PRECONTRACTUAL DISCLOSURE

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name:
Activmandate Green –Balanced, Growth and Offensive Strategies ("**Product**")

Legal Entity Identifier:
R7CQUF1DQM73HUTV1078

Sustainable investment objective

Does this financial product have a sustainable investment objective?

☒ Yes	☐ No
☒ It will make a minimum of **sustainable investments with an environmental objective:** 80%	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☒ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective:** ___%	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

What is the sustainable investment objective of this financial product?

The Product's sustainable investment objective is to contribute positively to one or more of the seventeen United Nation ("**UN**") Sustainable Development Goals ("**SDGs**")[1].

Currently, the Product focuses on the following four SDGs:

1) access to clean water, sanitation and hygiene (SDG 6);
2) access to affordable and clean energy (SDG 7);
3) sustainable consumption and production (SDG 12); and
4) climate action (SDG 13).

[1] The SDGs are global goals adopted in 2015 to promote sustainable economic, social and environmental development by 2030. They focus on major global issues such as poverty, inequality, climate change, environmental degradation, prosperity, peace and justice. Each SDG has specific targets aimed at improving the overall quality of life while protecting the planet (link: https://www.un.org/sustainabledevelopment/sustainable-development-goals/).

To this end, the Product makes all its investments in underlying "equity" or "bond" investment funds, which are financial products classified as "Article 8" or "Article 9" within the meaning of the Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector ("**SFDR**").

Regarding the Product's investments in equity investment funds and certain bond investment funds: the positive contribution of the underlying investments of these funds to the four SDGs considered is measured with the assistance of our external partner MSCI based on the following information:

- for **SDG 6 (access to clean water, sanitation and hygiene)**: income from products and services related to sanitation, sustainable agriculture and sustainable water projects are taken into consideration, with particular attention given to water consumption reduction targets and water recycling initiatives;
- for **SDG 7 (access to affordable and clean energy)**: companies offering alternative energies and with decarbonisation targets are taken into account, while assessing their performance record and their involvement in energy and climate controversies;
- for **SDG 12 (sustainable consumption and production)**: income from products that contribute to climate change mitigation and natural capital protection, with monitoring of resource management performance trends and resource efficiency measures; and
- for **SDG 13 (climate action)**: companies offering solutions such as alternative energy, with energy and carbon reduction targets, as well as those involved in climate change controversies are taken into account.

In application of its dedicated methodology[2], MSCI determines the degree of contribution to each SDG according to the following alignment grid: "Strongly Aligned"; "Aligned"; "Neutral"; "Misaligned" or "Strongly Misaligned".

It should be noted that the MSCI methodology takes into account a company's level of contribution according to the different relevant SDGs. Thus, a company's contribution can be determined as "Strongly Aligned" with one SDG, but "Strongly Misaligned" with another SDG (e.g. a company active in renewable energy could have a "Strongly Aligned" contribution with SDG 7 (access to clean and affordable energy), but have a "Misaligned" contribution with SDG 6 (access to clean water, sanitation and hygiene) if it has been responsible for water pollution).

As part of the methodology applied within the Product to measure the achievement of the sustainable investment objective (as described below), negative contributions to the four SDGs considered are subtracted from the positive contributions. This ensures that if an underlying fund invests in companies that negatively impact the four SDGs considered, then those companies will be removed from the fund's total alignment, thus penalising this type of investment.

At the Product level, the achievement of the sustainable investment objective is measured in several stages:

1) first, as investments are made in investment funds, the data used to calculate the contribution to the SDGs are aggregated at the level of each fund. Thus, for each SDG considered, MSCI communicates the alignment share of the investment fund invested in companies according to their individual contribution using the alignment grid detailed above (i.e. the alignment share of the fund invested in companies determined to be "Strongly Aligned"; the alignment share of the fund invested in companies determined to be "Aligned", etc.).

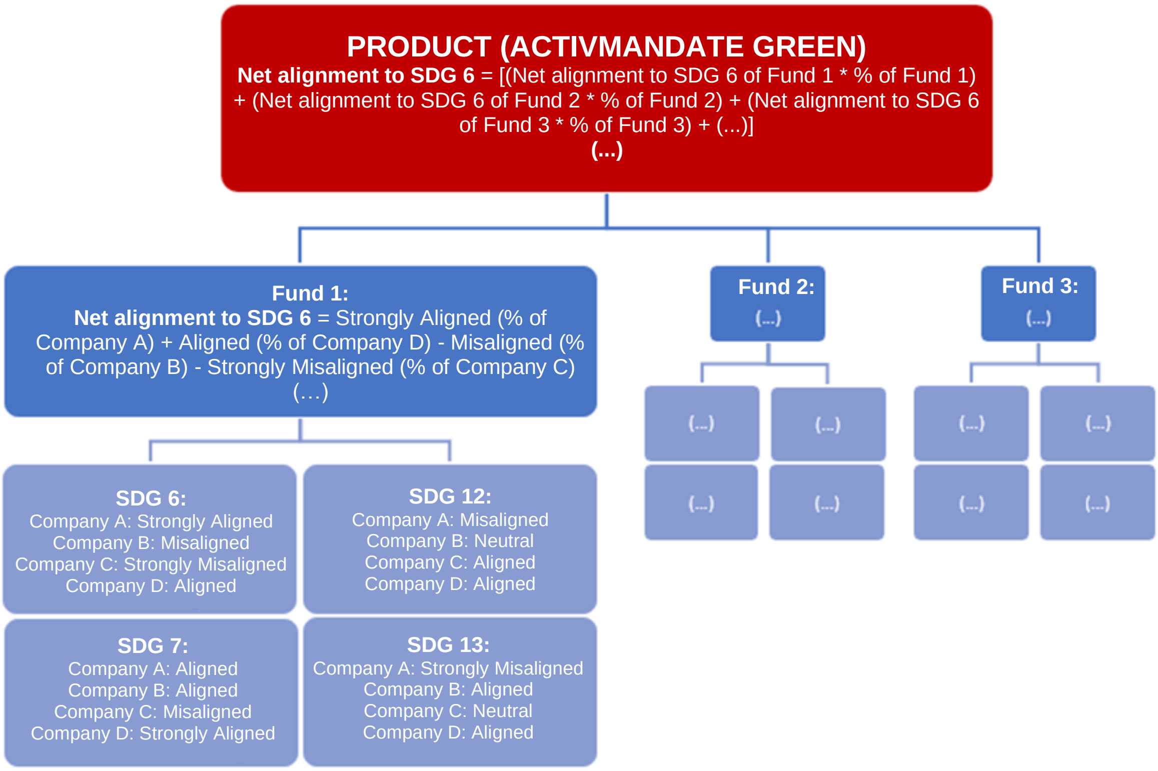
   In this context, the net alignment share of each underlying investment fund is calculated as follows:

   > **Fund net alignment share** = % of "Strongly Aligned" underlying investments + % of "Aligned" underlying investments - % of "Misaligned" underlying investments - % of "Strongly Misaligned" underlying investments;

2) then, at Product level, a minimum net share of "Strongly Aligned" or "Aligned" alignment with each of the four SDGs considered and aggregated for all of these four SDGs must be achieved and maintained (the minimum indicators set are specified above in response to the question *"What sustainability indicators are used to measure the attainment of the sustainable investment objective of this Product?"*).

[2] MSCI SDG Alignment Methodology (link: https://www.msci.com/documents/1296102/15233886/MSCI+SDG+Alignment+Methodology.pdf).

The above methodology can be illustrated as follows:



<u>Regarding the Product's investments in other bond investment funds, mainly invested in sustainability bonds[3] ("Sustainability Bonds"):</u> the positive contribution of the underlying investments of these funds to the four SDGs considered is measured on a qualitative basis only (due to the lack of usable quantitative data to date). To this end, bond investment funds mainly invested (i.e. at least 51%) in Sustainability Bonds are selected. This ensures that the proceeds from these Sustainability Bonds are used to finance environmental or social projects directly linked to the SDGs.

In order to pursue its sustainable investment objective, the Product does not take into account the EU Taxonomy criteria for environmentally sustainable economic activities[4].

Finally, no benchmark has been designated for the purpose of achieving the Product's sustainable investment objective.

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

- ***What sustainability indicators are used to measure the attainment of the sustainamble investment objective of this financial product?***

As above exposed, the Product's sustainable investment objective is to contribute positively to the following four SDGs:

1) access to clean water, sanitation and hygiene (SDG 6);
2) access to affordable and clean energy (SDG 7);
3) sustainable consumption and production (SDG 12); and
4) climate action (SDG 13).

[3] According to the ICMA, *"a sustainability bond is any type of bond instrument where the proceeds or an equivalent amount will be exclusively applied to finance or refinance a combination of both environmental and/or social projects. Sustainability bonds are aligned with the four core components of both the Green Bond Principles (GBP) and Social Bond Principles (SBP), respectively relevant to environmental and social projects. It is understood that certain social projects may also have environmental co-benefits, and certain environmental projects may have social co-benefits. The classification of a use of proceeds bond as a social, green or sustainability bond should be determined by the issuer based on its primary objectives for the underlying projects"* (link: https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-bond-guidelines-sbg/).

[4] In accordance with regulation (UE) 2020/852 of 18 June 2020 on the establishment of a framework to promote sustainable investment and amending SFDR.

The achievement of the Product's sustainable investment objective is measured through the following sustainability indicators:

- at the Product level, cumulatively:
  - the minimum net alignment share considered "Strongly Aligned" or "Aligned" with each of the four SDGs is set at 10%; and
  - the minimum net alignment share considered "Strongly Aligned" or "Aligned" with all four SDGs (i.e. the sum of the net alignment shares to each of the four SDGs) is set at 50%; and
- the share of investments in underlying "bond" investment funds mainly invested (i.e. at least 51%) in Sustainability Bonds.

To this end, the Product makes a minimum of 80% sustainable investments with an environmental objective. This percentage of sustainable investments is calculated as the sum of the investment funds that individually meet the sustainability indicators defined above at the Product level.

Therefore, any investment in an investment fund that has a net alignment share considered "Strongly Aligned" or "Aligned" with each of the four SDGs of at least 10%, and a net alignment share considered "Strongly Aligned" or "Aligned" with all four SDGs (i.e. the sum of the net alignment shares for each of the four SDGs considered) of at least 50% is considered a "sustainable investment" in its entirety and may be included in the calculation of this minimum 80%. This is particularly justified by the fact that some companies can contribute positively to several of the SDGs considered, thus implying that the sum of the alignment of the four SDGs could exceed 100%. Underlying funds with a net positive contribution to these SDGs are therefore considered "sustainable investments" in their entirety.

All bond investment funds mainly invested (i.e. at least 51%) in Sustainability Bonds are also considered "sustainable investments.

The Product's share of sustainable investments thus corresponds to the sum of the weight of investment funds meeting the above criteria and individually complying with the Product's exclusion policy.

The methodology applied to measure the achievement of the Product's sustainable investment objective is detailed below in response to the question *"What is the method used to measure the attainment of the sustainable investment objective using sustainability indicators?"*.

Furthermore, in order to ensure that the alignment with the four SDGs considered is indeed linked to the investment philosophy of the underlying investment funds, and not to a tactical allocation, a qualitative analysis of each fund is carried out on the basis of a standardised questionnaire completed by the fund manager (this was, until recently, performed as part of the systematic exchanges carried out with the fund manager). At the same time, an exclusion policy is also used to control the Product's PAIs on sustainability factors.

Finally, although the criteria for qualifying the underlying investments of the Product as "sustainable investments" are not based on an ESG rating, the Product aims to achieve and maintain a weighted average MSCI ESG rating of minimum AA according to the MSCI ESG rating methodology[5] implementing a "Best-in-Class" approach. In this context, all selected underlying investments must themselves have a minimum MSCI ESG rating of A.

How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?

In terms of the investments made, only underlying investment funds are selected taking into account: (i) the principal adverse impacts ("**PAI**") on sustainability factors; and (ii) complying with the principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work (together the **"International Standards"**).

[5] MSCI ESG Ratings Methodology, in accordance with which MSCI provides an ESG rating that can be used, sector by sector, to measure each issuer's resilience to long-term ESG risks and opportunities. The ESG scores assigned range from leaders (ESG scores: AAA and AA), to average (ESG ratings: A, BBB and BB) to laggards (ESG ratings: B and CCC). The best-rated issuers (AAA and AA) are the issuers that are considered to most effectively manage the main sustainability risks.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

- *How have the indicators for adverse impacts on sustainability factors been taken into account?*

To the extent that the Product makes all of its investments in investment funds classified as "Article 8" or "Article 9" within the meaning of SFDR, all such underlying investments have their own sustainable investment policies that take into account PAIs on sustainability factors.

In order to ensure that PAIs are taken into account:

1) an first level of controls is carried out when selecting the underlying investment funds of the Product: until recently, these controls were performed as part of the systematic exchanges carried out with the fund managers; from now on, the fund managers must answer a standardised questionnaire containing questions relating in particular to the consideration of PAIs and compliance with the "**Do No Significant Harm – DNSH**" principle. Consideration of PAIs on sustainability factors is therefore ensured by the respective policies of the invested investment funds; and

2) a second level of controls is carried out when making the Product's investment decisions: several additional integration and exclusion criteria are applied at the time of each investment to ensure that PAIs on sustainability factors are taken into account.

   Here are more details about the additionnal criteria applied:
   - the Product does not invest in investment funds exposed to companies that generate more than 5% of their income from tobacco-related activities (producers, distributors, suppliers and retailers);
   - the Product does not invest in investment funds exposed to companies that generate more than 10% of their income from thermal coal-related activities (mining and sales);
   - the Product does not invest in funds exposed to companies that generate more than 5% of their income from palm oil production, or more than 15% of their income from palm oil distribution;
   - the Product does not invest in investment funds that do not promote environmental and/or social characteristics (classified as "Article 8" within the meaning of SFDR) or that do not have a sustainable investment objective (classified as "Article 9" within the meaning of SFDR). Thus, investment funds classified as "Article 6" within the meaning of SFDR are excluded from the Product's investment universe;
   - the Product does not invest in investment funds exposed to companies involved in the production of controversial weapons (such as anti-personnel mines, cluster munitions, chemical and biological weapons);
   - the Product does not invest in investment funds that have a MSCI ESG rating lower than A[6];
   - the Product does not invest in investment funds exposed to companies in breach of International Standards (see details of controls performed above in response to the question *"How the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?"*); and
   - the Product does not invest in investment funds exposed to companies that are facing one or more "very severe" controversies related to the environment, clients, human rights, labour rights and governance.

[6] In application of the MSCI ESG Ratings Methodology.

The links between the Product’s investment process, its investment policy and the PAIs are detailed in the following table:

<table>
<tr><th colspan="3">Indicators applicable to investments in companies</th></tr>
<tr><th colspan="2">PAI indicators</th><th>Actions taken</th></tr>
<tr><th colspan="3">Climate and other environment-related indicators</th></tr>
<tr><td rowspan="6">Greenhouse gas emissions (GHG)</td><td>1. GHG emissions</td><td rowspan="6">EXCLUSION
The exclusion criteria target companies active in sectors with high GHG emissions:
Coal: exclusion of investment funds exposed to companies for which the percentage of income from thermal coal mining (including lignite, bitumen, anthracite and steam coal) and its sale to external parties is greater than 10%; and
Controversies: exclusion of investment funds with exposure to companies facing one or more “very severe” controversies related to the environment, clients, human rights, labour rights and governance.
INTEGRATION
The Product focuses its investments on investment funds that are themselves invested in (i) Sustainability Bonds; or (ii) funds that contribute positively to the following SDGs:
SDG 6 (Access to Clean Water, Sanitation and Hygiene), this includes income from sanitation-related products and services, sustainable agriculture and sustainable water projects, with particular attention to water consumption reduction targets and water recycling initiatives;
SDG 7 (access to affordable and clean energy), this concerns companies offering alternative energy and with decarbonisation targets, while assessing their performance record and involvement in energy and climate controversies;
SDG 12 (sustainable consumption and production), income from products that contribute to climate change mitigation and natural capital protection, with monitoring of resource management performance trends and resource efficiency measures; and
SDG 13 (climate action), exposure is measured on the basis of companies offering solutions such as alternative energy, with energy and carbon reduction targets, and those involved in climate change controversies.</td></tr>
<tr><td>2. Carbon footprint</td></tr>
<tr><td>3. GHG intensity of investee companies</td></tr>
<tr><td>4. Exposure to companies active in the fossil fuel sector</td></tr>
<tr><td>5. Share of non-renewable energy consumption and production</td></tr>
<tr><td>6. Energy consumption intensity per high impact climate sector</td></tr>
<tr><td>Biodiversity</td><td>7. Activities negatively affecting biodiversity-sensitive areas</td><td>EXCLUSION
The exclusion criteria specifically target companies that have a negative impact on the environment:
Coal: exclusion of investment funds exposed to companies for which the percentage of income from thermal coal mining (including lignite, bitumen, anthracite and steam coal) and its sale to external parties is greater than 10%;
Palm oil: exclusion of investment funds exposed to palm oil producers who derive more than 5% of their income from this activity and to distributors who derive more than 15% of their income from palm oil; and
Controversies: exclusion of investment funds with exposure to companies facing one or more “very severe” controversies related to the environment, clients, human rights, labour rights and governance.
INTEGRATION
The Product focuses its investments on investment funds that are themselves invested in (i) Sustainability Bonds; or (ii) funds that contribute positively to the following SDG:
SDG 12 (sustainable consumption and production), this is income from products that contribute to climate change mitigation and natural capital protection, with monitoring of resource management performance trends and resource efficiency measures.</td></tr>
<tr><td>Water</td><td>8. Emissions to water</td><td></td></tr>
</table>

		EXCLUSION The exclusion criteria specifically target companies that have a negative impact on the environment. • **Palm oil:** exclusion of investment funds exposed to palm oil producers who derive more than 5% of their income from this activity and to distributors who derive more than 15% of their income from palm oil; and • **Controversies:** exclusion of investment funds with exposure to companies facing one or more "very severe" controversies related to the environment, clients, human rights, labour rights and governance. **INTEGRATION** The Product focuses its investments on investment funds that are themselves invested in (i) Sustainability Bonds; or (ii) funds that contribute positively to the following SDGs: • **SDG 6 (access to clean water, sanitation and hygiene)**, this includes income from sanitation-related products and services, sustainable agriculture and **sustainable water projects**, with particular attention to **water consumption reduction targets** and water recycling initiatives; and • **SDG 12 (sustainable consumption and production)**, income from products that contribute to climate change mitigation and natural capital protection, with **monitoring of resource management performance trends** and resource efficiency measures.
Waste	**9. Hazardous waste and radioactive waste ratio**	**EXCLUSION** The exclusion criteria specifically target companies that have a negative impact on the environment: • **Controversies:** exclusion of investment funds with exposure to companies facing one or more "very severe" controversies related to the environment, clients, human rights, labour rights and governance. **INTEGRATION** The Product focuses its investments on investment funds that are themselves invested in (i) Sustainability Bonds; or (ii) funds that contribute positively to the following SDG: • **SDG 12 (sustainable consumption and production)**, this is income from products that contribute to climate change mitigation and **natural capital protection,** with monitoring of **resource management performance trends and resource efficiency measures.**
Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters		
Social and personnel issues	**10. Violation of UN Global Compact Guiding principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises**	**EXCLUSION** • **International standards**: exclusion of investment funds with exposure to companies that violate the United Nations and OECD guidelines; and • **Controversies:** exclusion of investment funds with exposure to companies facing one or more "very severe" controversies related to the environment, clients, human rights, labour rights and governance are excluded.
	11. Lack of processes and compliance mechanisms to monitor compliance with the UN Global Compact principles and the OECD Guidelines for Multinational Enterprises	**EXCLUSION** • **International standards**: exclusion of investment funds with exposure to companies that violate the United Nations and OECD guidelines; and • **Controversies:** exclusion of investment funds with exposure to companies facing one or more "very severe" controversies related to the environment, clients, human rights, labour rights and governance are excluded.

	12. Unadjusted gender pay gap	**EXCLUSION** • **Controversies:** exclusion of investment funds with exposure to companies facing one or more "very severe" controversies related to the environment, clients, human rights, labour rights and governance are excluded.
	13. Board gender diversity	**EXCLUSION** • **Controversies:** exclusion of investment funds with exposure to companies facing one or more "very severe" controversies related to the environment, clients, human rights, labour rights and governance are excluded.
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	**EXCLUSION** • **Controversial weapons**: in accordance with international conventions, exclusion of investment funds exposed to companies involved in the production of controversial weapons (such as anti-personnel mines, cluster munitions, chemical and biological weapons).
Indicators applicable to investments in sovereign and supranational		
PAI indicator		**Actions taken**
Environmental	**15. GHG intensity**	**INTEGRATION** The Product's investments in sovereign bonds would be made through: (i) investment funds invested in Sustainability Bonds; or (ii) funds with a positive contribution to the four SDGs considered. To this end, these investments are aimed in particular at reducing GHG emissions.
Social	**16. Investee countries subject to social violations**	**EXCLUSION** Exclusion of investment funds domiciled in countries deemed to be high risk or subject to sanctions pursuant to the corresponding internal system (it being specified that there is currently no precise regulatory definition of what constitutes a "social violation" as mentioned in this indicator).

- ***How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?***

As with the consideration of the above PAIs, to the extent that the Product makes all of its investments in investment funds classified as "Article 8" or "Article 9" within the meaning of SFDR, all these underlying investments have their own sustainable investment policies that ensure compliance with International Standards.

To ensure effective compliance with International Standards:

1) a first level of controls is carried out when selecting the underlying investment funds of the Product: until recently, these controls were performed as part of the systematic exchanges carried out with the fund managers; from now on, the fund managers must complete a standardised questionnaire containing questions relating in particular to the consideration of PAIs and compliance with the DNSH principle. Compliance with International Standards is therefore ensured by the respective policies of the investment funds invested; and

2) a second level of control is carried out when making investment decisions on the Product: control of compliance with International Standards is one of the additional exclusion criteria applied at the time of each investment.

Moreover, the Product does not invest in investment funds exposed to companies that are facing one or more "very severe" controversies related to the environment, clients, human rights, labour rights and governance.

All these controls are carried out using data provided by our service provider MSCI in accordance with its dedicated methodology[7].

Does this financial product consider principal adverse impacts on sustainability factors?

☒ Yes, the Product takes into account the PAIs on sustainability factors, as detailed in the table included above in the answer given to the question "*How have the indicators for adverse impacts on sustainability factors been taken into account?*".

The periodic disclosure regarding the PAIs on sustainability factors of the Product will be communicated annually to clients in the annex to the portfolio valuation report named: "*Annex to the Portfolio Valuation Report – Discretionary Portfolio Management, Periodic disclosure for the financial products referred to in Article 9 of Regulation (EU) 2019/2088 ("SFDR")*".

☐ No

What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Product is a thematic investment product which, as part of its sustainable investment objective, aims to build a portfolio of investment funds that positively contribute to one or more selected SDGs. The right positioning is determined to take advantage of environmental opportunities, while minimizing the risk of exposure to companies that are considered ill-prepared for the environmental challenges ahead. In this context, climate change and environmental issues are particularly relevant.

The investment strategy entails:

1) negative screening that allows investment funds that do not meet certain criteria to be excluded from the Product's investment universe, as detailed below in the answer to the question *"What are the binding elements of the investment strategy used to select investments with a view to attain the sustainable investment objective?"*;

2) to select investment funds, an integration approach is applied based on the net contribution of the underlying funds to the following four selected SDGs:
    - access to clean water, sanitation and hygiene (SDG 6);
    - access to affordable and clean energy (SDG 7);
    - sustainable consumption and production (SDG 12); and
    - climate action (SDG 13).

The exposure of each underlying investment fund relative to each level of contribution of the investee companies (according to the dedicated methodology[8] of MSCI: "Strongly Aligned"; "Aligned"; "Neutral"; "Misaligned" or "Strongly Misaligned") is used to determine a net alignment at the Product level. Therefore, the net alignment share of an underlying fund is calculated as follows:

Fund net alignment share = % of "Strongly Aligned" underlying investments + % of "Aligned" underlying investments - % of "Misaligned" underlying investments - % of "Strongly Misaligned" underlying investments.

As part of the methodology applied within the Product to measure the achievement of the sustainable investment objective, negative contributions to the four SDGs considered are subtracted from positive contributions. This ensures that if an underlying fund invests in

[7] MSCI ESG Controversies and Global Norms Methodology (link: https://www.msci.com/documents/1296102/14524248/ESG-Research-Controversies-Methodology.pdf).
[8] MSCI SDG Alignment Methodology (link: https://www.msci.com/documents/1296102/15233886/MSCI+SDG+Alignment+Methodology.pdf).

companies that negatively impact the four SDGs considered, then those companies will be removed from the fund's total alignment, thus penalising this type of investment.

To this end, the Product makes a minimum of 80% sustainable investments with an environmental objective. This percentage of sustainable investments is calculated as the sum of the investment funds that individually meet the sustainability indicators (as defined at the Product level and described below in the answer to the question *"What sustainability indicators are used to measure the attainment of the sustainable investment objective of this Product?"*).

Therefore, any investment in an investment fund that has a net alignment share considered "Strongly Aligned" or "Aligned" with each of the four SDGs of at least 10%, and a net alignment share considered "Strongly Aligned" or "Aligned" with all four SDGs (i.e. the sum of the net alignment shares for each of the four SDGs considered) of at least 50% is considered a "sustainable investment" in its entirety and may be included in the calculation of this minimum 80%. This is particularly justified by the fact that some companies can contribute positively to several of the SDGs considered, thus implying that the sum of the alignment of the four SDGs could exceed 100%. Underlying funds with a net positive contribution to these SDGs are therefore considered "sustainable investments" in their entirety.

All bond investment funds mainly invested (i.e. at least 51%) in Sustainability Bonds are also considered "sustainable investments";

3) the application of the integration approach is also based on selection criteria according to an MSCI ESG rating. Thus, for an investment fund to be able to enter the Product's investment universe, it must have a minimum MSCI ESG rating of A. In addition, the entire investment portfolio of the Product (excluding cash) must reach and maintain a minimum weighted average MSCI ESG rating of AA;

4) a qualitative analysis of the underlying investment funds is also carried out: each of the managers of the underlying funds is questioned in order to assess their approach to sustainability. Until recently performed as part of the systematic exchanges carried out with the fund managers, this qualitative analysis is now also based on a standardised questionnaire completed by these managers. This step includes assessing the integration of sustainability risks and factors into the investment process, the investment philosophy applied, consideration of PAIs on sustainability factors and compliance with the DNSH principle; and

5) the Product takes into account PAIs on sustainability factors through its selection of underlying investment funds that take into account these impacts, but also through the exclusion policy applied and detailed above.

What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?

As part of the selection process for the Product's underlying investment funds, a combination of binding criteria, both quantitative and qualitative, is used to achieve the sustainable investment objective.

Thus:

1) a negative selection of the investment funds universe is applied based on the following exclusion criteria:
    - the Product does not invest in investment funds exposed to companies that generate more than 5% of their income from tobacco-related activities (producers, distributors, suppliers and retailers);
    - the Product does not invest in investment funds exposed to companies that generate more than 10% of their income from thermal coal-related activities (mining and sales);

- the Product does not invest in funds exposed to companies that generate more than 5% of their income from palm oil production, or more than 15% of their income from palm oil distribution;
- the Product does not invest in investment funds that do not promote environmental and/or social characteristics (classified as “Article 8” within the meaning of SFDR) or that do not have a sustainable investment objective (classified as “Article 9” within the meaning of SFDR). Thus, investment funds classified as “Article 6” within the meaning of SFDR are excluded from the Product’s investment universe;
- the Product does not invest in investment funds exposed to companies involved in the production of controversial weapons (such as anti-personnel mines, cluster munitions, chemical and biological weapons);
- the Product does not invest in investment funds that have a MSCI ESG rating lower than A[9];
- the Product does not invest in investment funds exposed to companies in breach of International Standards (see details of controls performed above in response to the question *“How the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?”*); and
- the Product does not invest in investment funds exposed to companies that are facing one or more “very severe” controversies related to the environment, clients, human rights, labour rights and governance;

2) minimum levels of alignment with the SDGs considered are required:
    - the minimum net alignment share considered “Strongly Aligned” or “Aligned” with each of the four SDGs is set at 10%;
    - the minimum net alignment share considered “Strongly Aligned” or “Aligned” with all four SDGs (i.e. the sum of the shares of net alignment with each of the four SDGs) is set at 50%; and
    - the share of investments in underlying “bond” investment funds mainly invested (i.e. at least 51%) in Sustainability Bonds; and

3) ESG integration criteria are applied:
    - the Product aims to achieve and maintain a weighted average MSCI ESG rating of at least AA; and
    - a qualitative analysis, based on a standardised questionnaire, is carried out in order to verify the consideration of PAIs on sustainability factors and compliance with the DNSH principle of the underlying investment funds.

[9] In application of the MSCI ESG Ratings Methodology.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

What is the policy to access good governance practices of the investee companies?

The good governance practices of the underlying investment funds are analysed and evaluated: (i) during the qualitative checks phase through the standardised questionnaire submitted to fund managers (until recently, this was done as part of the systematic exchanges conducted with the fund managers); and (ii) by maintaining dialogue with and challenging the fund managers.

At the same time, to monitor this aspect, an analysis of controversies is carried out. Environmental, social and governance controversies are analysed and assessed on the basis of their severity, nature and extent of their impact. This analysis is carried out using data provided by our partner MSCI in application of its dedicated methodology[10] and under which:

- governance controversies are grouped into the following four categories: “Bribery and Fraud”, “Controversial Investments”, “Governance Structures” and “Other”; and
- social controversies are grouped into seventeen different categories divided into three clusters relating to “Customers”, “Human Rights and Community Impact” and “Labour Rights and Supply Chain”.

It is specified that a single controversy may concern several categories among those mentioned above.

When selecting the underlying investment funds, an analysis of controversies is therefore carried out on the basis of investments look-through. Funds invested in companies that present controversies deemed “very severe” and in particular those mentioned above, are excluded from the Product’s investment universe.

In addition, controversies are also analysed directly by our partner MSCI, which determines an alignment with International Standards. Funds invested in companies that are in breach of these International Standards are excluded from the Product’s investment universe.

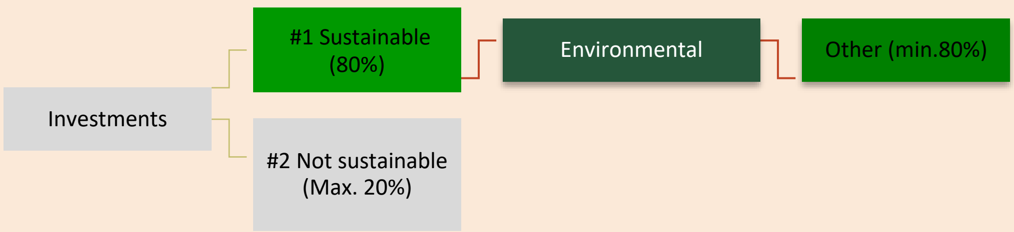
Finally, investment funds with an MSCI ESG rating lower than A are also excluded from the Product’s investment universe.

What is the asset allocation and the minimum share of sustainable investments?

Asset allocation describes the share of investments in specific assets.

The Product invests exclusively (minimum 80%) in investment funds that: (i) contribute positively to the four SDGs under consideration; or (ii) invest predominantly in Sustainability Bonds.

The non sustainable part of the Product (maximum 20%) consists of cash-only for the purposes of sound managemnt of the Product.



#1 Sustainable covers sustainable investments with environmental or social objectives.
#2 Non sustainable includes investments which do not qualify as sustainable investments.

[10] MSCI ESG Controversies and Global Norms Methodology (link: https://www.msci.com/documents/1296102/14524248/ESG-Research-Controversies-Methodology.pdf).

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

How does the use of derivatives attain the sustainable investment objective?

The Product does not invest in derivatives.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

In order to pursue its sustainable investment objective, the Product does not take into account the criteria of the EU Taxonomy relating to environmentally sustainable economic activities[11].

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[12]?

☐ Yes :

☐ In fossil gaz ☐ In nuclear energy

☒ No

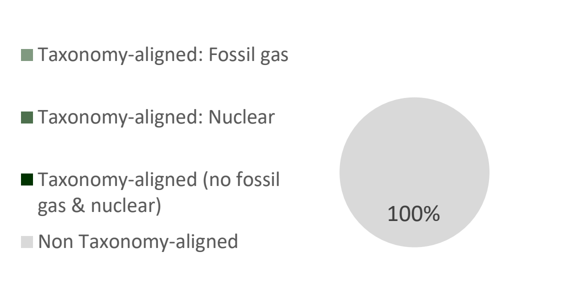
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

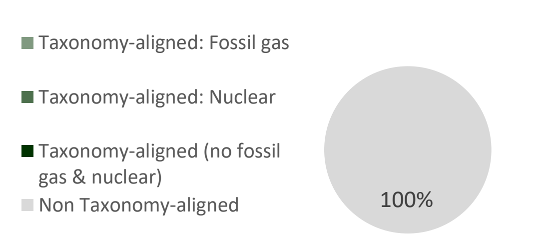
Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission leels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropiate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-alignment of investments, **including sovereign bonds***



2. Taxonomy-alignment of investments, **excluding sovereign bonds***



This graph represents 100% of the total investments

**** For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.***

The Product does not take into account the EU Taxonomy in its selection criteria.

What is the minimum shar e of investments in transitional and enabling activities?

The Product has not no minimum share of investments in transitional and enabling activities.

[11] In accordance with regulation (UE) 2020/852 of 18 June 2020 on the establishment of a framework to promote sustainable investment and amending SFDR.

[12] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentaly sustainable economic activities under the EU Taxonomy.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 80%. The remaining 20% consists of cash-only for the purposes of sound managemnt of the Product.

What investments are included under "#2 Not sustainable", what is their purpose and are there any minimum environmental or social safeguards?

Investments included under "#2 Not sustainable" are cash-only and therefore do not meet any minimum environmental or social safeguards.

Where can I find more product-specific information online?

More product-specific information can be found on the website:
https://www.spuerkeess.lu/en/activmandate-green/

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