

FFG Cleantech II

A fund of FFG, SICAV • Category SFDR : Article 8 • LEI: 549300BOYS2N4DQ86621
Date: 31/03/2024

Summary

This financial product promotes environmental and social characteristics and, although it does not have a sustainable investment objective, it will contain a minimum of 51% sustainable investments.

The sub-fund invests mainly in shares of companies active in "Cleantech" or clean technologies, which cover all products and services that allow a cleaner and more efficient use of the earth's natural resources such as energy, water, air or raw materials. In addition, the sub-fund will only invest in companies that comply with certain international human and labor rights standards and are not materially involved in socially controversial activities. Finally, the investment in this Sub-Fund allows, indirectly and through the Distribution Coordinator, Funds For Good, to promote the creation of jobs to fight against poverty.

No sustainable investment objective

This financial product promotes environmental or social characteristics but does not have as its objective sustainable investment.

Adverse impact indicators are being selected and monitored on an ongoing basis by the Investment Manager. Extreme negative outliers will be analyzed more into detail and respective actions will be taken on a case-by-case basis (e.g. engagement with the respective companies or even exclusion of the respective asset) with the general goal to reduce adverse impacts.

Sustainable Investments are aligned with OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

E/S characteristics of the financial product

Clean Technologies

This Sub-Fund invests mainly in shares of companies active in Cleantech and listed on regulated markets. The notion of "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 rights and labor standards

This Portfolio will only invest in securities issued by companies that comply with international human rights, labor, environmental and anti-corruption principles, standards or frameworks.

Exclusion of 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.

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, the distribution coordinator of the SICAV. After deducting its operating expenses, Funds For Good donates the greater of 50% of its net profits or 10% of its revenue to the social project it has created and manages, "Funds For Good Impact". "Funds for Good Impact" dedicates all of its financial resources to the fight against poverty by promoting job creation. "Funds for Good Impact" grants interest-free, unsecured microcredits to people in precarious employment situations who have a business project. This financial support (coupled with human support in the form of coaching) enables these entrepreneurs to create their own business. More information is also available at www.fundsforgood.eu.

Investment strategy

The Sub-Fund aims at long-term capital growth. It is actively managed and, through a "thematic" investment strategy, invests directly in shares of companies involved in "cleantech" (clean technologies) and listed on regulated markets. 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 Fund focuses on companies operating in sectors such as renewable energy, energy efficiency, water treatment, waste recycling, pollution control and advanced materials.

The 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 issuers (companies and/or states) 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 Capricorn to obtain a seat on the company's board of directors. As such, Capricorn's investment managers engage with portfolio companies in personal contact with management to discuss and promote ESG issues.

Proportion of investments

The sub-Fund seeks long-term capital appreciation through a diversified portfolio of equities in clean technology companies.

The Sub-Fund promotes environmental and social characteristics and will contain a minimum of 90% of investments aligned with the environmental or social characteristics promoted by the Sub-Fund ("#1 Aligned with E/S Characteristics"). Cash and investments for hedging purposes (#2 Other) will not be aligned with the environmental and social characteristics promoted by the Sub-Fund. The weight of these investments in the portfolio will be limited to 10% of the fund's net assets in normal market conditions.

In addition, the Sub-Fund 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 remainder of the Sub-Fund's net assets will be invested in

Sustainability Information - Website sustainability-related disclosure

investments aligned with the environmental or social characteristics promoted by the Sub-Fund which are not considered sustainable investments ("#1B Other I/O characteristics").

Monitoring of E/S characteristics

The Investment Manager monitors the overall environmental or social characteristics on a yearly basis. The exclusion factors are controlled before every investment and on a regular basis after the investment.

Methodologies

The Fund invests in cleantech companies. The contribution of the investments to the environmental or social characteristics and the sustainable investment is measured by the following indicators, based on their availability:

- EU Taxonomy Eligibility or EU Taxonomy Alignment for sustainable investments;
- Positive alignment to the UN SDGs;
- Internal Thematic Purity assessment by the Investment Manager, based on the information such as sector classifications (such as GICS), segment information provided by the company or other available and relevant information.

Compliance with international human rights and labor standards and the exclusion of controversial activities are monitored on the basis of financial and non-financial information published by the portfolio companies or by third-party data providers.

Data sources and processing

Before an investment is done, the Investment Manager uses Bloomberg as data provider, financial reporting from the investee companies, research reports from brokers and publicly available data to perform the necessary ESG assessment.

The Management Company uses MSCI Data for the investment restriction controls and/or calculations necessary for the creation of precontractual or periodic disclosures and for additional ESG related reports and publications.

Both, the Investment Manager and the Management Company ensure to have the respective license to obtain ESG data from the mentioned external data providers.

The exact proportion of data which is estimated by third party data providers is complex to calculate, may vary depending on the data provider, but is expected to be decreasing over time.

Limitations to methodologies and data

Neither the Investment Manager, nor the Management Company, nor the Coordinator of distribution can take any liability for the correctness of the assessment by external data providers and the correctness including the completeness of the analyses prepared by third party providers.

The Investment Manager, the Management Company and the coordinator of distribution have no influence on any disruptions or limitations (e.g. because of estimations) in the analysis and research preparation by third-party providers.

Due diligence

The Investment Manager monitors and analyses regularly the financial and non-financial performance of the portfolio companies, including the environmental, social and governance related risks and/or opportunities based on the mentioned external data provider and additional documentation of the underlying portfolio companies.

Engagement policies

The Investment Manager implemented an active engagement policy and interacts with the portfolio companies. The engagement and personal contact with the portfolio companies is especially used with regards to adverse impacts indicators, exclusions and related thresholds and the overall alignment of the portfolio companies with the environmental or social characteristics promoted by this product.

Terms to understand

E/S Environmental and/or social.

ESG Environmental, social and governance.

ESG risk, sustainability risk An ESG event or trend that may bring reputational or financial harm to a corporate or sovereign issuer.

ESG score A measure of an issuer's exposure to ESG/ sustainability risks, typically based on data and developed through the investment team's analysis and scoring method.

EU Taxonomy The EU's official classification of economic activities that contribute to an environmental objective (such as climate change mitigation, water protection, circular economy, pollution prevention or biodiversity protection). In future the taxonomy will include activities with a social objective.

issuer A company, government, government agency, government-sponsored organisation, or supranational or public international entity that registers and sells securities.

reference benchmark An index or combination of indices used by the fund to attain or compare its E/S characteristics.

SFDR Regulation (EU) 2019/2088 on sustainability-related disclosures for financial products.

sustainable investment An investment in economic activities undertaken by companies that follow good governance practices, that contribute to an E/S objective without significantly harming other E/S objectives.

UN Global Compact A United Nations initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation.