

LUX IM – ROBECO GLOBAL CONSUMER TRENDS

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 – ROBECO GLOBAL CONSUMER TRENDS (“the Sub-fund”) invests in securities of issuers that contribute to the Sub-fund’s promoted environmental and social characteristics (such as but not limited to environmental management (including carbon emissions, water use and waste generation); human capital management; corporate governance; business ethics and shareholders’ empowerment) in line with the Sub-fund’s defined environmental, social and governance (hereinafter “ESG”) investment strategy.

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 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.

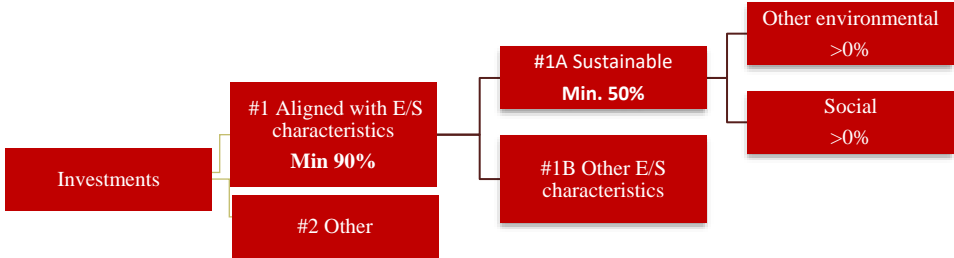
At least 80% of the financial product’s assets are planned to be ESG aligned, a minimum of 50% of the financial product’s assets will qualify as sustainable in accordance with article 2 (17) of the SFDR.

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

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| Summary Article 25 – SFDR II | 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. | Please refer to the standardized 2 pager summary https://www.bgfml.lu/site/en/home/sustainable.html |
| | <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 | 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.” | This financial product promotes environmental or social characteristics but does not have as its objective sustainable investment. |
| | 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>The sustainable investments pursued by the Sub-fund aim to contribute to the UN Sustainable Development Goals (“SDG”), that have both social and environmental objectives. The Investment Manager uses its proprietary SDG Framework and related SDG scores to determine which issuers constitute a sustainable investment as referred to in Article 2(17) SFDR. Positive SDG scores are regarded as sustainable investments.</p> <p>The sustainable investments do no significant harm to any environmental or social sustainable investment objective by considering a principal adverse impact (“PAI”) and aligning with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. In addition, sustainable investments score positively on Investment Manager’s SDG Framework, and therefore do not cause significant harm.</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; | For sustainable investments, the PAI indicators have been taken into account by ensuring that the investments do no significant harm any environmental or social objective. For this purpose, many PAI indicators are either directly or indirectly included in the Investment Manager’s SDG Framework to determine whether a company has significant impacts on the SDGs related to the PAI indicators. |
| | <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 sustainable investments are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights via both the exclusion policy (Exclusion Policy) adopted by the Investment Manager and the Investment Manager’s SDG Framework.</p> <p>The Exclusion Policy includes consideration of the International Labor Organization (ILO) standards, United Nations Guiding Principles (UNGPs), United Nations Global Compact (UNGC) Principles and the Organization for Economic Co-operation and</p> |

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| | | <p>Development (OECD) Guidelines for Multinational Enterprises and is guided by these international treaties to assess the behavior of companies. The Investment Manager continuously screens its investments for breaches of these principles. In case of a breach, the company will be excluded or engaged with, and is not considered a sustainable investment.</p> <p>The SDG Framework screens for breaches on these principles in the final step of the framework. In this step, the Investment Manager checks whether the company concerned has been involved in any controversies. Involvement in any controversy will result in a negative SDG score for the company, meaning it is not a sustainable investment.</p> |
| Environmental or social characteristics of the financial product Article 27 – SFDR L2 | 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. | The Sub-fund invests in securities of issuers that contribute to the Sub-fund’s promoted environmental and social characteristics (such as but not limited to environmental management (including carbon emissions, water use and waste generation); human capital management; corporate governance; business ethics and shareholders’ empowerment) in line with the Sub-fund’s defined environmental, social and governance (hereinafter “ESG”) investment strategy. |
| Investment strategy Article 28 – SFDR L2 | <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 investment objective of the Sub-fund is to provide capital growth over the long term through a diversified exposure to companies that will benefit from structural growth trends in consumer spending. The portfolio construction process combines top-down and bottom-up insights encompassing: (i) the identification of global long term growth trends from a consumer perspective, such as but not limited to the digital transformation of consumption; the emerging economies and the health and wellbeing; (ii) the identification of the companies that benefit from such long-term trends; (iii) the in-depth fundamental valuation of the target companies aiming to select those which are most attractive in terms of higher quality and growth profile.</p> <p>The ESG analysis of the target issuers relies on internal research activity complemented with external research and data from specialised external providers and encompasses the following binding elements. 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; Sustainability risk; ESG profile through the average ESG score of the Sub-fund |
| | <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. | The Investment Manager has a Good Governance policy to assess governance practices of companies. The policy describes how the Investment Manager determines if and when a company does not follow good governance practices and is |

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| | | therefore excluded from the initial investment universe for Article 8 and 9 products. Such Good Governance policy applies to the Sub-fund and tests on a set of governance criteria that reflect widely recognized industry- established norms and include topics as employee relations, management structure, tax compliance and remuneration. |
| Proportion of investments Article 29 – SFDR L2 | <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 90% of its net assets in investments aligned with the environmental/social characteristics. The Sub-fund commits to a minimum proportion of sustainable investments; the Sub-fund do not commit to a minimum share of sustainable investments with an environmental or a social objective because the Sub-fund’s investment strategy does not have a specific environmental or social investment objective. The Sub-fund does not use derivatives to attain its environmental or social characteristics. The Sub-fund’s investment in other UCITS and/or UCI, including ETFs (“target funds”), will focus on the target funds which adhere which adhere to binding ESG and sustainable investment criteria similar to the ones of the Sub-fund and incorporate them in their investment process.</p>  <pre> graph LR Investments --> N1["#1 Aligned with E/S characteristics Min 90%"] Investments --> N2["#2 Other"] N1 --> N1A["#1A Sustainable Min. 50%"] N1 --> N1B["#1B Other E/S characteristics"] N1A --> N1A1["Other environmental >0%"] N1A --> N1A2["Social >0%"] </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> <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 need to contribute to the UN Sustainable Development Goals (“SDG”), that have both social and environmental objectives. The Investment Manager uses its proprietary SDG Framework and related SDG scores to determine which issuers constitute a sustainable investment as referred to in Article 2(17) SFDR. Positive SDG scores are regarded as sustainable investments.</p> <p>A target issuer that has a positive SDG score is considered as sustainable in its entirety.</p> |

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| | | <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 not aligned with the promoted environmental or social characteristics, and may be used within the Sub-fund’s investment objective of capital growth over the long term</p> <p>Where relevant, minimum environmental or social safeguards apply to the underlying securities.</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 and/or that violate the principles of the United Nations Universal Declaration of Human Rights, the International Labor Organization's (ILO) labor standards, the United Nations Guiding Principles for Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises; 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; are involved in any other additional exclusion based on principles defined in the exclusion policy available at https://www.robeco.com/en/sustainability/sustainable-finance-action-plan/ <p>Sustainability risk</p> <p>Target issuers having complied with the negative screening are further assessed for their sustainability risks through an ESG Risk Rating provided by a reputable external ESG data provider and ranging from 0 to 100 (100 being the highest risk rating). Investments with an elevated sustainability risk are defined as companies with an ESG Risk Rating of 40 and higher. The Sub-fund is limited to a maximum exposure of 3% to investments with an elevated sustainability risk, based on the weight in the Sub-fund taking into account regional differences. Each investment with an ESG Risk rating of higher than 40 requires separate approval by a dedicated committee of specialists, compliance and risk management that oversees the bottom-up sustainability analysis.</p> |

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| | | ESG profile The Sub-fund aims to get an average ESG score better than that of its investment universe. |
| Methodologies for environmental or social characteristics Article 31 – SFDR L2 | 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>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> |
| Data sources and processing Article 32 – SFDR L2 | <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 Sub-fund uses the following data sources: 1. The exclusion process uses several data sources from external data providers. 2. The enhanced engagement program uses data derived from the internal process. 3. The fund’s evaluation of sustainability risk is based on data from external providers. 4. The fund’s ESG scores are based on data from external providers. Robeco scrutinises the data quality of each provider during due diligence assessments that includes reviewing the data model, performing statistical checks and evaluating coverage. Data processing takes places in different forms, the preference is always to have data acquisition as automated as possible to avoid any operational risks or unnecessary human intervention. It is currently complex to report sufficiently accurate yet broad numbers on the proportion of data that is estimated. Robeco has calculated the weighted proportion of assets covered per PAI within standard equity and fixed income benchmarks. These figures have been calculated per provider and, where relevant, we used this coverage figure as a determining factor in our choice of vendor for that PAI since, ceteris paribus, they prefer higher coverage for our investible universe. Robeco intends to investigate a methodology for determining the proportion of data that has been internally enriched to support wider applications, e.g., by cascading to the broader corporate structure or using sector averages as proxies. Evaluating the proportion of vendor sourced data that is estimated remains a challenge due to insufficient metadata</p> |
| Limitations to methodologies and data | <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 primary limitation to the methodology or data source is the lack of corporate disclosure. Like many other financial market participants, Robeco struggle to find adequate information on the principal adverse indicators. To overcome this issue, they</p> |

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| Article 33 – SFDR L2 | | <p>have resorted to using multiple data providers, since each has its own respective strengths and weaknesses. In terms of methodology, Robeco frequently see divergence in the way that data vendors deal with certain topics. For instance, for GHG emissions, some vendors blend corporate reporting with modelled data. It has been a common experience to note that 'reported' data can vary between providers due to conflicting policies, quality assurance and other case-by-case factors. The environmental objectives are predominantly linked to more mature themes, specifically carbon, water and waste. Disclosure is far greater today within these areas and so Robeco is able to evaluate a satisfactory proportion of our universe to be able to perform tasks such as exclusions and comparisons between portfolio and benchmark.</p> |
| | <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>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> |
| Due Diligence Article 34 – SFDR L2 | <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> |
| Engagement policies Article 35 – SFDR L2 | <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>The holdings of the Sub-fund are subject to Robeco's enhanced engagement program, that focuses on companies that severely breach minimum standards which Robeco has set out in terms of corporate behavior, climate and biodiversity. In evaluating corporate behavior, we expect companies to comply with internationally accepted codes of conduct for corporate governance, social responsibility, the environment and transparency such as the UN Global Compact and OECD Guidelines for Multinational Enterprises. In the areas of climate change and biodiversity, we expect companies to make sufficient progress against Robeco's climate traffic light score or against the RSPO certification, respectively. The process for enhanced engagement theme selection is a formal part of our exclusion policy. Enhanced Engagement program includes the themes 'Global controversy', 'Acceleration to Paris', and 'Palm oil'. In addition, the holdings of the fund are subject to the selection process of Robeco's value engagement program, that consists of a constructive dialogue between investors and investee companies to discuss how they manage ESG risks and opportunities, as well as stakeholder impact. Although this type of engagement is not directly related to the environmental or social investment strategy of the fund, it can be that adverse sustainability impacts are addressed via the value engagement program.</p> |
| Designated reference benchmark – Optional Article 36 – SFDR L2 | <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> |