

LUX IM – EURIZON GLOBAL 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 – EURIZON GLOBAL GOVIES (“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.

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.

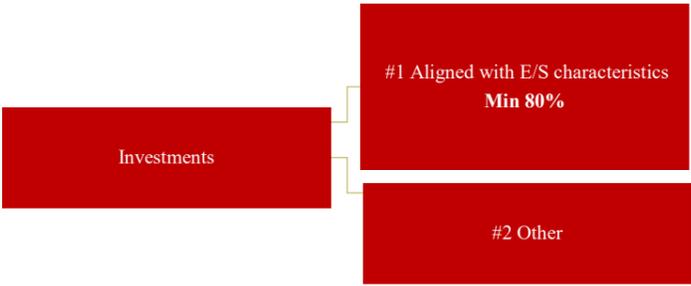
The Sub-fund invests a minimum of 80% of its net assets to investments that are aligned to the promoted environmental and social characteristics.

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
<p>Summary</p> <p>Article 25 – SFDR II</p>	<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>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>	<p>Please refer to the standardized 2 pager summary https://www.bgfml.lu/site/en/home/sustainable.html</p>
<p>No sustainable investment objective</p> <p>Article 26 – SFDR L2</p>	<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>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"> ▪ 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; ▪ 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>This financial product promotes environmental or social characteristics but does not have as its objective sustainable investment.</p>

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<p>Environmental or social characteristics of the financial product</p> <p>Article 27 – SFDR L2</p>	<p>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 promote.</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>
<p>Investment strategy</p> <p>Article 28 – SFDR L2</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"> ▪ 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 objective of the Sub-fund is to provide capital growth and attractive return over the medium to long-term through the investment in a diversified portfolio of debt securities selected across a broad range of global fixed income sectors and geographical exposure.</p> <p>In order to achieve its investment objective, the Sub-fund will essentially invest in debt securities issued by Governments, sovereign/supranational entities and corporates mainly denominated in hard currencies with rating at least investment grade. In normal market conditions, the bonds held by the Sub-fund may all be issued by Governments and sovereign/supranational entities.</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.</p> <p>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; ▪ ESG Score integration: the Sub-fund’s ESG Score, that is, the ESG assessment by specialised data provider, which awards a ranking based on the investee company’s environmental, social and governance profile. ▪ Consideration of principal adverse impacts <p>Issuers who do not comply with good governance practices are considered to be those that do not include independent members in the administrative body. The issuers are identified among those included in the ESG rating systems of reputable external ESG data providers. The monitoring of issuers that do not comply with good governance practices is carried out through specific investment limits that allow both an ex-ante control during the preparation of orders and an ex-post control during the valuation of portfolios.</p>
<p>Proportion of investments</p> <p>Article 29 – SFDR L2</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 80% of its net assets to investments that are aligned to the promoted environmental and social characteristics. 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 includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.</p> <p>#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.</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) 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 for which relevant ESG data is not available, and may be used within the Sub-fund’s investment objective of combination of capital growth and attractive return over the medium to long-term. No specific minimum environmental or social safeguards are applied for such investments.</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 performs specific monitoring activities for the integration of sustainability risk in the strategies mentioned above, specifically:</p> <p>ESG Score integration: with regard to monitoring related to the integration of ESG factors, the activity is supervised through specific investment limits. In addition, the Investment Manager applies specific investment limits on issuers that do not comply with good governance practices.</p> <p>Sector exclusion: the monitoring of portfolio consistency with respect to the list of issuers operating in sectors deemed not "socially responsible" is overseen through specific investment limits that allow both ex-ante control during the preparation of orders and ex-post control during portfolio valuation. In this regard.</p> <p>Issuer exclusion: monitoring of the portfolio's consistency with the list of issuers deemed "critical" is overseen through special investment limits that allow for both ex-ante control when preparing orders and ex-post control when valuing the portfolio. If issuers of securities already in the portfolios of the managed assets are identified that have a rating or have undergone an ESG sustainability rating review that would place them among the "critical" ones, the Investment Manager decides about the activation of an escalation process (so-called "engagement"), also taking into account (i) the significance of the overall positions held by the managed assets or (ii) the exposure within the individual managed assets. "Critical" issuers for which the engagement process is not initiated are divested from the managed portfolios according to the timing deemed most appropriate in the interest of the participants/clients and, in any case, within three months of the decision made. If after 18 months from the activation of engagement, no positive effects or improvement of the sustainability rating have been found the Investment Manager decides whether to initiate the divestment process from the managed portfolio; divestments are made according to the timing deemed most appropriate in the interest of investors and, in any case, within three months of the decision made.</p>

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		<p>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.</p>
<p>Methodologies for environmental or social characteristics</p> <p>Article 31 – SFDR L2</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>The following methodologies are used to measure how the social and environmental characteristics promoted by this Sub-fund are met:</p> <p>Negative Screening 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. ▪ are involved in any other additional exclusion based on principles defined in the exclusion policy available at https://www.eurizoncapital.com/en/sustainability/sustainability-criteria-application <p>ESG Score integration The Sub-fund pursues, in accordance with good governance principles, a higher ESG score than the relative investable universe score through integrating ESG factors into investment analysis, selection and composition.</p> <p>PAI consideration The Investment Manager, in following the measures it has established, also considers specific environmental and social indicators in order to assess the main negative effects on sustainability factors determined by the Sub-fund's investment activities, on the basis of the list below.</p> <p><u>Adverse Impact Indicators applicable to investments in the securities of corporate issuers</u></p> <p><i>Greenhouse gas (GHG) intensity of investee companies:</i> Direct GHG emissions from direct owned or controlled sources (Scope 1) and indirect sources generated by purchased and consumed energy (Scope 2) for each issuer per million euros in revenue.</p> <p><i>Exposure to companies active in the fossil fuel sector:</i> Investments in companies generating revenues from the exploration, extraction or other mining activities, or from the production, processing, storage, refining or distribution, including transport, storage or marketing and trading, of fossil fuels.</p> <p><i>Activities negatively affecting biodiversity-sensitive areas:</i> Investments in companies with sites or operations located in or near to biodiversity-sensitive areas and whose activities negatively affect those areas.</p> <p><i>Gender diversity in the Board of Directors:</i></p>

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		<p>Average ratio of female to male board members in the administrative, management or supervisory body of investee companies, as a percentage of total members.</p> <p><i>Exposure to controversial weapons:</i> Investments in companies involved in the manufacture or selling of unconventional weapons (including anti-personnel mines, cluster munitions, chemical weapons and biological weapons).</p> <p><u>Indicators applicable to investments in sovereign and supranational securities</u> <i>GHG intensity:</i> Direct GHG emissions (Scope 1) generated by economic activity and indirect emissions arising from the use of electricity generated elsewhere (Scope 2) of each country, per million euros of Gross Domestic Product (GDP).</p> <p>In the best interest of its financial products, the Investment Manager undertakes (i) to continue to develop its sustainability policies and (ii) to initiate specific engagement measures in regard to its investee issuers who deviate significantly from the specific environmental, social and governance indicators, or who display significant negative effects across multiple indicators, with the aim of guiding them to improve their sustainability practices. Only as a last resort the Investment Manager will consider the disposal of its investment.</p> <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>
<p>Data sources and processing</p> <p>Article 32 – SFDR L2</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"> ▪ 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 Investment Manager uses one of the leading market data providers specializing in ESG issues as a source of data to assess the environmental and social characteristics promoted by the financial product. The percentage of data estimated is a function of the characteristics of the Issuer and the level of interaction between the info provider and the Issuer itself. In addition, the Investment Manager has introduced appropriate safeguards to ensure the correct representation of the acquired data.</p>
<p>Limitations to methodologies and data</p> <p>Article 33 – SFDR L2</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"> ▪ 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 Investment Manager, using a single data provider, does not have the ability to fill in any missing data or directly correct anomalies by cross-referencing multiple data sources. In addition, it should be noted that the info provider is not always able to verify data with issuers and, therefore, estimates or approximations are used in some cases.</p>

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	<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>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.</p>
<p>Due Diligence Article 34 – SFDR L2</p>	<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>
<p>Engagement policies Article 35 – SFDR L2</p>	<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>
<p>Designated reference benchmark – Optional Article 36 – SFDR L2</p>	<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>