

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: FFG Cleantech II Legal entity identifier: 549300BOYS2N4DQ86621

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective? *[tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments]*



Yes



No



It will make a minimum of **sustainable investments 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



It will make a minimum of **sustainable investments with a social objective**: ____%



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 **51%** of sustainable investments



with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**

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 lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

What environmental and/or social characteristics are promoted by this financial product?

This Sub-Fund promotes the following environmental and social characteristics:

- Clean technologies
- Compliance with international human and labour rights standards
- Excluding socially controversial activities
- Fighting poverty through job creation

Clean technologies

This Sub-Fund invests primarily in equities of companies active in the Cleantech sector and listed on regulated markets. The term "Cleantech" covers all products and services that enable a cleaner and more efficient use of the earth's natural resources such as energy, water, air or raw materials.

Compliance with international human and labour rights standards

This Sub-Fund will only invest in securities issued by companies that comply with international human rights, labour, environmental and anti-corruption principles, standards or frameworks. Any company that violates these standards is excluded from the investment universe of the Sub-Fund.

Excluding socially controversial activities

This Portfolio will only invest in securities issued by companies that are not materially involved in economic activities considered harmful, such as (but not limited to) the manufacture and trade of arms, tobacco or coal. The harmful activities considered and the materiality thresholds applied are detailed in the next question.

Promoting job creation to fight poverty

In addition to the environmental and social characteristics promoted by the Portfolio through its investments, investing in this Portfolio indirectly generates a concrete social impact through Funds For Good, which coordinates the distribution of the UCITS. After deducting its operating costs, Funds For Good pays out the greater of the following two amounts 50% of its net profits or 10% of its turnover to the social project it created and manages, "Funds For Good Impact". "Funds for Good Impact" dedicates all of its financial resources to fighting poverty by promoting job creation. "Funds For Good Impact" provides honorary loans with no collateral to people in precarious employment situations with a business project. This financial support (coupled with human support in the form of coaching) enables these entrepreneurs to start their own business. More information is also available at www.fundsforgood.eu.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

Clean technologies

The Sub-Fund invests in clean technology companies. Each company targeted by the Sub-Fund therefore contributes to at least one of the three themes:

- "Renewable energies" which come from non-exhaustible natural sources such as sun, wind, tide, etc.

- "Resource efficiency", or the more sustainable use of natural resources to reduce our impact on the environment
- "Energy efficiency", enabling more efficient use of energy.

Compliance with international human and labour rights standards: Issuing companies must comply with at least the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the International Labour Organisation standards and the OECD Guidelines for Multinational Enterprises. Any company that violates these principles or is proven, through controversy screening, to be responsible for undesirable human rights, labour, environmental and anti-corruption behaviour is excluded from our investment universe.

Exclusion of socially controversial activities Involvement is measured on the basis of the share of the company's turnover that comes from the harmful activity. Involvement beyond a certain materiality threshold implies the exclusion of the company from the investment universe.

- There is zero tolerance for any involvement in controversial weapons or speculation in agricultural commodities.
- There is a 5% threshold for any economic activity related to tobacco, coal and unconventional oil and gas.
- For electricity generation, power companies are allowed in the portfolio provided that they derive more than 50% of their revenues from renewables and that they do not derive more than 5% of their revenues from coal-fired power generation.
- The Fund will not hold financial instruments issued by governments or public companies in countries that violate the UN Global Compact, or are subject to international sanctions, or in countries under EU embargo.
- If the issuing company is listed on the FFG Exclusion List, all securities issued by that company are excluded from the investment universe of the Sub-Fund.



● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The Sub-Fund aims to contribute to a number of sustainability themes (renewable energy, resource efficiency and energy efficiency) by investing in companies which, through their activities, contribute to these themes.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

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

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.

The principal adverse indicators listed in Table 1 of Annex I of the Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 are assessed and monitored on an ongoing basis by the investment manager.

Negative outliers will be analysed in more detail and corresponding actions will be taken on a case-by-case basis (e.g. engagement with the companies concerned or even exclusion of the asset concerned) with the overall aim of reducing negative impacts.

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

Issuing companies must comply with at least the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the International Labour Organisation standards and the OECD Guidelines for Multinational Enterprises, among others. Any company that violates these principles or is proven to be responsible for undesirable human rights, labour, environmental and anti-corruption behaviour is excluded from the investment universe. Funds For Good has the discretion to add to its exclusion list any company reported by the media for misinformation, controversial behaviour or irresponsible lobbying.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



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

X Yes, this Sub-Fund addresses key negative sustainability impact indicators through its mandatory exclusion policy. In addition, negative impact indicators are selected and monitored on an ongoing basis by the investment manager. Negative outliers will be analysed in more detail and corresponding actions will be taken on a case-by-case basis (e.g. engagement with the companies concerned or even exclusion of the asset concerned) with the overall aim of reducing negative impacts.

No

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

What investment strategy does this financial product follow?

The Sub-fund aims to achieve long-term capital growth. It is actively managed and, via a so-called "thematic" investment strategy, invests directly in shares of companies involved in cleantech and listed on regulated markets. The term "cleantech" covers all products and services that enable a cleaner and more efficient use of the earth's natural resources such as energy, water, air or raw materials. The sub-fund focuses on companies operating in sectors such as renewable energy, energy efficiency, water treatment, waste recycling, pollution control and high-tech materials.

The Sub-Fund also applies an "exclusion" strategy, whereby issuers of financial securities are excluded from the investment universe if they do not meet certain international standards, and/or are involved in controversial activities above a pre-defined materiality threshold. This strategy is also based on an exclusion list of different issuers (companies and/or governments) in which the Fund may not invest.

Finally, Capricorn Partners is an active shareholder that invests a large portion of its assets under management in small and medium-sized growth companies in Europe, which may lead to Capricorn obtaining a seat on the company's board. As such, Capricorn's investment managers engage with portfolio companies in personal contact with management to discuss and promote ESG issues.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

In order to achieve the promoted environmental or social characteristics, this Sub-Fund invests in securities of financial issuers that meet the following conditions.

Firstly, the issuer must carry out at least one third of its activities in at least one of the following three areas: renewable energy, resource efficiency or energy efficiency.

Secondly, the issuer of the financial instrument must comply with at least the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the International Labour Organisation standards and the OECD Guidelines for Multinational Enterprises. Any company that violates these principles or is proven, through controversy screening, to be responsible for undesirable human rights, labour, environmental and anti-corruption behaviour is excluded from our investment universe.

In addition, the issuer of the financial security must not be involved in controversial activities beyond the materiality threshold determined for the activity in question. The degree of involvement is measured on the basis of the share of the company's turnover that comes from the harmful activity.

- There is zero tolerance for any involvement in controversial weapons or speculation in agricultural commodities.
- There is a 5% threshold for any economic activity related to tobacco, coal, nuclear energy and unconventional oil and gas.
- For electricity generation, power companies are allowed in the portfolio provided that they derive more than 50% of their revenues from

renewables and that they do not derive more than 5% of their revenues from coal-fired power generation.

- The Fund will not hold financial instruments issued by governments or public companies in countries that violate the UN Global Compact, or are subject to international sanctions, or in countries under EU embargo.

These environmental and social criteria are verified before each investment and on a regular basis after the investment and at least annually by the investment manager.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

There is no predefined minimum reduction rate.

● ***What is the policy to assess good governance practices of the investee companies?***

The Investment Manager regularly reviews the good governance practices of portfolio companies. This analysis covers the following four dimensions:

- Sound management structures
- Staff relations
- Remuneration of competent personnel
- Compliance with tax obligations

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



What is the asset allocation planned for this financial product?

The FFG Sub-fund will seek long-term capital appreciation through a diversified portfolio of clean technology stocks.

All equity investments made by the Sub-Fund will be aligned with the environmental and social characteristics promoted by the Sub-Fund. Other investments of the Sub-Fund, such as cash and investments for hedging purposes, must not meet the economic and social characteristics promoted by the Sub-Fund. The weight of these investments will remain limited to 5% of the net assets of the Sub-Fund in normal market circumstances. The minimum proportion of the Sub-Fund's investments aligned with the environmental and social characteristics promoted by the Sub-Fund will therefore be 95% in normal market circumstances.

The Sub-Fund promotes environmental and social characteristics and will contain a minimum of 51% of sustainable investments with an environmental objective in economic activities that are not considered environmentally sustainable under the EU taxonomy ("*#1A Sustainable*" below).

The Sub-Fund will contain up to 49% of investments that are aligned with the environmental or social characteristics promoted by the Sub-Fund but which are not considered to be sustainable investments ("*#1B Other E/S characteristics*" below)

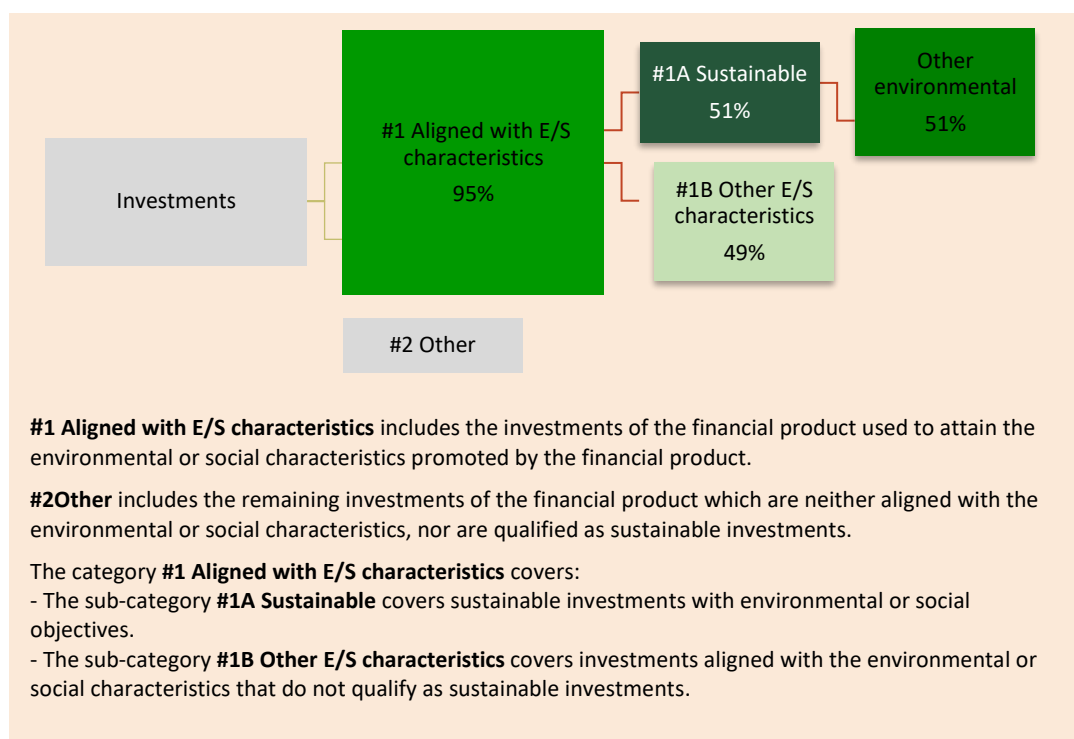
Asset allocation describes the share of investments in specific assets.

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.

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 levels corresponding to the best performance.



● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

This Sub-Fund does not use derivatives to achieve the environmental or social characteristics promoted by the Sub-Fund.

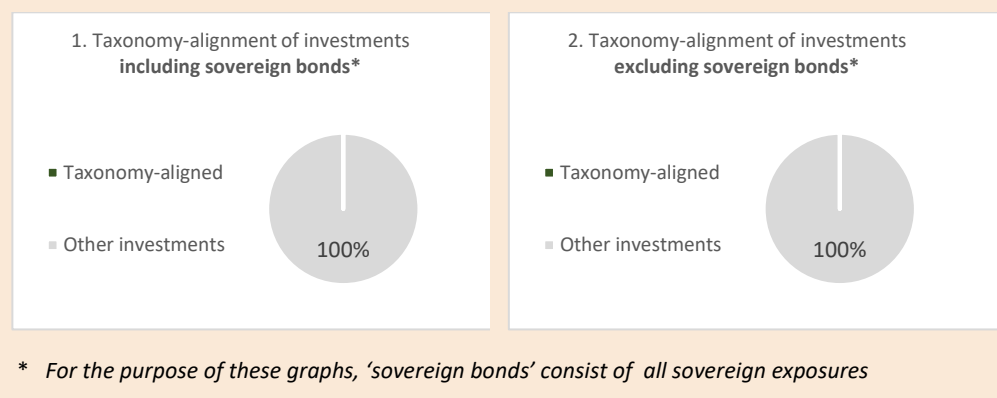


To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

This Sub-Fund does not target sustainable investments within the meaning of Article 17(2) of Regulation 2019/2088 and therefore does not commit to a minimum alignment with the EU Taxonomy Regulation, as the Investment Manager is currently unable to determine the precise extent to which the Sub-Fund's investments are environmentally friendly activities aligned with the EU Taxonomy or investments in enabling and transitional activities.

Therefore, the minimum measure is currently 0%.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate 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.



● **What is the minimum share of investments in transitional and enabling activities?**

The minimum share is currently 0%.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally 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?

This does not apply to this Sub-Fund.



What is the minimum share of socially sustainable investments?

This does not apply to this Sub-Fund.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

Investments included under " #2 Other" are investments in cash, bank deposits, money market instruments, money market funds or other eligible liquid assets or investments for hedging purposes.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No benchmarks have been identified to determine whether this Sub-Fund is consistent with the environmental and social characteristics it promotes.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

This does not apply to this Sub-Fund.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

This does not apply to this Sub-Fund.

- ***How does the designated index differ from a relevant broad market index?***

This does not apply to this Sub-Fund.

- ***Where can the methodology used for the calculation of the designated index be found?***

This does not apply to this Sub-Fund.



Where can I find more product specific information online?

More product-specific information can be found on the website:
<https://www.fundsgood.eu/our-sri-policy/>