

FFG Global Flexible Sustainable

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Summary

This sub-fund promotes environmental and social characteristics and, although it does not have a sustainable investment objective, it will contain a minimum of 30% sustainable investments. On average, 50%-60% of the net assets of the sub-fund will be invested in sustainable investments.

In its equity portfolio, the sub-fund will mostly invest in shares of companies aligned with the Paris agreement on climate change, whose objective 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.

The whole portfolio (equity and fixed income investments) will be invested in corporate and sovereign issuers that comply with certain international human and labor rights standards and are not materially involved in controversial activities. The fund will also prioritize virtuous companies in terms of environmental, social and governance issues. 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 sub-fund 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. The Investment Manager applies an internal model for monitoring principal adverse impact (PAIs) and compliance with good governance principles that allows for the identification of potential significant detriments of a sustainable investment on other investments of the fund. In particular, the manager excludes from its investment universe companies that present very severe controversies in terms of governance.

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

Carbon reduction

This sub-fund will focus on companies whose carbon emissions profile is aligned with the Paris agreement on climate change and will seek to keep the carbon intensity of the portfolio below a pre-defined level.

Compliance with international human and labor rights standards

This Sub-Fund 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.

Prioritization of environmentally, socially and governance virtuous companies

Issuing companies 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, companies with the worst labor management records 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, 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 revenues 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 loans 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 Fund will invest at least 30% of its net assets in "sustainable assets", i.e. financial securities (stocks and/or bonds) issued by companies that are aligned with the Paris Climate Agreement, whose objective is to keep the increase in global average temperature well below 2°C compared to pre-industrial levels, and preferably to limit the increase to 1.5°C, by the end of the 21st century. The minimum sustainable investment objective applies to all net assets of the fund.

Any company that meets at least one of the following three criteria is considered to be contributing to the sustainable investment goal:

- 1) The company's current carbon intensity is consistent with a global temperature increase kept below 2°C by the end of the century.
- 2) The company's current carbon intensity is not yet compatible with a global temperature increase below 2°C by the end of the century, but the company has set emissions reduction targets that have been approved by the Science Based Targets (SBTi) initiative, meaning that these targets are considered compatible with the Paris Agreement's 2°C or below goal. These

Sustainability Information - Website sustainability-related disclosure

emission reduction targets set by this initiative are verified independently.

The company's current carbon intensity is not yet consistent with a global temperature increase kept below 2°C by the end of the century, but the company's annual emissions reductions (scope 1 and 2) are consistent with those required for the current year to achieve net zero emissions by mid-century and limit the global temperature increase to below 2°C by the end of the century.

It is possible that the entirety of the sustainable investments will be made solely through the stocks or bonds held by the sub-fund.

In addition, the Compartment applies a "thematic" strategy through which the overall carbon footprint of the Compartment will be reduced. To this end, the investment made by the sub-fund will ensure that the carbon intensity level (scope 1 + scope 2) of the entire portfolio of corporate securities is at least 50% lower than the average carbon intensity level of a reference index representative of the fund's investment universe.

The sub-fund also applies an "exclusion" strategy, whereby issuers of financial securities are excluded from the investment universe if they do not comply with certain international standards, and/or are involved in controversial activities beyond 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 issuers (companies and/or states) in which the Sub-Fund may not invest.

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.

Proportion of investments

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 30% of sustainable investments with an environmental objective in economic activities which 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 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 regular basis, and at least monthly. The environmental and social characteristics are controlled for

before each investment and on a regular basis after the investment.

Methodologies

The sustainable investment objective promoted by the Fund's investments is to contribute to the Paris Agreement's long-term temperature goal of keeping the increase in global average temperature well below 2°C above pre-industrial levels, and preferably limiting 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 goal:

- 1) The company's current carbon intensity is consistent with a global temperature increase kept below 2°C by the end of the century.
- 2) The company's current carbon intensity is not yet compatible with a global temperature increase below 2°C by the end of the century, but the company has set emissions reduction targets that have been endorsed by the Science Based Targets (SBTi) initiative, meaning that these targets are considered compatible with the Paris Agreement's 2°C or below goal. These emission reduction targets set by this initiative are independently verified.
- 3) The company's current carbon intensity is not yet consistent with a global temperature increase kept below 2°C by the end of the century, but the company's annual emissions reductions (scope 1 and 2) are consistent with those required for the current year to achieve net zero emissions by mid-century and limit the global temperature increase to below 2°C by the end of the century.

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 MSCI and Bloomberg as data provider, non financial third-party data provided by the Coordinator of distribution, financial reporting from the investee companies, research reports from brokers and publicly available data to perform the necessary ESG assessment.

The Investment Manager and the Coordinator of distribution 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

ESG data coverage doesn't typically cover the investment manager's full investment universe of stocks. In addition to this, estimations are often used and even when data is available, there are cases where methodologies of data calculation are open to interpretation and therefore debatable. Despite these limitations the data received and ultimately processed are robust and can be relied upon sufficiently to be utilized within the investment process

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Neither the Investment Manager, the Management Company nor the Distribution Coordinator can assume any responsibility for the accuracy of the valuation by external data providers and the accuracy, including completeness, of the analyses prepared by third party providers. The Investment Manager, the Management Company and the Distribution Coordinator have no influence over any disruptions or limitations (e.g. due to estimates) in the analysis and preparation of research 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 uses the opportunity to meet the management of companies as part of its active investment process and as a key element in its stewardship oversight of client assets. In the event that dialogue with the companies fails, or if the measure proves necessary and judicious for other reasons, BLI reserves the right to submit resolutions to the AGMs in the best interest of the investors and the desired impact. The investment manager conducts individual engagement via the manager himself and/or by the SRI team but can take part into collaborative engagement as well.

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.