

FFG Global Equities Low Carbon

A fund of FFG, SICAV • Category SFDR : Article 9 • LEI: 6367003KXLXQKRFYDO10

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Summary

The Fund aims to increase the value of its investments over the long term while pursuing a sustainable investment objective.

The sustainable investment objective promoted by the Sub-Fund's investments is climate change mitigation.

To this end, the Sub-Fund will only invest in companies whose carbon emissions profile is compatible with the objective of the Paris Agreement, which is to keep the increase in global average temperature well below 2°C above pre-industrial levels, and preferably to limit the increase to 1.5°C, by the end of the 21st century.

In addition, this Sub-Fund will promote compliance with international human and labour rights standards and the exclusion of socially controversial activities.

No significant harm to the sustainable investment objective'

The fund's objective is sustainable investment.

All of the fund's net assets (excluding cash and hedging instruments) must meet sustainability criteria. Alignment with the Paris agreements, exclusion of controversial activities and compliance with international human rights standards help to avoid any significant detriment to an environmentally or socially sustainable investment objective.

In this respect, all the indicators of negative impact on sustainability listed in Table 1 of Annex I to Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 are taken into account in the investment process. An internal model for monitoring the main negative impacts (PINs) and compliance with the principles of good governance has been established. This model makes it possible to identify any significant detrimental effects of a sustainable investment on other sustainability objectives. Within this framework, the Manager tests each potential investment against the PINs by applying a threshold to measure the level of negative impact. A threshold has been established for each of the PINs listed in table 1 of appendix I.

Sustainable Investment Objective of the financial product

The **sustainable investment objective** promoted by the Sub-Fund's investments is **climate change mitigation**.

To this end, the Sub-Fund will only invest in companies whose carbon emissions profile is compatible with the objective of the Paris Agreement, which is to keep the increase in global average temperature well below 2°C above pre-industrial levels, and preferably to limit the increase to 1.5°C, by the end of the 21st century.

Any company that meets at least one of the following three criteria is considered to contribute to the sustainable investment objective:

1. The company's current carbon intensity is compatible with a global temperature increase kept below 2°C by the end of the century.
2. The company has set emissions reduction targets that have been endorsed by the Science Based Targets initiative (SBTi).
3. The company's annual emissions reductions (scope 1 and 2) are in line with those required for the current year in order to meet the objectives of the Paris Agreement.

In addition, the fund promotes a number of **environmental and/or social characteristics**:

Compliance with international human rights and labour 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.

Exclusion of socially controversial activities

This Sub-Fund will only invest in securities issued by companies that are not materially involved in economic activities considered harmful for the society. The harmful activities covered are activities related to weapons (conventional and unconventional), tobacco, fossil fuels (thermal coal, oil and gas), gambling and adult entertainment.

Promoting job creation to fight poverty

In addition to the environmental and social characteristics promoted by the Sub-Fund through its investments, investing in this Sub-Fund indirectly generates a concrete social impact through Funds For Good, the SICAV's distribution coordinator. After deducting its operating costs, Funds For Good donates the greater of 50% of its net profits or 10% of its income to the social project it has created and manages, "Funds For Good Impact". "Funds for Good Impact devotes all its financial resources to combating poverty by promoting job creation. "Funds for Good Impact" grants unsecured, interest-free loans to people in precarious employment who have a business project. This financial support (coupled with human support in the form of coaching) enables these entrepreneurs to set up their own business. More information is also available at www.fundsforgood.eu.

Investment strategy

Objective To achieve long-term capital growth while pursuing a sustainable investment objective.

Benchmark(s) The Fund is managed without reference to an index.

Portfolio investments The Fund invests mainly in equities listed and traded on regulated markets in developed countries, with no sector or market capitalisation restrictions.

Derivatives and techniques The Fund may use derivatives to reduce risk and portfolio management costs. The Fund will not use derivatives to achieve a higher return by increasing its exposure to equities or other assets.

Sustainability approach The sustainable investment objective promoted by the Fund's investments is the mitigation of climate change. To this end, the Sub-Fund will only invest in companies whose carbon emissions profile is compatible with the objective of the Paris Agreement, which is to keep the increase in global average temperature well below 2°C above pre-industrial levels, and preferably to limit the increase to 1.5°C, by the end of the 21st century. In addition, this Sub-Fund will promote compliance with international human and labour rights standards and the exclusion of socially controversial activities.

Reference currency The reference currency is the Euro (EUR).

Proportion of investments

The Sub-Fund has sustainable investment as its objective and will contain a minimum of 90% of sustainable investments with an environmental objective in economic activities that are not considered environmentally sustainable under the EU taxonomy (#1 Sustainable). All investments made by the Sub-Fund will be aligned with the environmental and social characteristics pursued by the Sub-Fund.

Investments included under "#2 Non-Sustainable" are cash investments or investments for hedging purposes. Cash and hedging investments that do not promote sustainable investment will not be aligned with the environmental and social characteristics pursued by the Sub-Fund. The weight of these investments in the portfolio is limited to 10% of the sub-fund's net assets under normal market conditions.

Monitoring of sustainable investment objective

The investment manager monitors the overall environmental or social performance on a regular basis, and at least monthly. The environmental and social characteristics are checked before each investment and on a regular basis after the investment.

Methodologies

In order to measure the achievement of the sustainable objective, the proportion of investments made in companies that contribute to the sustainable investment objective is measured. Excluding cash and liquid assets, this proportion must be 100%.

Data sources and processing

Data sources include: analyst reports, MSCI ESG research, issuer-provided data, data purchased from data providers, and data generated internally by fund management team.

Data is processed and analysed by external sources (such as MSCI and data providers) and internal sources.

Limitations to methodologies and data

As ESG data is a relatively new concept, little historical data is available, and data methodologies and data may still be incomplete. Data provided by any source, particularly by companies themselves, may be incomplete, biased or incorrect. Data comparisons can often identify such situations, but in some cases there is little data available to make such comparisons. In other cases, measurements that appear comparable may have been obtained using non-comparable measurements. Either of these problems can have a negative impact on portfolio composition.

Due diligence

The management team assesses the compliance of the investments with the sustainability objective and the E/S characteristics promoted by the sub-fund prior to investment and regularly thereafter. An investment universe based on these various constraints is established. The manager may only invest in this universe. In addition, sector exclusions are also monitored by the management company.

Engagement policies

Engagement is not part of the sustainable investment strategy. However, the sub-fund does have a voting policy. Orcadia A.M. has entered into a voting agreement (as part of its sustainability proxy voting program) with ISS, a world leader in the field. ISS analyses all items submitted to general meetings and, on the basis of its criteria, which include ESG considerations, indicates, for each item, whether a vote for or against the item submitted to shareholders seems appropriate. Under the contract, ISS votes on behalf of Orcadia A.M. at the general meetings of all the companies in which the sub-fund is invested.

Reference benchmark (ESG)

No benchmarks have been designated to meet the environmental and social characteristics promoted by the Sub-Fund.

In order to comply with the environmental and/or social characteristics promoted by the sub-fund, and in the specific case of direct investments in corporate debt securities or equities and equity-linked securities, the Investment Manager invests primarily in issuers that are part of the MSCI ESG universe. As at the date of this document, MSCI Limited, the administrator of the MSCI ESG Index, is on the list of administrators maintained by ESMA in accordance with Article 36 of the Benchmark Index Regulation.

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.