

**LUX IM – GENERALI INVESTMENTS EURO GOVIES**

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

**Preamble**

**LUX IM – GENERALI INVESTMENTS EURO GOVIES** (“the Sub-fund”) promotes environmental and social characteristics according to a Responsible investment process on the portion of the Sub-fund’s invested in government bonds. Characteristics promoted in the investment process are based on positive environmental, social and governance (“ESG”) criteria relative to its initial investment universe, defined as the “J.P. Morgan EMU Index”. These characteristics include:

- On the environmental pillar: global warming;
- On the social and governance pillars: the fight against money laundering and financing of terrorism, tax practices, human rights violation and corruption.

The Sub-fund does not invest in issuers that qualify as sustainable investment in accordance with Article 2 (17) of Regulation (EU) 2019/2088 (“SFDR”).

The Sub-fund is not 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.

The Sub-fund invests a minimum of 90% of its net assets to investments that are aligned to the promoted environmental and social characteristics.

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
<b>Summary</b>  <b>Article 25 – SFDR II</b>	<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 <a href="https://www.bgfml.lu/site/en/home/sustainable.html">https://www.bgfml.lu/site/en/home/sustainable.html</a></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>	
<b>No sustainable investment objective</b>  <b>Article 26 – SFDR L2</b>	<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>	
	<ul style="list-style-type: none"> <li>▪ 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;</li> <li>▪ 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.</li> </ul>	
<b>Environmental or social</b>	<p>In the website section ‘Environmental or social characteristics of the financial product’ referred to in Article 24, point (c), financial market</p>	<p>The Sub-fund promotes environmental and social characteristics according to a responsible investment process on the portion of the Sub-fund’s invested in government bonds. Characteristics promoted in the</p>

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<p><b>characteristics of the financial product</b></p> <p><b>Article 27 – SFDR L2</b></p>	<p>participants shall describe the environmental or social characteristics that the financial products promote.</p>	<p>investment process are based on positive environmental, social and governance (“ESG”) criteria relative to its initial investment universe, defined as the “J.P. Morgan EMU Index”. These characteristics include:</p> <ul style="list-style-type: none"> <li>• On the environmental pillar: global warming;</li> <li>• On the social and governance pillars: the fight against money laundering and financing of terrorism, tax practices, human rights violation and corruption.</li> </ul>
<p><b>Investment strategy</b></p> <p><b>Article 28 – SFDR L2</b></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"> <li>▪ the investment strategy used to meet the environmental or social characteristics promoted by the financial product;</li> </ul>	<p>The Investment Manager will be applying the ESG selection process on an ongoing basis on the portion of the Sub-fund’s invested in government bonds.</p> <p>The Investment Manager selects securities that present positive ESG criteria relative to its initial investment universe, as per the following process:</p> <p><b>1. Sovereign Ethical Filter (negative screening or “exclusions”)</b></p> <p>The Investment Manager applies on an ongoing basis the below criteria when considering Sovereign issuers.</p> <p><b>1.1 Norm-based exclusion and ESG based exclusion</b></p> <p>The proprietary “Sovereign Ethical Filter”, which excludes any Sovereign issuers that do not comply with one or more of the following elements:</p> <p>1.1.1. <u>Compliance/ Norm-based exclusion:</u></p> <ul style="list-style-type: none"> <li>○ Money laundering and financing terrorism exclusion criteria: countries with strategic deficiencies in their regimes to combat money laundering and terrorist financing, based on the Financial Action Task Force (FATF) list.</li> <li>○ Abusive Tax practices exclusion criteria: countries that encourage abusive tax practices and refused to engage with the European Union to address their shortcoming governance, based on the EU list of third country jurisdictions for tax purposes.</li> </ul> <p>1.1.2. <u>ESG based exclusion:</u></p> <ul style="list-style-type: none"> <li>○ Social exclusion criteria: countries who are responsible of severe violations of human rights, based on “Freedom House” data.</li> <li>○ Governance exclusion criteria: countries with a high level of corruption based on the Corruption Perception Index.</li> </ul> <p><b>1.2. Sovereign ESG Scoring</b></p> <p>As part of the proprietary “Sovereign Ethical Filter”, the Investment Manager will exclude Sovereign issuers with a score below a certain threshold. This filter will apply to all Sovereign issuers of bonds and reference obligations underlying single name CDSs. 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><b>2. Selection based on “Sovereign warming potential “– (positive screening)</b></p> <p>Sovereign issuers are subject to a positive screening based on a warming potential metric, which quantifies emission targets of governments/countries, and it will be used to assess a country’s alignment to a global stabilization goal, based on the country’s commitments to reduce its emission profile. The Sub-fund’s average weighted sovereign warming potential must be lower (meaning “better”) than that of the initial investment universe.</p>

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	<ul style="list-style-type: none"> <li>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.</li> </ul>	Not applicable.
<p><b>Proportion of investments</b></p> <p><b>Article 29 – SFDR L2</b></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 a minimum of 90% of its net assets to investments that are aligned to the promoted environmental and social characteristics. When derivatives are used for the purpose of gaining exposures to single issuers, the E/S characteristics are then attained by applying the Sovereign Ethical Filter and the Sovereign Warming Potential to the underlying single issuers on a look through basis. When the derivative financial instruments used do not involve exposures to single issuers, then such instruments will not be used to attain the E/S characteristics of the Sub-fund.</p> <div data-bbox="1745 625 2436 905" data-label="Diagram"> <pre> graph LR     A[Investments] --&gt; B["#1 Aligned with E/S characteristics Min 90%"]     A --&gt; C["#2 Other"]     </pre> </div> <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>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) securities, directly or indirectly, of issuers from the investment universe, whose issuers did not meet the ESG criteria described above to qualify as exhibiting positive environmental or social characteristics.</p> <p>No minimum environmental or social safeguards are applied to these investments.</p>
<p><b>Monitoring of environmental or social characteristics</b></p> <p><b>Article 30 – SFDR L2</b></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 will be applying simultaneously the Environmental, Social and Governance (ESG) criteria process on an ongoing basis to selected securities, covering at least 90% of the Sub-fund’s portfolio.</p> <p>The Sovereign Ethical Filter applicable to this Sub-fund is reviewed at least on an annual basis and is available in the portfolio management and risk management system for monitoring and ex-ante controls.</p> <p>The Sovereign Warming Potential (NDC) indicator, provided by a third party ESG data vendor, is directly integrated into the portfolio management and risk management system for monitoring and ex-ante controls.</p> <p>In terms of controls, the Investment manager applies, on a periodic basis, several levels of control to ensure that ESG rules are complied with:</p>

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		<ul style="list-style-type: none"> <li>Ex-ante: the Investment Manager checks that the Sub-fund's holdings are in scope of the eligible universe, based on the ESG data available. This comes in addition to the analysis of macro-economic, fundamental and technical features of particular issuers and instruments.</li> <li>Ex-ante and ex-post: limits are set in the front office system (investment limits, including ESG rules and exclusions) by the Investment Control team within the Risk Management department. This could trigger a blocking alert preventing the Investment Manager from investing into a particular issuer. The Sub-fund's Management Company will oversee the information provided by the Investment Manager and ensures that the ESG compliance of the Sub-fund is met.</li> </ul>
<p><b>Methodologies for environmental or social characteristics</b></p> <p><b>Article 31 – SFDR L2</b></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:</p> <p><b>Negative Screening</b> Exclusion of target issuers that:</p> <ul style="list-style-type: none"> <li>are involved in severe controversies related to human rights community and environmental impacts, governance and according to the United Nations Global Compact;</li> <li>are involved in specific activities (according to specific thresholds applied to the revenues deriving from such activities): <ul style="list-style-type: none"> <li>controversial and nuclear weapons;</li> <li>conventional weapons;</li> <li>adult entertainment;</li> <li>unconventional coal and tar sands;</li> <li>tobacco;</li> <li>gambling;</li> </ul> </li> <li>are found to be in breach of one or more of the proprietary "Sovereign Ethical Filter" criteria.</li> </ul> <p><b>Positive Screening</b> Target issuers having complied with the negative screening are further assessed based on a warming potential metric compared to the one of the initial investment universe.</p> <p><b>PAI consideration</b> The Sub-fund considers the following principal adverse impacts ("PAIs") indicators through the application of the proprietary Sovereign Ethical Filter defined in the investment strategy below, the Sub-fund considers the following PAI indicator, with reference to Annex I of the Delegated Regulation (EU) 2022/1288:</p> <ul style="list-style-type: none"> <li>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.</li> </ul> <p>More information on how PAIs are considered during the reference period will be made available in the periodic reporting of the Sub-fund.</p>

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<p><b>Data sources and processing</b></p> <p><b>Article 32 – SFDR L2</b></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"> <li>▪ the data sources used to attain each of the environmental or social characteristics promoted by the financial product;</li> </ul>	<p>The Investment Manager will analyse and monitor the ESG profile of issuers using information sourced from an external ESG data provider.</p> <p>An external ESG data provider is also used to exclude issuers when their controversy level is considered material.</p> <p>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>
	<ul style="list-style-type: none"> <li>▪ the measures taken to ensure data quality;</li> </ul>	<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"> <li>▪ how data are processed;</li> </ul>	<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 Investment Strategy – target issuer 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>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>
	<ul style="list-style-type: none"> <li>▪ the proportion of data that are estimated.</li> </ul>	<p>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.</p>
<p><b>Limitations to methodologies and data</b></p> <p><b>Article 33 – SFDR L2</b></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"> <li>▪ any limitations to the methodologies referred to in Article 24, point (g), and to the data sources referred to in Article 24, point (h);</li> </ul>	<p>The main methodological limits are:</p> <ul style="list-style-type: none"> <li>• The availability of data to conduct ESG analysis;</li> <li>• 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;</li> <li>• The comparability of data, as not all companies publish the same indicators;</li> <li>• The use of proprietary methodologies, which relies on the experience and skills of the asset manager’s staff.</li> </ul>

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	<ul style="list-style-type: none"> <li>▪ how such limitations do not affect how the environmental or social characteristics promoted by the financial product are met.</li> </ul>	<p>In order to avoid affecting the attainment of E/S characteristics, the Investment Manager uses different data providers combined with its own analysis and research to ensure data quality, coverage and reliability.</p> <p>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 by the Investment Manager's external advisor to allow for the application of the investment methodology. Based on the details above, there is no material effect on the attainment of the environmental or social characteristics promoted by the Sub-fund.</p>
<b>Due Diligence</b>  <b>Article 34 – SFDR L2</b>	<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 as the environmental and social characteristics are fully integrated in the investment decision-making process. This compliance has to be ensured by the Investment Manager through pre-trade compliance mechanism in place.</p>
<b>Engagement policies</b>  <b>Article 35 – SFDR L2</b>	<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>This section is not applicable, as the Sub-fund is not deploying an ESG engagement strategy for the attainment of the promoted environmental or social characteristics.</p>
<b>Designated reference benchmark – Optional</b>  <b>Article 36 – SFDR L2</b>	<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>