

LUX IM – BANOR CATHOLIC VALUES

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 – BANOR CATHOLIC VALUES (“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 carbon footprint, energy performance, human rights, employee diversity, equity and inclusion, health and safety) while also respecting the fundamental values of the Catholic Church, relying on the main principles defined by the Italian Episcopal Conference, being the official assembly of the Catholic Church’s bishops in Italy, in 2020, in line with the Sub-fund’s defined environmental, social and governance (hereinafter “ESG”) investment strategy.

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

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.

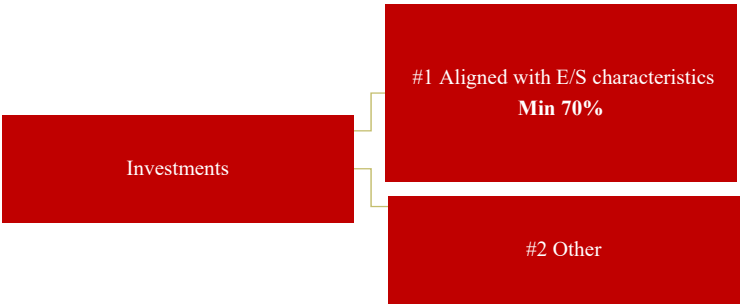
The Sub-fund invests 70% of its net assets in investments that are aligned to the promoted environmental and social characteristics.

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 draft
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:	
	<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; 	
	<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. 	
Environmental or social	In the website section ‘Environmental or social characteristics of the financial product’ referred to in Article 24, point (c), financial market	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 carbon footprint, energy performance, human rights,

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characteristics of the financial product Article 27 – SFDR L2	<p>participants shall describe the environmental or social characteristics that the financial products promote.</p>	<p>employee diversity, equity and inclusion, health and safety) while also respecting the fundamental values of the Catholic Church, relying on the main principles defined by the Italian Episcopal Conference, being the official assembly of the Catholic Church's bishops in Italy, in 2020, in line with the Sub-fund's defined environmental, social and governance (hereinafter "ESG") investment strategy.</p>
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; 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 investment objective of the Sub-fund is to provide an attractive level of total return over the long term, through a diversified and flexible exposure to multiple asset classes, such as equities, fixed income, Money Market Instruments, while seeking to reduce the portfolio's volatility and enhance the performance through the use of financial derivative instruments ("FDIs").</p> <p>In order to achieve its investment objective, the Sub-fund will essentially invest in transferable securities, such as equity securities, debt securities, Money Market Instruments issued by companies listed on stock exchanges (qualifying as Regulated Markets), Governments and supranational entities, mainly based in Europe and US - exposure to emerging markets will not represent more than 10% of the Sub-fund's net assets. The Sub-fund may invest in American depository receipts ("ADRs"), European depository receipts ("EDRs") and global depository receipts ("GDRs") up to 10% of the Sub-fund's net assets.</p> <p>The Investment Manager integrates the ESG analysis within the investments' selection process, as follows:</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. <p>Good governance practices are assessed for each target issuer during the investment due diligence process as well as when the target issuers' investments will be held by the Sub-fund. Processes with respect to general leadership and governance considerations (board composition, including diversity and structure), compliance with social and labour standards, corruption and bribery, donations and political lobbying, executive compensation and policies, tax strategy, including audit committee structure, internal controls and regulatory policies and whistleblower programs are assessed. The assessments are based on the Investment manager's ESG analysis.</p>
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 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 does not use derivatives to attain its environmental or social characteristics.</p>

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		 <p>#1 Aligned with E/S characteristics Min 70%</p> <p>#2 Other</p> <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 securities of issuers not aligned with the promoted environmental or social characteristics, such as (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 long term attractive level of total return.. No specific minimum environmental or social safeguards are applied for investments in cash; financial derivatives and securities not aligned with the pursued ESG characteristics. A negative screening is applied to direct investments in target issuers, avoiding that investments are made in issuers involved in controversial behaviours and/or controversial activities</p>
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>The Investment Manager integrates the ESG analysis within the investments’ selection process, as follows:</p> <p>Negative Screening</p> <p>Exclusion of target issuers that:</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; stems and embryonics cells; abortive drugs.

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		Positive Screening Target issuers having complied with the negative screening are further assessed through ESG internal analysis and ESG rating scores provided by a reputable external ESG data provider and ranging from AAA (best score) to CCC (worst score). The Investment Manager will exclude the issuers with the worst ESG rating scores and pursuing a portfolio ESG rating score equal or above the average value over the rating scale.
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 negative screening, positive screening procedures (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>
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; 	
	<ul style="list-style-type: none"> the measures taken to ensure data quality; 	<p>The Investment Manager uses a range of external data providers of ESG data, reports and ratings. Such external data providers have been selected on the basis of a strong track record on ESG matters. The ESG analysis performed on the whole Sub-fund’s portfolio is registered into a proprietary risk platform and constantly monitored. No estimated data is currently used.</p>
	<ul style="list-style-type: none"> how data are processed; 	
	<ul style="list-style-type: none"> the proportion of data that 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:	
	<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.

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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.	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.
Designated reference benchmark – Optional Article 36 – SFDR L2	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.	No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-fund.