

LUX IM – GENERALI INVESTMENTS DIVERSIFIED STRATEGY

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 – GENERALI INVESTMENTS DIVERSIFIED STRATEGY (“the Sub-fund”) promotes environmental and social characteristics according to the environmental, social and governance (hereinafter “ESG”) investment strategy.

The investment into global equities and bonds, will be pursued by applying a responsible investment process:

- when selecting equity securities, the Investment Manager will consider both financial and extra-financial criteria for each given industry sector, including (but not limited to) CO2 emissions, percentage of women in the workforce, and business ethics.

- when selecting government bonds, the Investment Manager will focus on characteristics linked to the social pillar: the fight against money laundering and financing of terrorism, tax practices, human rights violation and corruption.

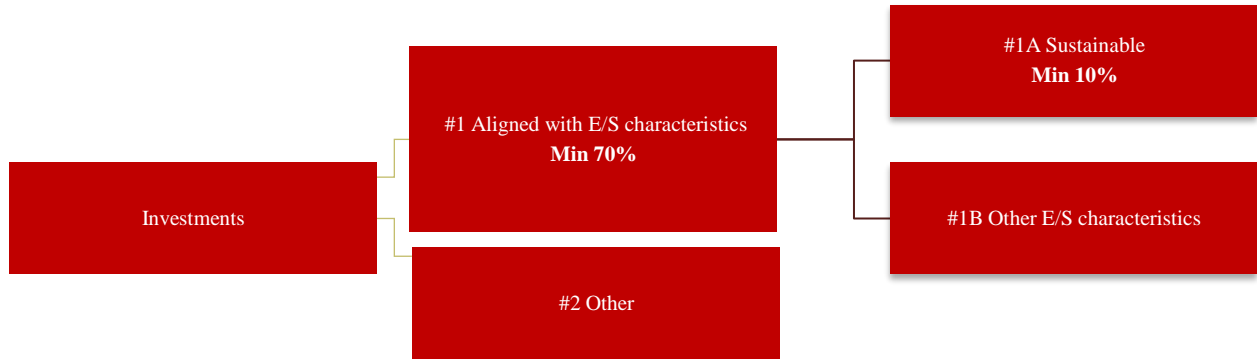
At least 70% of the financial product’s assets are planned to be ESG aligned, a minimum of 10% of the financial product’s assets will qualify as sustainable in accordance with article 2 (17) of the SFDR.

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 draft
Summary Article 25 – SFDR II	<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>Please refer to the standardized 2 pager summary https://www.bgfml.lu/site/en/home/sustainable.html</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>	
No sustainable investment objective Article 26 – SFDR L2	<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>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>In order to ensure that the sustainable investments do not cause significant harm to any environmental or social objective, those investments are subject to a screening process against the mandatory Principal Adverse Impacts and relevant optional Principal Adverse Impacts, as befitting each asset type, and as can be found, respectively, in Annex I Tables I, II and III of the European Commission delegated Regulation 2022/1288 (“PAIs”). PAIs are assessed in a quantitative or qualitative manner based on the Investment Manager’s research.”</p> <p>The Investment Manager also applies a screen to align with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights as provided for under the Minimum Safeguards in the EU Taxonomy.</p>
	<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; 	<p>The Sub-fund considers principal adverse impacts (“PAIs”) on sustainability factors.</p> <p>The main focus is on the following PAIs with reference to Annex I of the Commission Delegated Regulation (EU) 2022/1288, for which a hard exclusion is applied. Those indicators are considered and will be monitored continuously.</p> <p>For investments in global equity securities:</p>

Section	Regulatory Requirements	Disclosure draft
		<ul style="list-style-type: none"> Table 1, indicator 14 – Exposure to controversial weapons: Investments in companies whose main turnover is generated by controversial weapons are excluded. Table 1, indicator 10 – Violations of the UN Global Compact (“UNGC”) principles and the Organisation for Economic Co-operation and Development (“OECD”) Guidelines for Multinational Enterprises – through the application of the exclusion criteria, no investment can be made in funds that invest in companies where there are violations or serious suspicions of possible violations of the OECD Guidelines for Multinational Enterprises or the United Nations Guiding Principles on Business and Human Rights. <ul style="list-style-type: none"> Table 1, indicator 3 – GHG Intensity of investee companies whose carbon intensities are high due to their involvement in thermal coal power generation or coal mining above a certain threshold are excluded as per the application of the coal policy. <p>For investments in debt securities issued by Sovereigns:</p> <ul style="list-style-type: none"> Table 1, indicator 16 – Investee countries subject to social violation - Social exclusion criteria that excluded countries who are responsible of severe violations of human rights, based on “Freedom House” data. <p>The number of PAIs considered by the Investment Manager may increase in future when the data and methodologies to measure those indicators will be mature. More information on how PAI are considered during the reference period will be made available in the periodic reporting of the Sub-fund.</p> <p>Further additional adverse sustainability indicators, such as indicators 9 and 22 (in relation to investments in companies producing chemical and non-cooperative tax as set out in the EU SFDR Regulatory Technical Standards (table II and table III of Annex 1) are considered as part of the do no significant harm screen.</p>
	<ul style="list-style-type: none"> 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>The norms-based exclusions as described below under “What investment strategy does this financial product follow?” seek alignment with these guidelines and principles. Third party data is used to identify violators and prohibit relevant investments in these issuers.</p>
Environmental or social characteristics of the financial product Article 27 – SFDR L2	<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 promote.</p>	<p>The Sub-fund promotes environmental and social characteristics according to the environmental, social and governance (hereinafter “ESG”) investment strategy.</p> <p>The investment into global equities and bonds, will be pursued by applying a responsible investment process:</p> <ul style="list-style-type: none"> - when selecting equity securities. the Investment Manager will consider both financial and extra-financial criteria for each given industry sector, including (but not limited to) CO2 emissions, percentage of women in the workforce, and business ethics. - when selecting government bonds, the Investment Manager will focus on characteristics linked to the social pillar: the fight against money laundering and financing of terrorism, tax practices, human rights violation and corruption.

Section	Regulatory Requirements	Disclosure draft
		Additionally for equities the Investment Manager actively manages the Sub-fund and selects, from its equity investment universe (the “Initial Investment Universe”), equity securities which present positive environmental, social and governance (“ESG”) criteria relative to the Initial Investment Universe provided that the issuers follow good corporate governance practices.
Investment strategy Article 28 – SFDR L2	In the website section ‘Investment strategy’ referred to in Article 24, point (d), financial market participants shall describe all of the following:	
	<ul style="list-style-type: none"> the investment strategy used to meet the environmental or social characteristics promoted by the financial product; 	<p>The investment objective of the Sub-fund is to provide long-term capital growth through investments in transferable securities issued by companies and Governments which comply with Environmental, Social and Governance (“ESG”) criteria.</p> <p>In order to achieve its investment objective, the Sub-fund essentially invests in fully paid equity securities and debt securities – essentially with rating investment-grade and, up to 10% of its net assets, below the investment grade – of companies listed on stock exchanges (qualifying as Regulated Markets) without any limitation in terms of geographic, currency and industry allocation.</p> <p>The Sub-fund may also invest in debt securities issued by (i) Governments of countries belonging to the OECD, (ii) up to 5% of its net assets by Government of countries not belonging to the OECD, (iii) Sovereign/Supranational entities. The Sub-fund may also hold ancillary liquid assets, as defined in Appendix A of the Prospectus, up to 20% of its net assets. The Sub-fund’s direct and indirect exposure to equity markets will at any time represent at least 60% of its net assets.</p> <p>The Sub-fund’s investment in other UCITS and/or UCI, including ETFs (“target funds”), will focus on the target funds which adhere to similar ESG and sustainable investment criteria as the ones adopted by the Sub-fund.</p>
	<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. 	For equities and sovereign bonds, the ESG process, including the ethical filter’s exclusion of companies showing governance-related controversies, will be applied on an ongoing basis to ensure that the issuers follow good corporate governance practices.
Proportion of investments Article 29 – SFDR L2	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>Under normal market conditions, a minimum of 70% of the Sub-fund’s net assets will be invested in assets that qualify as aligned with E/S characteristics (#1 Aligned with E/S characteristics).</p> <p>The Sub-fund’s investment in other UCITS and/or UCI, including ETFs (“target funds”), will focus on the target funds which adhere to similar ESG and sustainable investment criteria as the ones adopted by the Sub-fund.</p> <p>The Sub-fund does not use derivatives to attain its environmental or social characteristics.</p>  <pre> graph LR Investments[Investments] --> N1["#1 Aligned with E/S characteristics Min 70%"] Investments --> N2["#2 Other"] N1 --> N1A["#1A Sustainable Min 10%"] N1 --> N1B["#1B Other E/S characteristics"] </pre>

Section	Regulatory Requirements	Disclosure draft
		<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> <p><i>#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.</i></p> <p><i>The category #1 Aligned with E/S characteristics covers:</i></p> <ul style="list-style-type: none"> <i>- The sub-category #1A Sustainable covers sustainable investments with environmental or social objectives.</i> <i>- The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments</i> <p>To classify as sustainable investments, target issuers are assessed on the following indicators :</p> <ul style="list-style-type: none"> o The internal Green/Social/ Sustainability classification of the bonds (GSS bond); o The revenues of the companies categorised as the best ESG performers in their sector as having a ESG rating A and derived from sustainable impact solution or aligned with the European Taxonomy; o The alignment of the company with a credible greenhouse gases emissions transition pathway. It is considered that the companies with relevant and credible greenhouse gases emissions reduction approved by the Science Based Targets initiative (SBTi) can meet the Sustainable investment criteria if they have already achieved a significant reduction of their scope 1 & 2 greenhouse gases intensity of 7% per year over the past three years, in line with the rate implied by the Paris agreement. <p>The remaining investments of the Sub-fund (“#2 Other”) may be invested in (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) securities of issuers from the investment universe, for which no ESG score could be determined, and may be used within the Sub-fund’s investment objective of long term capital growth. No minimum environmental or social safeguards are applied to these investments</p>

Section	Regulatory Requirements	Disclosure draft
Monitoring of environmental or social characteristics Article 30 – SFDR L2	<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>To ensure that environmental and social characteristics are met throughout the lifecycle of the Sub-fund, the ESG process below is applied on an ongoing basis and exclusions are monitored on an ongoing basis.</p> <p><u>Responsible investment process for Equities</u></p> <p>Eligible stocks are identified based on a proprietary process defined and applied by the Investment Manager. The Investment Manager intends to actively manage the Sub-fund to fulfil its objective, selecting stocks with solid fundamentals - profitability, volatility, level of financial leverage, for instance - that offer attractive financial returns while displaying positive ESG criteria relative to their peers.</p> <p><u>Negative screening - Ethical Filter & Controversies</u></p> <p>The Sub-fund seeks to meet the environmental and social characteristics by applying the Investment Manager's proprietary ethical filter. Issuers of securities in which the Sub-fund may invest within the initial investment universe will not be considered for investment if they match one or more of the following criteria:</p> <ul style="list-style-type: none"> ▪ are involved in severe controversies related to human rights community and environmental impacts, governance and 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 and tar sands; ○ tobacco; ○ gambling; <p>The above filter and exclusions will apply to all issuers of securities and will be monitored on an ongoing basis.</p> <p><u>Positive Screening - ESG Scoring</u></p> <p>Equity securities will then be selected within the relevant and eligible asset classes described in the investment policy, taking into account average ESG ratings.</p> <p>To that end, the Investment Manager will analyse and monitor the ESG profile of issuers using information sourced from ESG data providers which could be internal and/or external. Accordingly, within the initial investment universe - and after the negative screening process described above - each single stock of a company within each industry sector will be analysed and ranked by the Investment Manager according to both its fundamentals and the overall ESG score assigned to it by the external ESG data provider. The Investment Manager will select stocks with solid fundamentals while displaying positive ESG score relative to their peers within a given industry sector.</p> <p>The average ESG rating of equity investments of the Sub-fund shall constantly be higher than the average ESG rating of its Initial Investment Universe.</p> <p><u>Negative screening - Sovereign Ethical Filter for Bonds</u></p> <p>In addition, a Sovereign Ethical Filter (negative screening or “exclusions”) is applied on the government bonds investments based on:</p> <ul style="list-style-type: none"> ▪ Money laundering and financing terrorism exclusion criteria: countries with strategic deficiencies in their regimes to combat money laundering and terrorist financing.

Section	Regulatory Requirements	Disclosure draft
		<ul style="list-style-type: none"> ▪ Abusive Tax practices exclusion criteria: countries that encourage abusive tax practices and refused to engage with the European Union to address their shortcoming governance ▪ Social exclusion criteria: countries who are responsible of severe violations of human rights (Freedom House score that falls in the bottom 5%); ▪ Governance exclusion criteria: countries with a high level of corruption (fall in the bottom 5% of Corruption Perception). <p>The result of the above filters is the Sovereign Ethical Filter, a list of Countries that are either allowed or not (excluded) for investing.</p> <p>PAI consideration</p> <p>The main focus is on the following PAIs with reference to Annex I of the Commission Delegated Regulation (EU) 2022/1288, for which a hard exclusion is applied. Those indicators are considered and will be monitored continuously.</p> <p>For investments in global equity securities:</p> <ul style="list-style-type: none"> ▪ Table 1, indicator 14 – Exposure to controversial weapons: Investments in companies whose main turnover is generated by controversial weapons are excluded. ▪ Table 1, indicator 10 – Violations of the UN Global Compact (“UNGC”) principles and the Organisation for Economic Co-operation and Development (“OECD”) Guidelines for Multinational Enterprises – through the application of the exclusion criteria, no investment can be made in funds that invest in companies where there are violations or serious suspicions of possible violations of the OECD Guidelines for Multinational Enterprises or the United Nations Guiding Principles on Business and Human Rights. ▪ Table 1, indicator 3 – GHG Intensity of investee companies whose carbon intensities are high due to their involvement in thermal coal power generation or coal mining above a certain threshold are excluded as per the application of the coal policy. <p>For investments in debt securities issued by Sovereigns:</p> <ul style="list-style-type: none"> ▪ Table 1, indicator 16 – Investee countries subject to social violation - Social exclusion criteria that excluded countries who are responsible of severe violations of human rights, based on “FreedomHouse” data. <p>The number of PAIs considered by the Investment Manager may increase in future when the data and methodologies to measure those indicators will be mature. More information on how PAI are considered during the reference period will be made available in the periodic reporting of the Sub-fund.</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 negative screening, positive screening procedures, 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 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>

Section	Regulatory Requirements	Disclosure draft
Data sources and processing Article 32 – SFDR L2	In the website section ‘Data sources and processing’ referred to in Article 24, point (h), financial market participants shall describe all of the following:	
	<ul style="list-style-type: none"> the data sources used to attain each of the environmental or social characteristics promoted by the financial product; 	<p>The Investment Manager will analyse and monitor the ESG profile of issuers using information sourced from an external ESG data provider.</p> <p>Accordingly, within the initial investment universe - and after the negative screening process described in section (d) Investment Strategy - each single stock of a company within each industry sector will be analysed and ranked by the Investment Manager according to both its fundamentals and the overall ESG score assigned to it by the external ESG data provider.</p> <p>An external ESG data provider is also used to exclude issuers when their controversy level is considered material. The data on which the Sovereign Ethical Filter is based comes from multiple sources. To gauge a possible link between a Government and money laundering or financing terrorism, the Investment Manager will refer to the Financial Action Task Force (FATF) list. Abusive tax practices are based on the EU list of third country jurisdictions for tax purposes. In addition, violation of Human Rights in a particular country is estimated with the data from “Freedom House”. Corruption is assessed with Corruption Perception.</p> <p>The Investment Manager also screens for the ESG score of Sovereign issuers, based on the Government Ratings data provided by an external data provider.</p> <p>Finally, in order to assess the environmental ambitions of Sovereign issuers, the Investment Manager uses the Sovereign Warming Potential NDC individually, as disclosed by multiples countries.</p>
	<ul style="list-style-type: none"> the measures taken to ensure data quality; 	<p>In order to ensure optimal data quality, the ESG analysis team reviews the data provided by external providers and does not hesitate to point out to data providers any information that appears to be erroneous or incomplete.</p>
	<ul style="list-style-type: none"> how data are processed; 	<p>The Investment Manager will analyse and monitor the ESG profile of issuers using information sourced from an external ESG data provider.</p> <p>Accordingly, within the initial investment universe - and after the negative screening process described in section (d) Investment Strategy - each single stock of a company within each industry sector will be analysed and ranked by the Investment Manager according to both its fundamentals and the overall ESG score assigned to it by the external ESG data provider.</p> <p>An external ESG data provider is also used to exclude issuers when their controversy level is considered material. The data on which the Sovereign Ethical Filter is based comes from multiple sources. To gauge a possible link between a government and money laundering or financing terrorism, the Investment Manager will refer to the Financial Action Task Force (FATF) list. Abusive tax practices are based on the EU list of third country jurisdictions for tax purposes. In addition, violation of Human Rights in a particular country is estimated with the data from “Freedom House”. Corruption is assessed with Corruption Perception.</p> <p>The Investment Manager also screens for the ESG score of Sovereign issuers, based on the externally provided data.</p> <p>Finally, in order to assess the environmental ambitions of Sovereign issuers, the Investment Manager uses the Sovereign Warming Potential NDC individually, as disclosed by multiples countries, and as provided by external data providers.</p>

Section	Regulatory Requirements	Disclosure draft
	<ul style="list-style-type: none"> the proportion of data that are estimated. 	In the event that the required data points are not available from the external data provider used, the investment manager will use data from a different data provider or eventually ask ad-hoc analysis. In the case that no data points can be retrieved from any provider, the E and S characteristics of the issuer will not be analysed as no data are estimated.
Limitations to methodologies and data Article 33 – SFDR L2	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>The main methodological limits are:</p> <ul style="list-style-type: none"> The availability of data to conduct ESG analysis; The quality of the data used in the assessment of ESG quality, as there are no universal standards related to ESG information and third party verification is not systematic; The comparability of data, as not all companies publish the same indicators. The use of proprietary methodologies, which relies on the experience and skills of the asset manager’s staff.
	<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); 	Considering the above detailed investment methodology as well as the data sources, the limitations to the attainment of the promoted environmental and social characteristics, are deemed non-material, as the investment universe of the Sub-fund provides an appropriate level of disclosure and coverage of required information to allow for the application of the investment methodology.
	<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. 	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.
Due Diligence Article 34 – SFDR L2	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.	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.
Engagement policies Article 35 – SFDR L2	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>The Investment Manager engages in active shareholder participation based on engagement, activities that contribute to risk mitigation and the creation of value for their investors and that define the pillars that guide engagement and monitoring behavior towards investee issuers from portfolios under collective management. In particular, the Investment manager has adopted an Engagement Policy - in compliance with the provisions of the Directive (EU) 2017/828 of the Parliament European Union and of the Council, as implemented by the consolidated law on finance relating to the policies of commitment to institutional investors - taking into consideration the best practices from the standards international, defines the principles, the active management activities and the responsibilities of the investment Manager.</p> <p>In this regard, the Investment Manager: (i) will monitor the issuing companies in the portfolio, (ii) will commit these latest in financial and non-financial matters including ESG matters and (iii) will engage with the issuing companies for the diffusion of best practices in terms of governance, professional ethics, social cohesion, protection of the environmental and digitalization.</p>
Designated reference benchmark – Optional	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	No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-fund.

Section	Regulatory Requirements	Disclosure draft
Article 36 – SFDR L2	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.	