

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 European Equities Sustainable Moderate
Legal entity identifier: 54930009VSA66KF2JG53

Environmental and/or social characteristics

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.

Does this financial product have a sustainable investment objective?



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 ___% 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**



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

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

- Reduction of carbon emissions
- Compliance with international human and labour rights standards
- Excluding socially controversial activities
- Prioritising the selection of companies that are virtuous in environmental, social and governance terms
- Fighting poverty through job creation

Reduction of carbon emissions

Carbon reduction will be factored into the analysis of emitting companies that are or may potentially be in the portfolio.

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.

Prioritising the selection of companies that are virtuous in environmental, social and governance terms

Issuers must have a minimum ESG score as calculated by MSCI. This score covers all three dimensions of ESG and gives an indication of how a given issuer compares to other issuers in terms of ESG risk. The imposition of a minimum ESG score avoids investing in companies that could result in significant ESG risk to the Sub-Fund. In addition, the worst companies in terms of labour management will be excluded from this Sub-Fund.

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 Sub-Fund. 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 revenues 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?**

The following sustainability indicators are used to assess the achievement of each of the environmental or social characteristics promoted by the Fund:

Sustainability indicators

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

Carbon emissions

The weighted average carbon emissions (scope 1 and scope 2) of the portfolio must be at least 50% below the weighted average carbon emissions of the master fund's benchmark, the MSCI Europe.

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 controversial 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
- Any business which derives more than 5% of its revenue from the production of tobacco or tobacco-containing products, or from the distribution, retailing or wholesaling of tobacco is excluded.
- There is a 5% threshold for any economic activity related to coal and unconventional oil and gas.
- A threshold of 5% is set at portfolio level for conventional oil and gas activities.
- 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, or if they have set emissions reduction targets that have been approved by the Science Based Targets (SBTi) initiative.
- 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 Fund.
- The sub-fund will not invest in derivatives on soft commodities

Prioritising the selection of companies with good environmental, social and governance records Minimum ESG score

All issuers must have a minimum ESG score of BBB for developed markets and a minimum ESG score of BB for emerging markets.

Any issuer that is in the bottom 5% of the investment universe in terms of *Labor Management* Score is excluded from the investment universe of this Fund.

As some issuers monitored by the Investment Managers are not covered by ESG data providers, the Investment Manager is allowed to invest in securities of non-hedged issuers provided that their total weight in the portfolio does not exceed 10% of the assets of the Sub-Fund and provided that these securities meet all other economic and social characteristics promoted by 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?***

This Sub-Fund does not target sustainable investments as defined in Article 2(17) of Regulation (EU) 2020/852.

- ***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?***

This Sub-Fund does not target sustainable investments as defined in Article 2(17) of Regulation (EU) 2020/852.

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

This does not apply to this Sub-Fund.

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

This does not apply to this Sub-Fund.

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.

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.



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



Yes, the following principal adverse impact indicators on sustainability are currently taken into account in the investment process of the Master Fund. Therefore, the following indicators are indirectly taken into account in the investment process of the Sub-Fund:

- Indicator 1. Greenhouse **gas emissions** - The weighted average carbon emissions (scope 1 and scope 2) of the portfolio are at least 50% lower than the weighted average carbon emissions of its benchmark, the MSCI Europe.
- Indicator 4. **Fossil Fuel Exposure** - Tolerated exposure to fossil fuels is limited at the security and portfolio level.
- Indicator 10. **Violations of the UN Global Compact principles and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises** - violations are not tolerated.
- Indicator 14. Exposure to **controversial weapons** (anti-personnel mines, cluster munitions, chemical weapons and biological weapons) - there is zero tolerance for exposure to controversial weapons.



No



What investment strategy does this financial product follow?

Firstly, the investment strategy will aim to ensure that the weighted average carbon emissions of the equity portion of the portfolio are always at least 50% lower than an index representative of its starting universe (MSCI Europe).

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, or if they are in the bottom 5% of its investment universe in terms of Labor Management Score. This strategy is also based on an exclusion list of different issuers (companies and/or governments) in which the Fund may not invest.

Finally, the Sub-Fund also applies a "best-in-universe" strategy, selecting only issuers with a minimum ESG score (as calculated by MSCI) depending on the investment universe in which the issuer is located. Two universes are distinguished here: the universe of companies from developed countries, and the universe of companies from emerging countries. In addition, the strategy will eliminate the worst companies in terms of labour management.



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?

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

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

The issuer of the financial security must comply with certain international standards, such as 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.
- Any business which derives more than 5% of its revenue from the production of tobacco or tobacco-containing products, or from the distribution, retailing or wholesaling of tobacco is excluded.
- There is a 5% threshold for any economic activity related to coal and unconventional oil and gas.
- A threshold of 5% is set at portfolio level for conventional oil and gas activities.
- 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 state-owned enterprises in countries which are in violation of the UN Global Compact, or subject to international sanctions, or in countries under EU embargo.
- Finally, any investment in a financial security issued by a company on the Funds For Good exclusion list will be prohibited.
- The sub-fund will not invest in derivatives on soft commodities

● ***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?***

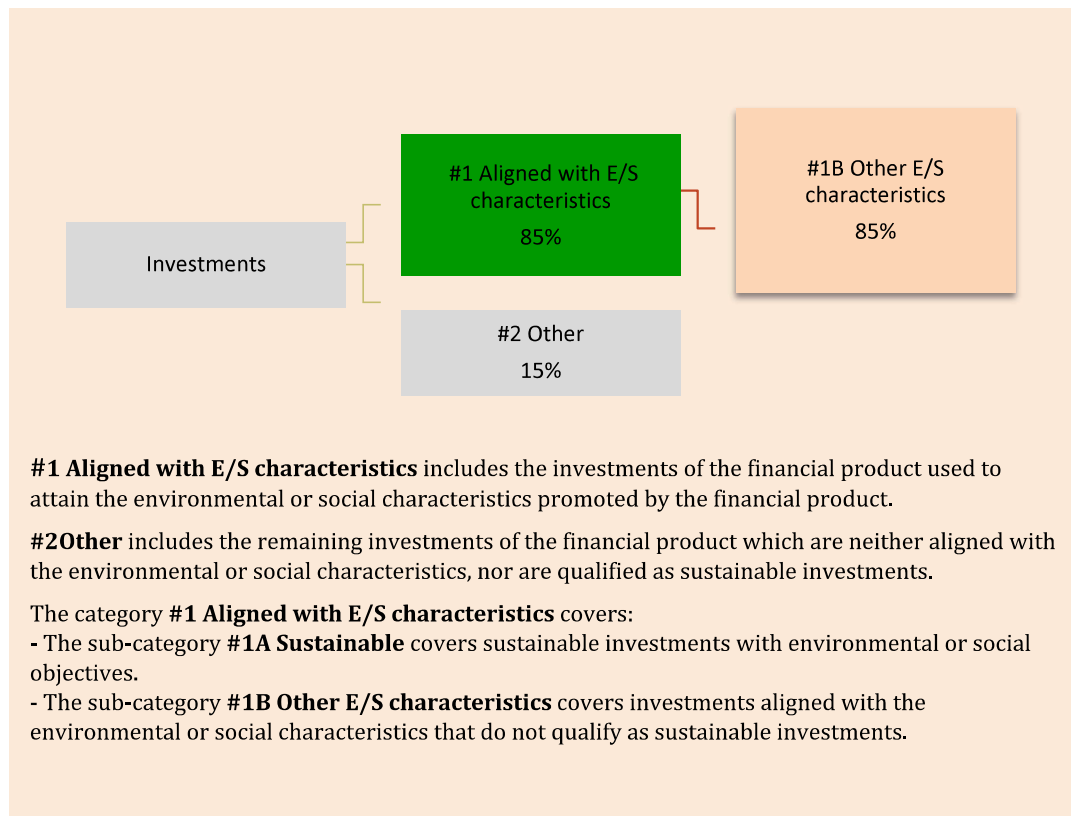
Sound corporate governance considerations are integrated into the Master Fund's investment process. The investment manager's forecasting model includes assessments of management turnover, litigation and board composition. In addition, the investment manager eliminates certain securities by incorporating ESG risk controls into the portfolio construction process to avoid exposure to companies involved in ESG-related controversies. The Investment Manager uses internal and external data sources in assessing the reputational risks that may arise from certain ESG controversies and is able to identify and manage exposure to companies involved in these ESG incidents.

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 Sub-Fund invests a minimum of 85% of its net assets in the Master Fund. As an ancillary measure and in order to limit the exposure of the Fund to equity market risks, systematic hedging of equity exposure will be implemented. Hedging will limit the fund's exposure to the equity market to a maximum of 50%. Portfolio assets not invested in the Master Fund or in hedging instruments will be held as cash in the Fund.



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

Derivatives are used for hedging purposes. Equity derivatives are used mainly to limit the fund's exposure to the equity market to a maximum of 50% and secondarily to rebalance the fund's regional exposure. Currency derivatives are used to modify the currency exposure of the portfolio and reduce the currency risk for a Euro investor. These derivatives are not used to achieve the environmental or social characteristics promoted by the Fund.

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.

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



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

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.

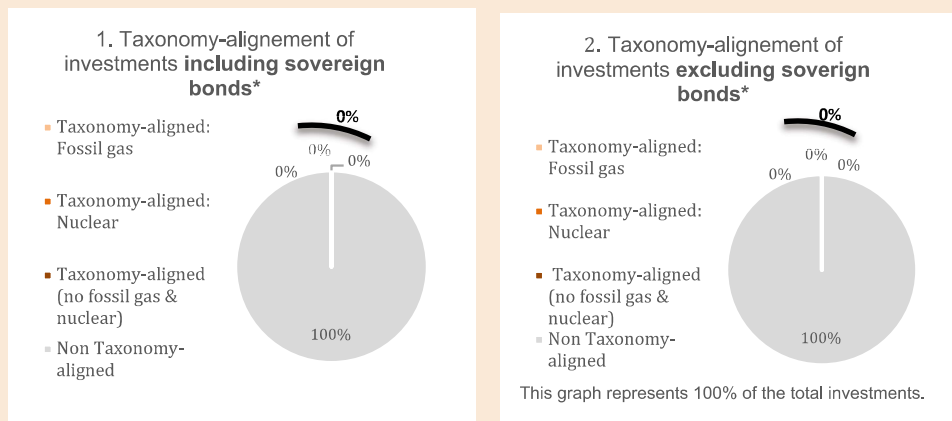
This Sub-Fund does not target sustainable investments within the meaning of Article 17(2) of Regulation 2019/2088 and therefore does not commit to a minimum alignment with the EU Taxonomy Regulation, as the Investment Manager is currently unable to determine the precise extent to which the Sub-Fund's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

Therefore, the minimum measure is currently 0%.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?

- Yes:
- In fossil gas In nuclear energy
- No

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.*



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

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

¹ 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 objective - 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.

The minimum share is currently 0%.



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?

The investments included in "#2 Other" are cash investments or investments for hedging purposes. Such investments will not exceed 5% of the net assets of the Sub-Fund.

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



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 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.fundsforgood.eu/documents/>