

LUX IM – ESG VONTOBEL CLEAN TECHNOLOGY

Sustainability-related disclosures required for Article 9 financial products under the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector

Preamble

LUX IM – ESG VONTOBEL CLEAN TECHNOLOGY (“the Sub-fund”) intends to invest in underlying investments that positively contribute to environmental challenges associated with climate change and the environment in general, targeting six core Impact Pillars through their products and services, based on pre-determined revenue thresholds and on the investment manager’s assessment using a proprietary impact score. The Impact Pillars are: clean energy infrastructure, resource-efficient industry, clean water, building technology, low emission transportation and lifecycle management. The targeted companies provide products and services along the whole value chain, which tackle today’s pressing environmental problems i.e., environmental pollution, climate change, resource limitations and growing needs for water and wastewater infrastructure.

The Sub-fund invests at least 80% of its net assets in issuers that qualify as sustainable investment in accordance with Article 2 (17) of Regulation (EU) 2019/2088 (“SFDR”).


The Sub-fund is further considering the EU criteria for environmentally sustainable economic activities as defined under Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (“EU Taxonomy Regulation”) to determine the attainment of the sustainable environmental or social characteristics that it promotes, aiming to partially invest in companies contributing, amongst other, to the following EU Taxonomy aligned objectives: climate change adaptation and transition to a circular economy.

No reference benchmark has been designated for the purpose of attaining the sustainable investment objective

Sustainable Finance Disclosure Regulation Level 2 – Website Disclosure

Section	Regulatory Requirements	Disclosure
Summary SFDR L2 Article 37, 38	<p>In the website section ‘Summary’ referred to in Article 37, 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 have sustainable investment as their objective. 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 37, 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 significant harm to the sustainable investment objective SFDR L2 Article 39	<p>In the website section ‘No significant harm to the sustainable investment objective’ referred to in Article 37, point (b), financial market participants shall explain whether and why the investments of the financial product do no significantly harm any of the sustainable investment objectives, and provide all of the following information:</p>	<p>In order to ensure that the sustainable investments that the Sub-fund intends to make do not cause significant harm to any environmental or social investment objective, the Sub-fund implements a screening and an exclusion approach as further described below, takes into account all the mandatory indicators in Table 1 of Annex I of the Commission Delegated Regulation (EU) 2022/1288 for principal adverse impacts (“PAIs”) and ensures that the investments are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.</p>
	<p>a) 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>	<p>The investment manager takes into account all the mandatory adverse impacts indicators in Table 1 of Annex I of the Commission Delegated Regulation (EU) 2022/1288 and any relevant additional indicators by applying the following process:</p> <p>The investment manager identifies investments that are exposed to principal adverse impacts on sustainability factors against pre-determined thresholds based on in-house research; data sources include ESG data providers, news alerts, and the issuers themselves. Where no reliable third-party data is available, the investment manager may make reasonable estimates or assumptions. Where the investment manager identifies an investment as critical in one of the considered principal adverse impacts areas by exceeding the pre-set threshold(s), and where no signs of improvement have been observed, an action must be taken within a reasonable period of time. Action mechanisms include: exclusion, engagement, tilting.</p>
	<p>b) 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>	<p>The Sub-fund has a controversy monitoring process in place that among others takes into account the alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This process is based on third party data and may be complemented by the investment manager’s own ESG research capabilities. The Sub-fund excludes issuers that are</p> <ul style="list-style-type: none"> (i) in violation with the norms and standards promoted by the Sub-fund; (ii) involved in severe controversies.

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		Unless, in either case, the investment manager has not identified a positive outlook (i.e., through proactive response by the issuer, proportionate rectification measures already announced or taken, or through active ownership activities with reasonable promise of successful outcomes).
Sustainable investment objective of the financial product SFDR L2 Article 40	In the website section 'Sustainable investment objective of the financial product' referred to in Article 37, point (c), financial market participants shall describe the sustainable investment objective of the financial product.	<p>The Sub-fund intends to invest in underlying investments that positively contribute to environmental challenges associated with climate change and the environment in general, targeting six core Impact Pillars through their products and services, based on pre-determined revenue thresholds and on the investment manager's assessment using a proprietary impact score. The Impact Pillars are:</p> <ol style="list-style-type: none"> 1. clean energy infrastructure, 2. resource-efficient industry, 3. clean water, 4. building technology, 5. low emission transportation and 6. lifecycle management. <p>The targeted companies provide products and services along the whole value chain, which tackle today's pressing environmental problems i.e., environmental pollution, climate change, resource limitations and growing needs for water and wastewater infrastructure.</p> <p>The Sub-fund invests in issuers that qualify as sustainable investment in accordance with Article 2 (17) SFDR.</p> <p>The Sub-fund is further 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, aiming to partially invest in companies contributing, amongst other, to the following EU Taxonomy aligned objectives: climate change adaptation and transition to a circular economy.</p>
Investment strategy SFDR L2 Article 41	<p>In the website section 'Investment strategy' referred to in Article 37, point (d), financial market participants shall describe all of the following:</p> <ul style="list-style-type: none"> ▪ the investment strategy used to attain the sustainable investment objective; 	<p>The investment objective of the Sub-fund is to provide capital growth over the long term through a diversified and flexible exposure to companies that operate in the green technology sector, and thus which offer technologies and solutions aiming to mitigate climate change and reduce air and water pollution. As a consequence, the asset allocation of the Sub-fund will follow a thematic approach by focusing on companies active in the following areas: green energy infrastructure; smart building technology, low emissions transportation; clean water solutions; resource-efficient industries; recycling.</p> <p>The Sub-fund is integrating the following sustainable investment considerations and related binding elements within its investment process:</p> <ul style="list-style-type: none"> • Negative screening – exclusion of target issuers that are involved in severe controversies and/or activities:

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		<ul style="list-style-type: none"> Positive screening – investment in issuers that contribute to the Impact Pillars through their products and services Sustainable investments – investment in issuers that support the investment objective. <p>In addition, investee companies will be screened based on a minimum ESG score.</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. 	<p>The investment manager will assess investee companies' good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance, by applying a severe controversy monitoring process.</p> <p>The Sub-fund excludes issuers that are</p> <ul style="list-style-type: none"> (i) in violation with the norms and standards promoted by the Sub-fund or (ii) that are involved in severe controversies, including those related to governance matters. <p>Unless, in either case, the investment manager has not identified a positive outlook (i.e., through proactive response by the issuer, proportionate rectification measures already announced or taken, or through active ownership activities with reasonable promise of successful outcomes).</p> <p>Active ownership activities: The Sub-fund further intends to ensure good governance of the investee companies via active ownership. The investment manager puts best effort in engaging with regards to ESG policies and to promote sustainability awareness.</p>
Proportion of investments SFDR L2 Article 42	<p>In the website section 'Proportion of investments' referred to in Article 37, point (e), financial market participants shall insert the information referred to in the section 'What is the asset allocation and the minimum share of sustainable investments?' in the template set out in Annex III to this Regulation 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 80% of its net asset value in investments that qualify as sustainable investments under Article 2 (17) SFDR, being investments with an environmental objective, being investment in companies which have a positive contribution to at least one of the Impact Pillars, as explained above, of which at least 5% are aligned with the EU Taxonomy.</p>  <p>#1 Sustainable covers sustainable investments with environmental or social objectives. #2 Not sustainable includes investments which do not qualify as sustainable investments. To classify as sustainable investments, target issuers must have a positive contribution to at least one of the Impact Pillars, where the company must derive at least 20% of its revenues from economic activities that contribute to at least one of the Impact Pillars. A target issuer that passes such minimum thresholds is considered as sustainable in its entirety.</p>

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		<p>The Sub-fund will partially invest in environmentally sustainable investments, as defined by the EU Taxonomy. However, the Sub-fund also invests in sustainable investments that are not aligned with the criteria set out by the EU Taxonomy but the investment manager is not currently in a position to specify the exact proportion of the Sub-fund's underlying sustainable investments which take into account the EU criteria for environmentally sustainable economic activities.</p> <p>The Sub-fund will invest at least 1% of its investments in enabling activities but does not seek particular exposure to transitional activities.</p> <p>The Sub-fund does not use derivatives to attain its sustainable investment objective.</p> <p>Investments included under “#2 Not sustainable” relate only to either (i) derivatives used for hedging purpose or (ii) cash held as ancillary liquidity. Cash and derivatives held for hedging purposes, by their nature, cannot be subject to any minimum environmental or social safeguards. 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>Monitoring of the sustainable investment objective</p> <p>SFDR L2 Article 43</p>	<p>In the website section ‘Monitoring of the sustainable investment objective’ referred to in Article 37, point (f), financial market participants shall describe how the sustainable investment objective and the sustainability indicators used to measure the attainment of the sustainable investment objective are monitored throughout the lifecycle of the financial product and the related internal or external control mechanisms.</p>	<p>In order to attain the sustainable investment objective, the eligibility of target issuers is assessed based on the following sustainability indicators.</p> <p><u>Negative screening</u></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, OECD guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, ILO guidelines, UN conventions; are involved in specific activities (according to specific thresholds applied to the revenues deriving from such activities), being at least: <ul style="list-style-type: none"> controversial and nuclear weapons; conventional weapons; adult entertainment; coal; unconventional oil and gas; tobacco; gambling; animal testing, fur, palm oil. <p><u>Sustainable Investments</u></p> <p>Target issuers having complied with the negative screening are further assessed according to the following indicators:</p> <ul style="list-style-type: none"> Percentage of company's revenue derived from economic activities that contribute to at least one of the Impact Pillars; Percentage of investments in sustainable investments, by Impact Pillars; Percentage of threshold investments in issuers with an ESG score, provided by a reputable external ESG data provider, below the minimum set for this Sub-fund <p><u>Positive screening:</u></p>

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		<p>In order to qualify for investment,</p> <ul style="list-style-type: none"> the investee companies must have a positive contribution to at least one of the Impact Pillars, where the company must derive at least 20% of its revenues from economic activities that contribute to at least one of the Impact Pillars. To support investment objective / timeline the investment manager applies an active ownership approach. <p>In addition the Sub-fund invests in issuers that the investment manager considers well-prepared to handle financially material environmental and/or social challenges. Investee companies will be screened based on a minimum ESG score, which is provided by a third-party data provider.</p>
Methodologies SFDR L2 Article 44	<p>In the website section 'Methodologies' referred to in Article 37, point (g), financial market participants shall describe the methodologies to measure the attainment of the sustainable investment objective and how the sustainability indicators to measure the attainment of that sustainable investment objective are used.</p>	<p>In order to attain the sustainable investment objective, the eligibility of target issuers is assessed based on the above-described negative screening and positive screening procedures (see 'Monitoring of the sustainable investment objective' above).</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. The data is used to determine and monitor whether the investments are aligned with the sustainable investment objective of the Sub-fund at any time.</p>
Data sources and processing SFDR L2 Article 45	<p>In the website section 'Data sources and processing' referred to in Article 37, point (h), financial market participants shall describe all of the following:</p> <ul style="list-style-type: none"> the data sources used to attain the sustainable investment objective of the financial product; the measures taken to ensure data quality; how data are processed; the proportion of data that are estimated. 	<p>The investment manager of the Sub-fund is using internal research activity complemented with external research and data from specialised external providers or directly provided by the issuers.</p> <p>In order to ensure data quality, the Investment Manager:</p> <ul style="list-style-type: none"> Regularly reviews data in order to ensure completeness, accuracy and consistency Uses multiple data sources May directly engage with the issuers when data gaps occur. <p>Data is stored in a proprietary database bringing together internal and externally provided data and subject to the Investment Manager's data governance requirements. The data sources mentioned above are used in order to implement the Impact Pillars contribution, the SDG evaluation, exclusion approach and DNSH approach, screening, monitoring of severe controversies.</p> <p>The Investment Manager may make reasonable estimates, when data is lacking. Additionally, third party ESG data provider may use estimates themselves. The proportion of data that is estimated by the Investment Manager is indicated to be low to medium, depending on the data type.</p>

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Limitations to methodologies and data SFDR L2 Article 46	In the website section 'Limitations to methodologies and data' referred to in Article 37, 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 37, point (g), and to the data sources referred to in Article 37, point (h); 	<p>In assessing the eligibility of an issuer based on ESG research, there is a dependence upon information and data from third party ESG research data providers and internal analyses which may be based on certain assumptions or hypothesis that render it incomplete or inaccurate. As a result, there is a risk of inaccurately assessing a security or issuer. There is also a risk that the Investment Manager may not apply the relevant criteria of the ESG research correctly or that the financial product could have indirect exposure to issuers who do not meet the relevant criteria. This poses a significant methodological limit to the ESG strategy of the financial product. Neither the financial product, nor the management company nor the investment manager make any representation or warranty, express or implied, with respect to the fairness, correctness, accuracy, reasonableness, or completeness of an assessment of ESG research and the correct execution of the ESG strategy.</p> <p>The investment manager may also engage with investees in order to fill data gaps or may use complimentary data from additional providers or directly from investee disclosures.</p>
	<ul style="list-style-type: none"> why such limitations do not affect the attainment of the sustainable investment objective. 	Based on the details above, there is no material effect on the attainment of the sustainable investment objective of the Sub-fund.
Due diligence SFDR L2 Article 47	In the website section 'Due diligence' referred to in Article 37, 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 SFDR L2 Article 48	In the website section 'Engagement policies' referred to in Article 37, point (k), financial market participants shall describe the engagement policies implemented where engagement is part of the sustainable investment objective, including any management procedures applicable to sustainability-related controversies in investee companies.	The Investment Manager directly engages with the management of companies on relevant topics as part of the fundamental research activities. In particular, the Investment Manager carries out informal fact-finding engagements as part of our structured research process – either due to data gaps or to better understand a company's performance and policies. These engagements address material sustainability issues that are substantial with regard to our sustainable investment objective. Additionally, for areas flagged as key ESG risks, the Investment Manager seeks to understand the company's plans to manage and mitigate them. Through these consultations, the Investment Manager encourages companies to improve their risk management practices as well as impact and sustainability disclosures. Key engagement objectives are linked to the impact pillars of the Sub-fund.
Attainment of the sustainable investment objective SFDR L2 Article 49	In the website section 'Attainment of the sustainable investment objective' referred to in Article 37 point (l), financial market participants shall describe all of the following:	
	<ul style="list-style-type: none"> a) for financial products that have sustainable investment as their objective and for which an index has been designated as a reference benchmark, how that index is aligned with the sustainable investment objective of the financial product, including the input data, the 	No reference benchmark has been designated for the purpose of attaining the sustainable investment objective.

Section	Regulatory Requirements	Disclosure
	methodologies used to select those data, the rebalancing methodologies and how the index is calculated;	
	b) for financial products that have a reduction in carbon emissions as their objective, a statement that the reference benchmark qualifies as an EU Climate Transition Benchmark or an EU Paris-aligned Benchmark as defined in Article 3, points (23a) and (23b), of Regulation (EU) 2016/1011, and a hyperlink to where the methodology used for the calculation of those benchmarks can be found.	Not applicable.
	Where the information referred to in paragraph 1 a) is published on the website of the administrator of the reference benchmark, a hyperlink shall be provided to that information.	Not applicable.
	Where no EU Climate Transition Benchmark or EU Paris-aligned Benchmark as defined in Article 3, points 23a and 23b, of Regulation (EU) 2016/1011 is available, the website section 'Attainment of the sustainable investment objective' referred to in Article 38 point (l), of this Regulation shall mention that fact and explain how the continued effort of attaining the objective of reducing carbon emissions is ensured in view of achieving the objectives of the Paris Agreement. Financial market participants shall explain the extent to which the financial product complies with the methodological requirements set out in Delegated Regulation (EU) 2020/1818.	Not applicable.