacking appropriate processes and compliance mechanisms to monitor adherence to the UN Global Compact principles and OECD Guidelines are penalized in their ESG ratings.</p> <p>While the ESG rating system considers violations of these principles and guidelines, it is important to note that there is no specific category within the rating framework solely dedicated to these PAI indicators. Instead, most categories within the ESG rating system are directly linked to the principles of the UN Global Compact or the guidelines of the OECD.</p> <p>Nevertheless PAI 10, which pertains to the violation of these principles and guidelines, is treated as an exclusion (please refer also to the explanatory notes above), which means that companies found to be in direct violation are excluded from consideration regardless of their overall ESG score. In such cases, the focus shifts from mitigation through the ESG score to a strict exclusionary approach based on the severity of the violation.</p> <p>BG FUND MANAGEMENT LUXEMBOURG S.A. continuously strives to improve its sustainable investment approach thereby looking for new possibilities to limit and minimize adverse impacts on social matters and particularly in the area of insufficient compliance mechanisms.</p> |
|  | 12. Unadjusted gender pay gap                 | Average unadjusted gender pay gap of investee companies                                    | 14.30% | <p><b>Expressed as:</b> Average pay gap<br/><b>Coverage:</b> 5.85% of the AUM</p> | <p>As foreseen in BG FUND MANAGEMENT LUXEMBOURG S.A.'s Sustainable Investment Policy, the corporate ESG model incorporates the PAI indicators related to gender pay gap and board gender diversity within its comprehensive assessment framework, for (sub-)funds in scope of this PAI statement. These indicators are considered across various categories within the ESG model, providing insights into a company's commitment to gender equality and inclusion.</p> <p>One category in which these PAI indicators are assessed is the "CG Structure" category. In this context, the ratio of female to male board members directly impacts the evaluation. Companies that demonstrate a higher representation of women on their boards receive positive recognition in terms of corporate governance. This evaluation recognizes the importance of diverse perspectives and the benefits of gender diversity in decision-making processes at the highest level of corporate leadership.</p> <p>Additionally, the "Human and Labour Rights" category within the ESG model encompasses an evaluation of gender-related data. This includes analysing company-specific gender pay gaps and assessing the representation of women across the entire workforce. Companies that actively work towards</p>                                 |

|  |   |   |        |   |  |
|--|---|---|--------|---|--|
|  | 13. Board gender diversity  | Average ratio of female to male board members in investee companies, expressed as a percentage of all board members | 31.23% | <p><b>Expressed as:</b> Share of investments<br/><b>Coverage:</b> 54.65% of the AUM</p> | <p>reducing gender pay gaps and promoting gender diversity throughout their organizational hierarchy receive favourable recognition in this category.</p> <p>BG FUND MANAGEMENT LUXEMBOURG S.A. continuously strives to improve its sustainable investment approach thereby looking for new possibilities to limit and minimize adverse impacts on social matters and particularly in the area of gender diversity and -inequalities.</p>  |
|  | 14. Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons) | Share of investments in investee companies involved in the manufacture or selling of controversial weapons          | 0.05%  | <p><b>Expressed as:</b> Share of investments<br/><b>Coverage:</b> 62.12% of the AUM</p> | <p>In the assessment of (sub-)funds in scope of this PAI statement, there is a direct consideration of PAI 14, which pertains to the exposure of companies to controversial weapons. This particular PAI focuses on weapons that are deemed highly unethical and inhumane, including antipersonnel mines, cluster munitions, chemical weapons, and biological weapons.</p> <p>In order to ensure responsible investment practices, a specific exclusion policy is in place for (sub-)funds in scope of this PAI statement. This policy considers PAI 14 and mandates the exclusion of companies that are involved in the production, distribution, or use of these controversial weapons. Companies found to be associated with such weapons are considered incompatible with the ethical and responsible investment criteria outlined by the fund.</p> <p>By directly considering PAI 14 in the exclusion policy, the investment management process demonstrates a commitment to ethical investing and a strong stance against the use and proliferation of controversial weapons.</p> <p>BG FUND MANAGEMENT LUXEMBOURG S.A. continuously strives to improve its sustainable investment approach thereby looking for new possibilities to limit and minimize adverse impacts on social matters and particularly in the area of exposure to controversial weapons.</p> |

| Indicators applicable to investments in sovereigns and supranationals |                   |                                     |             |   |   |
|---|-------------------|-------------------------------------|-------------|---|---|
| Adverse sustainability indicator                                      |                   | Metric                              | Impact 2022 | Explanation   | Actions taken, and actions planned and targets set for the next reference period  |
| Environmental   | 15. GHG intensity | GHG intensity of investee countries | 32.42       | <b>Expressed as:</b> GHG emissions (tCO2e) as a ratio of investee country's GDP<br><b>Coverage:</b> 14.88% of the AUM | <p>As foreseen in BG FUND MANAGEMENT LUXEMBOURG S.A.'s Sustainable Investment Policy, this PAI is a crucial component within the Environmental pillar of the ESG country model, specifically focusing on two key categories: "Resource Efficiency" and "Climate Change". This indicator assesses the greenhouse gas (GHG) intensity of investee countries by examining their emissions in relation to their Gross Domestic Product (GDP).</p> <p>Within the "Resource Efficiency" category, an important indicator evaluates the current GHG emissions per capita of countries. This indicator considers both the absolute emissions and the trend in GHG emissions per capita over the past five years. It rewards countries that actively mitigate this PAI by reducing their emissions and penalizes those countries experiencing an upward trend in emissions.</p> <p>In the "Climate Change" category, another significant indicator focuses on the amount of primary energy used per capita by countries. Alongside the GHG emissions per capita indicator, the trend scores from this indicator acknowledge countries that are successfully implementing energy efficiency measures or demand reduction initiatives.</p> <p>BG FUND MANAGEMENT LUXEMBOURG S.A. continuously strives to improve its sustainable investment approach thereby looking for new possibilities to limit and minimize adverse impacts on the environment and particularly greenhouse gas emissions.</p> |

|        |   |  |       |  |
|--------|---|--|-------|--|
| Social | 16. Investee countries subject to social violations | Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law | 7.50% | <p><b>Expressed as:</b> Share of investments<br/><b>Coverage:</b> 14.45% of the AUM</p> <p>As per BG FUND MANAGEMENT LUXEMBOURG S.A.'s Sustainable Investment Policy, this PAI plays a critical role within the ESG country model, focusing on evaluating the number of investee countries that may be subject to social violations. These violations encompass actions or practices that contravene international treaties, conventions, United Nations principles, and relevant national laws.</p> <p>In line with its commitment to responsible investing, the ESG country model applies rigorous assessments and penalties to countries that have active sanctions reported by reputable sources such as the United Nations and the European Union. These sanctions may be related to various aspects, including human rights abuses, labour violations, environmental degradation, corruption, or other social misconducts.</p> <p>The model ensures that appropriate penalties are applied to the relevant categories within the framework. For instance, if a country is under sanction relating to the prohibition on training and education, it would incur penalties within the Human Capital category of the Social pillar. This approach reflects the model's comprehensive consideration of different dimensions of social violations and their impact on sustainable development.</p> <p>Furthermore, the ESG country model recognizes the importance of international standards and frameworks in assessing social violations. It considers the obligations and commitments that countries have agreed upon through international treaties, conventions, and United Nations principles.</p> <p>BG FUND MANAGEMENT LUXEMBOURG S.A. continuously strives to improve its sustainable investment approach thereby looking for new possibilities to limit and minimize adverse impacts on social matters and particularly in the area of involvement in social violations.</p> |
|--------|---|--|-------|--|

### 3.2 Additional indicators

| Additional indicators applicable to investments in investee companies |   |   |             |   |
|---|---|---|-------------|---|
| CLIMATE AND OTHER INDICATORS RELATED TO THE ENVIRONMENT               |   |   |             |   |
| Adverse sustainability indicator                                      | Metric  | Impact 2022   | Explanation | Actions taken, and actions planned and targets set for the next reference period  |
| Emissions   | 4. Investments in companies without carbon emission reduction initiatives | Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement | 26.93%      | <p><b>Expressed as:</b> Share of investments<br/><b>Coverage:</b> 51.68% of the AUM</p> <p><b>Banca Generali Group level:</b> In 2022, Banca Generali Group took the initiative to implement a comprehensive monitoring system for assessing the carbon footprint (scope 1 and 2 emissions) of its direct investments. This monitoring system aims to support the strategic objective of achieving net zero emissions by 2040 as outlined in its Strategic Plan. By closely monitoring and managing the carbon footprint of its investments, Banca Generali is committed to minimizing its environmental impact and contributing to a more sustainable future.</p> <p>Banca Generali has set some specific environmental targets to guide its efforts in reducing carbon emissions. These targets include:</p> <ul style="list-style-type: none"> <li>• A 25% reduction in carbon footprint by 2025 (compared to the 2019 baseline) for corporate securities;</li> <li>• Phasing out coal by 2030 for all corporate investments;</li> <li>• Achieving net zero emissions by 2040.</li> </ul> <p><b>BG FUND MANAGEMENT LUXEMBOURG S.A. level:</b> As part of its commitment to sustainable investing, BG FUND MANAGEMENT LUXEMBOURG S.A. has adopted a Sustainable Investment Policy that incorporates a sector exclusion on coal. This exclusion reflects BG FUND MANAGEMENT LUXEMBOURG S.A.'s stance against investments in coal-related activities, which are known to have a significant environmental impact. By implementing this exclusion policy, BG FUND MANAGEMENT LUXEMBOURG S.A. aims to allocate its resources towards more environmentally friendly investment opportunities.</p> <p>BG FUND MANAGEMENT LUXEMBOURG S.A. continuously strives to improve its sustainable investment approach thereby looking for new possibilities to limit and minimize adverse impacts on the environment and particularly in the area of carbon emissions.</p> |

| INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS |   |  |       |   |   |
|--|---|--|-------|---|---|
| Anti-corruption and anti-bribery   | 15. Lack of anti-corruption and anti-bribery policies | Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption | 1.12% | <b>Expressed as:</b> Share of investments<br><b>Coverage:</b> 45.10% of the AUM | <p>As foreseen in BG FUND MANAGEMENT LUXEMBOURG S.A.'s Sustainable Investment Policy, the corporate ESG model incorporates the PAI indicator related to the presence of anti-corruption and anti-bribery policies within its comprehensive assessment framework, for (sub-)funds in scope of this PAI statement. These indicators are considered across various categories within the ESG model, reflecting a company's commitment to ethical business practices and combating corruption.</p> <p>One category where these PAI indicators are evaluated is the "Business Ethics" category. In addition to policies, this category delves deeper into a company's approach to anti-corruption measures. It assesses whether companies conduct anti-corruption audits to identify and address potential risks and vulnerabilities. This evaluation recognizes the importance of proactive efforts in mitigating corruption and promoting a culture of integrity and transparency.</p> <p>Another category that considers the impact of anti-corruption practices is the "CG Structure" category. It acknowledges that a greater level of independence within company committees can play a crucial role in mitigating corruption risks. The evaluation within this category includes multiple Key Performance Indicators (KPIs) related to committee independence. Companies that demonstrate robust committee structures, independent oversight, and effective anti-corruption practices receive positive recognition in this category.</p> <p>BG FUND MANAGEMENT LUXEMBOURG S.A. continuously strives to improve its sustainable investment approach thereby looking for new possibilities to limit and minimize adverse impacts on social and governance matters and particularly in the area of insufficient anti-corruption and anti-bribery policies.</p> |



| Additional indicators applicable to investments in sovereigns and supranationals                       |  |   |             |  |   |
|--|--|---|-------------|--|---|
| CLIMATE AND OTHER INDICATORS RELATED TO THE ENVIRONMENT  |  |   |             |  |   |
| Adverse sustainability indicator   | Metric   | Impact 2022   | Explanation | Actions taken, and actions planned and targets set for the next reference period   |   |
| Green securities   | 17. Share of bonds not issued under Union legislation on environmentally sustainable bonds | Share of bonds not issued under Union legislation on environmentally sustainable bonds  | 100.00%     | <p>It is important to note that the value for the year 2022 is displayed as "100%". This is due to the fact that the implementation of this indicator requires populating data related to the share of bonds not certified as green under the EU Green Bond Standard. However, currently, the lack of available data poses a challenge in accurately determining this share, as the certification for Green Bonds is yet to come into force.</p> | <p>This PAI, which contains the optional indicator related to the share of bonds not certified as green, requires information on both the total amount of active bonds and the amount specifically certified under the EU Green Bond Standard. Unfortunately, without the necessary certification framework in place, it becomes not possible to obtain this data and implement the indicator effectively.</p> <p>While BG FUND MANAGEMENT LUXEMBOURG S.A. continues to navigate the complexity of implementing this specific PAI, it remains dedicated to transparency and accountability in the reporting. This is also achieved by recognising the importance of environmentally sustainable bonds, striving to provide meaningful data and commentary to demonstrate the ongoing efforts in this area, as from the statement for the following year.</p> <p>BG FUND MANAGEMENT LUXEMBOURG S.A. continuously strives to improve its sustainable investment approach thereby looking for new possibilities to limit and minimize adverse impacts on the environment and particularly in the area of exposure to green securities.</p>   |
| INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS |  |   |             |  |   |
| Human Rights   | 20. Average human rights performance   | Measure of the average human right performance of investee countries using a quantitative indicator explained in the "explanation" column | 3.84        | <p><b>Expressed as:</b> weighted average of the current performance score of a country (weighted as 70%) and a 5-year performance trend score of the same country (weighted as 30%). The score can take values from a minimum of 1 to a maximum of 5.<br/><b>Coverage:</b> 14.33% of the AUM</p>   | <p>As foreseen in BG FUND MANAGEMENT LUXEMBOURG S.A.'s Sustainable Investment Policy, this PAI is a fundamental component within the "Human Rights and Wellbeing" category of the ESG country model. This indicator directly assesses the protection of fundamental human rights and freedoms within a country.</p> <p>The 'Human Rights and Rule of Law' indicator utilizes data from Fragile States and other reliable sources to evaluate the extent to which fundamental human rights and freedoms are safeguarded. It considers various aspects, including the prevalence of widespread abuse of legal, political, and social rights.</p> <p>Moreover, the indicator also considers outbreaks of politically inspired violence perpetrated against citizens. By including this aspect, the ESG country model acknowledges the impact of politically motivated violence on human rights and overall stability within a country.</p> <p>BG FUND MANAGEMENT LUXEMBOURG S.A. continuously strives to improve its sustainable investment approach thereby looking for new possibilities to limit and minimize adverse impacts on social matters and particularly in the area of human rights (under-)performance.</p> |

4. Qualitative information

4.1 Description of policies

| Description of policies to identify and prioritise principal adverse impacts on sustainability factors  |   |                           |  |                                 |      |                                      |                     |                     |                    |                           |                     |   |   |   |   |   |   |  |   |  |
|---|---|---------------------------|--|---------------------------------|------|--------------------------------------|---------------------|---------------------|--------------------|---------------------------|---------------------|---|---|---|---|---|---|--|---|--|
| <p>Sustainability factors encompass various dimensions such as environmental considerations, social impacts, employee welfare, human rights protection, and measures against corruption and bribery. In the context of financial markets, the term "Principal Adverse Impact" (hereinafter "PAI") refers to detrimental effects resulting from investment decisions or advice on these sustainability factors. To facilitate the assessment of investments made by financial market participants, the Delegated Regulation - EU 2022/1288 (SFDR RTS) to the Sustainable Finance Disclosure Regulation - EU 2019/2088 (SFDR) provides a range of specific indicators that can be deployed to gauge the negative influence of an issuer or investee company on sustainability factors. These indicators enable the identification and evaluation of the adverse impact caused by such investments.</p> <p>Additionally, SFDR establishes a link between the requirement to consider sustainability risks in the investment decision-making process (SFDR article 3) and the consideration of PAIs of investment decisions on sustainability factors (SFDR article 4). Both concepts share the same core foundation, i.e., they commence with the identification and consideration of relevant sustainability indicators. In general, the identification and consideration of relevant sustainability indicators are inter alia dependent on the investment strategy as well as the geographical and sectorial focus of the managed sub-funds. The monitoring of relevant sustainability indicators allows to establish a better and more informed understanding with reference to the identification of (potential) sustainability risks. Moreover, the assessment of certain sustainability indicators may be prioritised within the investment decision-making process to eliminate or at least mitigate sustainability risks.</p> <p>The identification and prioritization of principal adverse impacts of investment decisions on sustainability factors require the consideration of various elements by the portfolio manager and are based on:</p> |   |                           |  |                                 |      |                                      |                     |                     |                    |                           |                     |   |   |   |   |   |   |  |   |  |
| Identification & prioritisation of principal adverse impacts  | <table><tr><th>Elements (non-exhaustive)</th><th>Relevant considerations (non-exhaustive)</th></tr><tr><td rowspan="2">Regulatory minimum requirements</td><td>SFDR</td></tr><tr><td>EU Taxonomy Regulation (EU) 2020/852</td></tr><tr><td rowspan="3">Investment strategy</td><td>Asset classes focus</td></tr><tr><td>Geographical focus</td></tr><tr><td>Industry and sector focus</td></tr><tr><td rowspan="2">SFDR classification</td><td>Qualification of the investment fund under article 9 SFDR</td></tr><tr><td>Qualification of the investment fund under article 8 of the SFDR and allocation of part of the portfolio in sustainable investments as defined in article 2 (17) SFDR</td></tr><tr><td rowspan="6">Sustainability strategy (taking into consideration the investment strategy and SFDR classification)</td><td>Thematic focus of the sustainability strategy, if any</td></tr><tr><td>Identification of relevant sustainability indicators to be considered in the investment decision-making process</td></tr><tr><td>Prioritisation of sustainability indicators that are essential to the delivery of the sustainability strategy</td></tr><tr><td>Definition of relevant limits for the relevant sustainability indicators</td></tr><tr><td>Definition of the binding elements of the sustainability strategy in the investment decision-making process</td></tr><tr><td>Quantitative or qualitative assessment of the relevant sustainability indicators</td></tr></table> | Elements (non-exhaustive) | Relevant considerations (non-exhaustive) | Regulatory minimum requirements | SFDR | EU Taxonomy Regulation (EU) 2020/852 | Investment strategy | Asset classes focus | Geographical focus | Industry and sector focus | SFDR classification | Qualification of the investment fund under article 9 SFDR | Qualification of the investment fund under article 8 of the SFDR and allocation of part of the portfolio in sustainable investments as defined in article 2 (17) SFDR | Sustainability strategy (taking into consideration the investment strategy and SFDR classification) | Thematic focus of the sustainability strategy, if any | Identification of relevant sustainability indicators to be considered in the investment decision-making process | Prioritisation of sustainability indicators that are essential to the delivery of the sustainability strategy | Definition of relevant limits for the relevant sustainability indicators | Definition of the binding elements of the sustainability strategy in the investment decision-making process | Quantitative or qualitative assessment of the relevant sustainability indicators |
| Elements (non-exhaustive)   | Relevant considerations (non-exhaustive)  |                           |  |                                 |      |                                      |                     |                     |                    |                           |                     |   |   |   |   |   |   |  |   |  |
| Regulatory minimum requirements   | SFDR  |                           |  |                                 |      |                                      |                     |                     |                    |                           |                     |   |   |   |   |   |   |  |   |  |
|   | EU Taxonomy Regulation (EU) 2020/852  |                           |  |                                 |      |                                      |                     |                     |                    |                           |                     |   |   |   |   |   |   |  |   |  |
| Investment strategy   | Asset classes focus   |                           |  |                                 |      |                                      |                     |                     |                    |                           |                     |   |   |   |   |   |   |  |   |  |
|   | Geographical focus  |                           |  |                                 |      |                                      |                     |                     |                    |                           |                     |   |   |   |   |   |   |  |   |  |
|   | Industry and sector focus   |                           |  |                                 |      |                                      |                     |                     |                    |                           |                     |   |   |   |   |   |   |  |   |  |
| SFDR classification   | Qualification of the investment fund under article 9 SFDR   |                           |  |                                 |      |                                      |                     |                     |                    |                           |                     |   |   |   |   |   |   |  |   |  |
|   | Qualification of the investment fund under article 8 of the SFDR and allocation of part of the portfolio in sustainable investments as defined in article 2 (17) SFDR   |                           |  |                                 |      |                                      |                     |                     |                    |                           |                     |   |   |   |   |   |   |  |   |  |
| Sustainability strategy (taking into consideration the investment strategy and SFDR classification)   | Thematic focus of the sustainability strategy, if any   |                           |  |                                 |      |                                      |                     |                     |                    |                           |                     |   |   |   |   |   |   |  |   |  |
|   | Identification of relevant sustainability indicators to be considered in the investment decision-making process   |                           |  |                                 |      |                                      |                     |                     |                    |                           |                     |   |   |   |   |   |   |  |   |  |
|   | Prioritisation of sustainability indicators that are essential to the delivery of the sustainability strategy   |                           |  |                                 |      |                                      |                     |                     |                    |                           |                     |   |   |   |   |   |   |  |   |  |
|   | Definition of relevant limits for the relevant sustainability indicators  |                           |  |                                 |      |                                      |                     |                     |                    |                           |                     |   |   |   |   |   |   |  |   |  |
|   | Definition of the binding elements of the sustainability strategy in the investment decision-making process   |                           |  |                                 |      |                                      |                     |                     |                    |                           |                     |   |   |   |   |   |   |  |   |  |
|   | Quantitative or qualitative assessment of the relevant sustainability indicators  |                           |  |                                 |      |                                      |                     |                     |                    |                           |                     |   |   |   |   |   |   |  |   |  |
| Disclosure  | Integration in the pre-contractual and website disclosures (art. 8, 9, 10 SFDR)   |                           |  |                                 |      |                                      |                     |                     |                    |                           |                     |   |   |   |   |   |   |  |   |  |

In relation to above requirements, BG FUND MANAGEMENT LUXEMBOURG S.A. has chosen to consider PAIs of investment decisions on sustainability factors for the managed (sub-)funds that either qualify as per article 9 of the SFDR or as per article 8 of the SFDR under the condition that they pursue a dedicated PAI strategy or commit to invest in sustainable assets as per SFDR article 2(17) or as per Taxonomy Regulation article 2(1) - EU 2020/852, as per their respective pre-contractual disclosures. The PAIs are assessed and addressed in accordance with the principles and guidelines outlined in the Sustainable Investment Policy adopted by the Management Company. Several measures are taken in order to consider and most importantly to avoid adverse impacts on sustainability factors in the first place. The following list provides an overview of the most significant measures and aspects that is generally applied to all sub-funds in scope of this PAI statement:

- a) Indirectly via negative screening for controversial activities and controversial behaviour; and
- b) Indirectly via an ESG rating for investee companies and sovereigns that is dependent on certain aspects pertaining to the PAIs; and
- c) PAI 2 - Directly via a carbon footprint score; and
- d) PAI 10 - Directly by excluding any company that is in serious breach of the "United Nations Global Compact Code" (hereinafter "UNGC"); and
- e) PAI 14 - Directly by excluding any company that is involved in adverse business activities from which they derive any revenues (i.e. controversial weapons such as anti-personnel mines, cluster munitions, chemical weapons and biological weapons).

For more detailed information on the dedicated investment strategies of the different sub-funds in scope of this PAI statement, please consult their respective pre-contractual documentation documents which are available on BG FUND MANAGEMENT LUXEMBOURG S.A.'s official website ([www.bgfml.lu](http://www.bgfml.lu)) and in addition the dedicated sustainability part on BG FUND MANAGEMENT LUXEMBOURG S.A.'s website ([www.bgfml.lu/site/en/home/sustainable](http://www.bgfml.lu/site/en/home/sustainable)).

As described above, also in terms of responsibilities, the identification and prioritization of PAIs fall under the purview of the Sustainable Investment Policy adopted by the Management Company. The policy defines the specific responsibilities and accountabilities for these processes, ensuring a systematic approach and clear guidelines for their implementation. The use of such methodologies is paired with a continuous assessment of the evolution of the regulatory framework, in order to always comply with the extent and the applicable set of indicators to be used for the determination of PAIs. The aim of the Management Company is to expand and enhance, on an ongoing basis, the consideration of PAIs, taking into consideration the specific investment strategies and focus of all the managed Sub-funds.

All necessary data and information in order to ensure an orderly consideration of PAIs by means of the measures briefly described above is provided by a third-party data provider. The data provider gathers and generates PAI data based on a proprietary assessment and selected secondary data (e.g. for funds the European ESG Template "EET"). The data provider's research process includes publicly available data inputs reported by companies such as sustainability- and annual reports as well as data sourced from leading data providers that were subject to thorough due diligence before service initiation. For what concerns, government issuers, data are gathered directly from public websites of leading supranational institutions and research centres. The criteria used by third-party providers can differ significantly, and data can vary across providers and within the same industry for the same provider. While the data provider looks to data inputs that it believes to be reliable it cannot guarantee the accuracy, availability or completeness of its proprietary system or third-party data. To avoid large data gaps in the PAI statement and in accordance with SFDR RTS article 7(2), the data provider may estimate the PAI data on a best effort basis. The data provider only estimates PAI data in cases where sufficient reported data is available, and the appropriate variables are identified to receive a statistically significant and robust result. Depending on the nature of the PAI data, various models such as statistical or machine learning models are deployed to receive optimal results. The models applied by the data provider account for asymmetry, kurtosis and biases caused by outliers in order to obtain a robust result which is validated using R-squared.

4.2 Engagement policies

| Engagement policies   |
|---|
| <p>In accordance with its Sustainable Investment Policy, the Management Company integrates the investment analyses with the ones focused on sustainability risks and on the negative effects of investments on sustainability factors, represented by environmental, social and governance issues.</p> <p>Specifically, the Sustainable Investment Policy takes into consideration the PAIs through appropriate negative screening tools (i.e., restricted lists and watch lists) aimed at detecting any exposures to controversial sectors or violations of the United Nations Global Compact. The PAI indicators considered are:</p> <ul style="list-style-type: none"><li>• PAI 2: Carbon footprint (for some of the sub-funds in scope of this statement, depending on their investment strategy and investment universe);</li><li>• PAI 10: Violations of UN Global Compact principles and OECD Guidelines (for all sub-funds in scope of this statement);</li><li>• PAI 14: Exposure to controversial weapons (for all sub-funds in scope of this statement).</li></ul> <p>It has to be noted that, at a group level, to date, Banca Generali has not adopted yet a stewardship policy pursuant to Article 3c of Directive 2007/36/EC. However, further to the adherence of the Banca Generali Group to the United Nations – Principles for Responsible Investing (hereinafter “UN PRI”), the Banca Generali Group is committed to adopt such a policy in the future.</p> <p>Other than the above-described measures, no specific engagement with investee companies is foreseen for the time being by BG FUND MANAGEMENT LUXEMBOURG S.A.</p> |

4.3 References to international standards

| References to international standards   |
|---|
| <p>As a responsible Management Company, BG FUND MANAGEMENT LUXEMBOURG S.A. places great emphasis on adhering to responsible business conduct codes and internationally recognized standards for due diligence and reporting. These standards serve as important guidelines for the operations and enable BG FUND MANAGEMENT LUXEMBOURG S.A.to align its practices with global sustainability objectives, including those outlined in the Paris Agreement.</p> <p>For all sub-funds under management, irrespective of their SFDR classification, PAI 10, and specifically the compliance with the United Nations Global Compact Code (the “UN Global Compact Code”), is considered. The UN Global Compact Code provides a comprehensive framework for promoting responsible business practices in the areas of human rights, labour, environment and anti-corruption. By monitoring compliance with the UN Global Compact Code, the management of all sub-funds ensures that responsible business practices are upheld. This commitment demonstrates a dedication to ethical conduct and sustainability, hence creating alignment with international standards and best practices. Embracing the principles set forth by the UN Global Compact not only benefits BG FUND MANAGEMENT LUXEMBOURG S.A. itself but also contributes to global efforts in promoting a more inclusive, just, and sustainable world.</p> <p>At Banca Generali group level, there is a strategic objective of achieving net zero emissions by 2040. This objective is closely linked to the goals of the Paris Agreement, which seeks to limit global warming to well below 2 degrees Celsius above pre-industrial levels. This commitment to carbon neutrality aligns with Principal Adverse Impact 4 (PAI 4), which is explicitly considered for two specific sub-funds within the scope of this statements. Moreover, PAI 4 is being monitored for all sub-funds, irrespective of their SFDR classification, on a semi-annual basis, ensuring ongoing assessment and mitigation of carbon-related adverse impacts. As also outlined in the Strategic Plan, the ESG monitoring system implemented by Banca Generali Group aims to support the strategic objective of achieving net zero emissions by 2040. By closely monitoring and managing the carbon footprint of its investments, Banca Generali Group is committed to minimizing its environmental impact and contributing to a more sustainable future. Banca Generali Group has set some specific environmental targets to guide its efforts in reducing carbon emissions. These targets include:</p> <ul style="list-style-type: none"><li>• A 25% reduction in carbon footprint by 2025 (compared to the 2019 baseline) for corporate securities;</li><li>• Phasing out coal by 2030 for all corporate investments;</li><li>• Achieving net zero emissions by 2040.</li></ul> <p>Additionally, as a demonstration of the commitment to responsible investment practices, on 20 December 2022, Banca Generali Group completed the process of becoming a member of the United Nations – Principles for Responsible Investing (hereinafter “UN PRI”) and on 23 January 2023 it formally became a signatory to the UN PRI by signing the 6 Principles (hereinafter “the Principles”) for Responsible Investments. The Principles to which the group has adhered to are the following:</p> <ol style="list-style-type: none"><li>1. incorporate environmental, social and governance (ESG) parameters in the financial analysis and decision-making processes concerning investments;</li><li>2. be active shareholders and incorporate ESG metrics into share ownership policies and practices;</li><li>3. require investee companies to report on ESG parameters;</li><li>4. promote acceptance and implementation of the Principles in the financial industry;</li><li>5. work together to improve the application of the Principles;</li><li>6. periodically report on the activities and progress made in applying the Principles.</li></ol> <p>In this sense, Banca Generali Group's adherence to the UN PRI guarantees the consideration of the principal adverse impacts on sustainability factors.</p> |

4.4 Historical comparison

| Historical comparison   |
|---|
| <p>It is not possible to make a historical comparison as this is the first statement on the principal adverse impacts of investment decisions on sustainability factors. The first historical comparison will be provided as of 30 June 2024.</p> |