

LUX IM – ESG GENERALI INVESTMENTS DIVERSIFIED STRATEGY (“Sub-fund”)**Sustainability-related disclosures required for Article 8 financial products under the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector**

| Section | Disclosure |
|---|---|
| No sustainable investment objective | <p>The Sub-fund promotes environmental or social characteristics, but does not have as its objective sustainable investment. The Sub-fund will allocate a minimum of 10% of its assets in sustainable investments in accordance with Article 2 (17) SFDR.</p> <p>The Sub-fund invests in securities of issuers that contribute to the Sub-fund’s promoted environmental and social characteristics, in line with the Sub-fund’s defined environmental, social and governance (hereinafter “ESG”) investment strategy.</p> |
| Environmental or social characteristics of the financial product | <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. <p>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.</p> |
| Investment strategy | <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. 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; ▪ Positive screening: investment in companies that contribute to the environmental and social objectives pursued by the Sub-fund. ▪ Consideration of principal adverse impacts (PAI) <p>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.</p> |
| Proportion of investments | <p>The Sub-Fund will invest at least 70% of its net assets in investments that are aligned to the promoted environmental and/or social characteristics. (# 1). The minimum proportion of sustainable investments is 10%. (#1A).</p> <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> |

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| | <pre> graph LR Investments --> #1["#1 Aligned with E/S characteristics Min 70%"] Investments --> #2["#2 Other"] #1 --> #1A["#1A Sustainable Min 10%"] #1 --> #1B["#1B Other E/S characteristics"] </pre> |
| Monitoring of environmental or social characteristics | <p>In order to attain the promoted environmental and social characteristics, the eligibility of target issuers is assessed based on the following binding elements:</p> <ul style="list-style-type: none"> ▪ Negative screening (severe controversies and specific activities, e.g. controversial and nuclear weapons; conventional weapons; adult entertainment; coal; tobacco; gambling, Sovereign Ethical Filter for government bonds) ▪ Positive Screening (ESG rating) ▪ PAI consideration |
| Methodologies for environmental or social characteristics | <p>In order to attain the promoted environmental and social characteristics, the eligibility of target investments is assessed based on the negative screening, Positive Screening and PAI consideration procedures.</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> |
| Data sources and processing | <p>The Investment Manager uses data from third-party ESG data providers. 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> |
| Limitations to methodologies and data | <p>The limitations to the attainment of the promoted environmental and social characteristics are related to incomplete and inaccurate data. However, they 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 to allow for the application of the investment methodology.</p> |
| Due Diligence | <p>In order to qualify for initial investment, the target 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 | <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.</p> |
| Designated reference benchmark | <p>No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-fund.</p> |