

LUX IM – ESG AMBIENTA INFRASTRUCTURE INCOME

Sustainability-related disclosures required for Article 8 financial products under the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector

Preamble

LUX IM – ESG AMBIENTA INFRASTRUCTURE INCOME (“the Sub-fund”) invests in securities of issuers that contribute to the Sub-fund’s promoted environmental characteristics, including environmentally sustainable (ES) investments. This is achieved through the implementation of binding environmental sustainability and Environmental, Social and Governance (“ESG”) criteria with a focus on companies involved in sectors and/or activities which may benefit from competitive advantage driven by environmental sustainability trends, including in particular the development and/or exploitation of sustainable infrastructures and the improvement of Resource Efficiency and/or Pollution Control.

This is measured, at position level, by the Ambienta Sustainability Index (ASI), a proprietary analytical assessment framework. At Sub-fund level this is achieved by ensuring that the weighted average ASI of investments is greater than or equal to 25%. Investments will exclude cash and cash equivalents.

The portfolio will be populated by high quality, profitable, and well managed companies that contribute, through their products, services and operations, to an environmentally sustainable objective, in terms of Resource Efficiency, encompassing the entire spectrum of natural resources, and/or the Pollution Control, including all types of pollution affecting water, air, soil and human health, provided that they do not significantly harm any other objectives set out in the Regulation (EU) 2019/2088 (“SFDR”), and that they follow good governance practices. The metrics can include the environmental objectives set out by the EU Taxonomy: climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control and protection and restoration of biodiversity and ecosystems.

The Sub-fund further intends to invest in issuers that qualify as sustainable investment in accordance with Article 2 (17) of Regulation (EU) 2019/2088 (“SFDR”).

The Sub-fund is considering the EU criteria for environmentally sustainable economic activities as defined under the EU Taxonomy Regulation to determine the attainment of the sustainable environmental or social characteristics that it promotes.

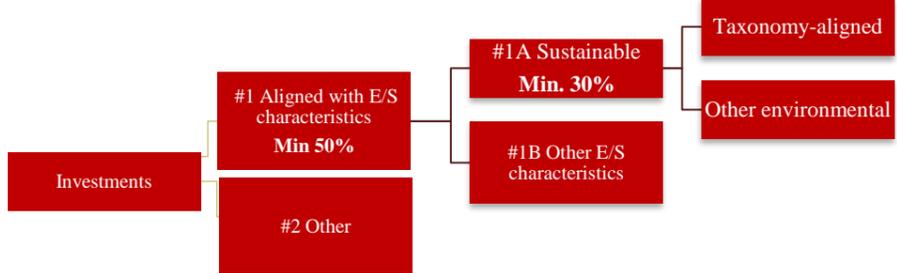
At least 50% of the financial product’s assets are planned to be ESG aligned, and a minimum of 30% of its assets are invested in sustainable investments in accordance with article 2 (17) of the SFDR.

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-fund.

Sustainable Finance Disclosure Regulation Level 2 – Website Disclosure

Section	Regulatory Requirements	Disclosure
<p>Summary</p> <p>Article 25 – SFDR II</p>	<p>In the website section ‘Summary’ referred to in Article 24, point (a), financial market participants shall summarise all the information contained in the different sections referred to in that Article about the financial products that promote environmental or social characteristics. The summary section shall have a maximum length of two sides of A4-sized paper when printed.</p> <p>The website section ‘Summary’ referred to in Article 24, point (a), shall be provided in at least the following languages:</p> <p>(a) one of the official languages of the home Member State and, where different and where the financial product is made available in more than one Member State, in an additional language customary in the sphere of international finance;</p> <p>(b) where the financial product is made available in a host Member State, one of the official languages of that host Member State.</p>	<p>Please refer to the standardized 2 pager summary https://www.bgfml.lu/site/en/home/sustainable.html</p>
<p>No sustainable investment objective</p> <p>Article 26 – SFDR L2</p>	<p>In the website section ‘No sustainable investment objective’ referred to in Article 24, point (b), financial market participants shall insert the following statement: “This financial product promotes environmental or social characteristics but does not have as its objective sustainable investment.”</p> <p>Where the financial product commits to making one or more sustainable investments, financial market participants shall in the website section ‘No sustainable investment objective’ referred to in Article 24, point (b), explain how the sustainable investment does not significantly harm any of the sustainable investment objectives, including all of the following:</p>	<p>This financial product promotes environmental or social characteristics but does not have as its objective sustainable investment.</p> <p>The Sub-fund’s sustainable investments are composed by environmentally sustainable (“ES”) investments. This is measured, at position level, by the Ambianta Sustainability Index (ASI), a proprietary analytical assessment framework. At Sub-fund level this is achieved by ensuring that the weighted average ASI of investments is greater than or equal to 25%. Investments will exclude cash and cash equivalents. A business can present both negative and positive environmental impact contributions. The ASI analysis allows to assess whether the prevailing contribution is positive or negative and therefore represents a first test on do no significant harm to environmental objectives.</p> <p>Furthermore, the integration of ESG assessment is an integral part of the investment process and contributes to the identification and control of the potential negative effects associated with investments, including social and governance ones. The Investment Manager considers the main negative impacts of investment decisions on sustainability factors deemed relevant for the companies in which the Sub-fund invests through a combination of proprietary and external market research analysis.</p> <p>The above takes place through the Investment Manager’s <i>ESG in Action</i> programme (a proprietary approach to the integration of non-financial factors into portfolio management) that is structured in two main phases:</p> <ul style="list-style-type: none"> ▪ prior to investment, due diligence to analyse the main impacts on environmental and social objectives and, in so doing, to ensure the absence of negative impacts in accordance with the DNSH principle and compliance with minimum safeguard principles; ▪ during the holding period the Investment Manager will continue monitoring negative impacts through a combination of proprietary tools and external

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	<ul style="list-style-type: none"> ▪ how the indicators for adverse impacts in Table 1 of Annex I, and any relevant indicators in Tables 2 and 3 of that Annex I, are taken into account; ▪ whether the sustainable investment is aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights. 	<p>market research analysis, which are subsequently factored into investment decisions and in implementing the Investment Manager’s engagement and active ownership practices.</p> <p>Through the ESG in Action programme, the Investment Manager considers the principal adverse impacts (PAI) of its investment decisions on sustainability factors. The Fund will integrate these factors within its investment process, starting from the due diligence phase, and afterwards during engagement and annual reporting.</p> <p>The Investment Manager, in implementing its approach to sustainable investments and in pursuing the Principles for Responsible Investment defined by the United Nations, of which it is a signatory, promotes alignment with the internationally recognized fundamental principles regarding business conduct and respect for human rights. During the due diligence phase, and afterwards during monitoring and engagement, alignment with these fundamental principles is verified. Controversies in terms of environment, social, and governance are assessed as well as the target issuers’ compliance with or violations of global norms in terms of e.g. human rights, labour rights, bribery & corruption, child labour, discrimination, health & safety, forced labour through a combination of proprietary tools and external market research analysis.</p>
<p>Environmental or social characteristics of the financial product</p> <p>Article 27 – SFDR L2</p>	<p>In the website section ‘Environmental or social characteristics of the financial product’ referred to in Article 24, point (c), financial market participants shall describe the environmental or social characteristics that the financial products promotes.</p>	<p>The Investment Manager, in implementing its approach to sustainable investments and in pursuing the Principles for Responsible Investment defined by the United Nations, of which it is a signatory, promotes alignment with the internationally recognized fundamental principles regarding business conduct and respect for human rights. During the due diligence phase, and afterwards during monitoring and engagement, alignment with these fundamental principles is verified. Controversies in terms of environment, social, and governance are assessed as well as the target issuers’ compliance with or violations of global norms in terms of e.g. human rights, labour rights, bribery & corruption, child labour, discrimination, health & safety, forced labour through a combination of proprietary tools and external market research analysis.</p>
<p>Investment strategy</p> <p>Article 28 – SFDR L2</p>	<p>In the website section ‘Investment strategy’ referred to in Article 24, point (d), financial market participants shall describe all of the following:</p> <ul style="list-style-type: none"> ▪ the investment strategy used to meet the environmental or social characteristics promoted by the financial product; 	<p>The Sub-fund aims to generate attractive returns, through capital appreciation and income, by implementing a diversified and flexible allocation to multiple asset classes. The portfolio allocation will be dynamically adjusted with the aim to reduce downside risk and seek out profitable investment opportunities across asset classes. The security selection process is based on the investment manager’s ongoing analysis of the target issuers’ financial fundamentals as well as binding environmental sustainability and Environmental, Social and Governance (“ESG”) criteria with a focus on companies involved in sectors and/or activities which may benefit from competitive advantage driven by environmental sustainability trends, including in particular the development and/or exploitation of sustainable infrastructures, such as but not limited to energy and water utility infrastructures and the improvement of Resource Efficiency and/or Pollution Control.</p>

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	<ul style="list-style-type: none"> the policy to assess good governance practices of the investee companies, including with respect to sound management structures, employee relations, remuneration of staff and tax compliance. 	<p>The Sub-fund, in order to fulfil the sustainable investment objective and to generate capital appreciation and income, will make use of a range of financial instruments. These will include equity and debt securities issued by the selected companies, as well as long and short positions in derivatives (mainly equity swaps, futures, and vanilla call and put options on equity underlyers). Derivatives may be used for investment purposes or for efficient portfolio management. The allocation to cash and cash equivalent instruments in the Sub-fund may vary in order to manage risk. Target investments are subject to the following sustainability indicators, in order to assess their eligibility for investment by the Sub-fund and thus to measure the attainment of the pursued environmental and social characteristics:</p> <ul style="list-style-type: none"> Negative screening: exclusion of target issuers involved in controversial conduct and/or activities; Sustainable Investments and Positive Screening <p>During the due diligence phase and afterwards through monitoring, as per the ESG in Action programme, the Investment Manager aims to ensure that investee companies operate in compliance with the best practices of business conduct and integrity, with particular reference to sound management structures, relations with staff, staff remuneration and compliance with tax obligations. The above takes place through data provided by third party data providers, or by analysis conducted on the relevant issuer by the investment management team, and through regular engagement with management.</p>
<p>Proportion of investments</p> <p>Article 29 – SFDR L2</p>	<p>In the website section ‘Proportion of investments’ referred to in Article 24, point (e), financial market participants shall insert the information referred to in Article 14 and shall distinguish between direct exposures in investee entities and all other types of exposures to those entities.</p>	<p>The Sub-fund invests at least 50% of its net assets in investments aligned with the environmental/social characteristics, and a minimum of 30% of its net assets in sustainable investments with an environmental objective. Sustainable investments include both Taxonomy-aligned ones and other environmental sustainable investments.</p>  <pre> graph LR Investments --> N1["#1 Aligned with E/S characteristics Min 50%"] Investments --> N2["#2 Other"] N1 --> N1A["#1A Sustainable Min. 30%"] N1 --> N1B["#1B Other E/S characteristics"] N1A --> TA["Taxonomy-aligned"] N1A --> OE["Other environmental"] </pre> <p><i>#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.</i></p>

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		<p>#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.</p> <p>The category #1 Aligned with E/S characteristics covers:</p> <ul style="list-style-type: none"> - The sub-category #1A Sustainable covers sustainable investments with environmental or social objectives. - The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments. <p>To classify investments as sustainable, the Manager applies its proprietary methodology. Target issuers are analysed using the Ambienta Sustainability Index (“ASI”) framework, which assigns a number between -100% and 100% based on the contribution to Resource Efficiency and Pollution Control of each individual company and thereby its contribution to environmental sustainability and related trends. The ASI is calculated as the weighted average of the positive or negative environmental contribution of each division, based on enterprise value. The Sub-fund excludes target issuers that do not meet the threshold of ASI $\geq 0\%$. A target issuer that passes the minimum ASI threshold is considered as sustainable in its entirety.</p> <p>The remaining investments of the Sub-fund (“#2 Other”) may include (i) ancillary cash and cash equivalents for liquidity purposes within the limits prescribed by applicable laws, (ii) derivatives which may be used for hedging and investment purposes as per the applicable provisions of the Investment Policy of the Sub-fund; (iii) investments in securities of target issuers which are not aligned with the promoted environmental or social characteristics and may be used within the Sub-fund’s investment objective of generating attractive returns. In all relevant circumstances minimum safeguards are integrated in the analysis to ensure the delivery of its overall sustainable investment objective: i) they are analysed as part of the investment due diligence phase through an assessment and ii) during the management phase through targeted monitoring activities.</p>
<p>Monitoring of environmental or social characteristics</p> <p>Article 30 – SFDR L2</p>	<p>In the website section ‘Monitoring of environmental or social characteristics’ referred to in Article 24, point (f), financial market participants shall describe how the environmental or social characteristics promoted by the financial product and the sustainability indicators used to measure the attainment of each of those environmental or social characteristics promoted by the financial product are monitored throughout the lifecycle of the financial product and the related internal or external control mechanisms.</p>	<p>The Investment Manager integrates the ESG analysis within the investments’ selection process, as follows:</p> <p>Negative Screening</p> <ul style="list-style-type: none"> ▪ are involved in severe controversies according to the United Nations Global Compact; ▪ are involved in specific activities (according to specific thresholds applied to the revenues deriving from such activities): <ul style="list-style-type: none"> ○ controversial and nuclear weapons; ○ conventional weapons; ○ adult entertainment; ○ coal; ○ tobacco; ○ gambling. <p>Sustainable Investments and Positive Screening</p>

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		<p>Target issuers are analysed using the Ambianta Sustainability Index, a single holding indicator, which represents in one figure, between -100% and 100%, the contribution to the environmental characteristics of Resource Efficiency and Pollution Control of each individual company and therefore the correlation of the value of a listed company to environmental sustainability and related trends. It is calculated as the weighted average of the positive or negative environmental contribution of each division, weighted by its enterprise value. The Sub-fund will invest in target issuers that meet the Ambianta Sustainability Index threshold ($\geq 0\%$), naturally excluding many businesses beyond any restricted activities lists based purely on sector..</p>
<p>Methodologies for environmental or social characteristics</p> <p>Article 31 – SFDR L2</p>	<p>In the website section ‘Methodologies for environmental or social characteristics’ referred to in Article 24, point (g), financial market participants shall describe the methodologies to measure how the social or environmental characteristics promoted by the financial product are met.</p>	<p>In order to attain the promoted environmental and social characteristics, the eligibility of target issuers is assessed based on the above-described ESG integration, negative screening, and consideration of principal adverse impacts (see ‘Monitoring of the sustainable investment objective’).</p> <p>Internal controls are in place in respect of investment decision making for the Sub-fund. These include, but are not limited to, pre-trade and post-trade controls to ensure all applicable binding elements are observed at all times and independent oversight by risk management functions as required.</p> <p>The Investment Manager of the Sub-fund is using internal research activity complemented with external research and data from specialised external providers.</p>
<p>Data sources and processing</p> <p>Article 32 – SFDR L2</p>	<p>In the website section ‘Data sources and processing’ referred to in Article 24, point (h), financial market participants shall describe all of the following:</p> <ul style="list-style-type: none"> ▪ the data sources used to attain each of the environmental or social characteristics promoted by the financial product; ▪ the measures taken to ensure data quality; ▪ how data are processed; ▪ the proportion of data that are estimated. 	<p>The SNV relies on portfolio weights and ASI value. The data and information useful for the application of the ASI are collected during due diligence and periodically over the duration of the investment, by the Sustainability & Strategy team with the support of the investment team. The data and information necessary is obtained from a range of sources, with the aim of guaranteeing completeness and quality of information, including: documentation issued by the target companies, internal analysis, external data provider information, calls with experts and with the management. The data gathered is processed by the S&S team and the performance of the companies is assessed against the market reference standard for the specific product or service of the business, relying as well through third party data sources. The process is formalized in an internal policy to ensure transparency, homogeneity and accuracy in the application of the methodology.</p>
<p>Limitations to methodologies and data</p> <p>Article 33 – SFDR L2</p>	<p>In the website section ‘Limitations to methodologies and data’ referred to in Article 24, point (i), financial market participants shall describe all of the following:</p> <ul style="list-style-type: none"> ▪ any limitations to the methodologies referred to in Article 24, point (g), and to the data sources referred to in Article 24, point (h); 	<p>The approach is based on an internal proprietary analysis that is fed by research, company analysis and discussion with experts. The process is standardized, formalized in an internal policy and as transparent and detailed as possible. Some limitations are intrinsic in the nature of the analysis as it relies on third party information and target company’s disclosures that may in some cases be restricted and may affect</p>

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	<ul style="list-style-type: none"> ▪ how such limitations do not affect how the environmental or social characteristics promoted by the financial product are met. 	<p>the depth of the analysis. Nonetheless, such limitations do not affect the attainment of the sustainable investment objective, as data is verified against multiple sources or, where this is not viable, considered not sufficient and the investment process discontinued.</p> <p>Based on the details above, there is no material effect on the attainment of the environmental or social characteristics promoted by the Sub-fund identified.</p>
<p>Due Diligence</p> <p>Article 34 – SFDR L2</p>	<p>In the website section ‘Due diligence’ referred to in Article 24, point (j), financial market participants shall describe the due diligence carried out on the underlying assets of the financial product, including the internal and external controls on that due diligence.</p>	<p>In order to qualify for initial investment, the investments must comply with the binding elements applied by the Sub-fund. This compliance has to be ensured by the Investment Manager through pre-trade compliance mechanism in place.</p>
<p>Engagement policies</p> <p>Article 35 – SFDR L2</p>	<p>In the website section ‘Engagement policies’ referred to in Article 24, point (k), financial market participants shall describe the engagement policies implemented where engagement is part of the environmental or social investment strategy, including any management procedures applicable to sustainability-related controversies in investee companies.</p>	<p>During the holding period Ambienta will continue monitoring negative impacts through a combination of proprietary tools and external market research analysis, which are subsequently factored into investment decisions and in implementing Ambienta’s engagement and active ownership practices. This process aims to ensure the mitigation of any adverse impacts of investee companies guaranteeing that ESG policies and considerations are integrated appropriately, in line with best practices of business conduct and integrity.</p>
<p>Designated reference benchmark – Optional</p> <p>Article 36 – SFDR L2</p>	<p>In the website section ‘Designated reference benchmark’ referred to in Article 24, point (l), financial market participants shall describe whether an index has been designated as a reference benchmark to meet the environmental or social characteristics promoted by the financial product, and how that index is aligned with the environmental or social characteristics promoted by the financial product, including the input data, the methodologies used to select those data, the rebalancing methodologies and how the index is calculated.</p>	<p>No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-fund.</p>