LuxFLAG ESG Label
Eligibility Criteria

In order to obtain a LuxFLAG ESG (Environment, Social, Governance) Label, an Applicant Investment Fund must comply with the following Eligibility Criteria set by LuxFLAG:

Criteria 1: The Applicant Investment Fund should be UCITS or AIFMD compliant. A non-European fund may qualify provided it is subject to an equivalent regulatory framework.

Criteria 2: The Applicant Investment Fund must describe its ESG strategy and criteria.

Criteria 3: The Applicant Investment Fund must demonstrate how it integrates its ESG strategy and criteria throughout the investment process.

<table>
<thead>
<tr>
<th>Steps of the investment process</th>
<th>Comment</th>
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</thead>
<tbody>
<tr>
<td>Definition of non-financial investment objective(s)</td>
<td>Should be consistent with criteria 2</td>
</tr>
<tr>
<td>Collection of ESG research</td>
<td>Company meetings, broker research, extra-financial ratings, proprietary research</td>
</tr>
<tr>
<td>Construction of investment universe</td>
<td>Application of screening / filters if any</td>
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<td>Investment decision</td>
<td>Investment committee + portfolio manager</td>
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<td>On-going monitoring</td>
<td>Controls / alerts to ensure continued compliance with non-financial investment objective, investee engagement activities, where applicable</td>
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<tr>
<td>Divestment</td>
<td>Divestment procedures, in particular for securities that are in breach with non-financial investment objective</td>
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</table>

Criteria 4: The Applicant Investment Fund must screen 100% of its invested portfolio\(^1\) according to one of the ESG strategies and standards.\(^2\)

Criteria 5: The Applicant Investment Fund must apply an exclusion policy. \(^3\)

Criteria 6: The Applicant Investment Fund must publish its full portfolio at least once per year and be transparent towards investors.

LuxFLAG reserves the right to independently assess and evaluate the Applicant Investment Fund’s compliance with the above Eligibility Criteria and pertinence of the exclusion policy decided and applied by the fund.

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\(^1\) 30% of total assets of the portfolio of the fund may be invested in the form of cash or short term cash equivalents.

\(^2\) The ESG strategies may include:
  - Best-in-class / best effort strategies: Approach where leading or best-performing investments within a universe, category, or class are selected or weighted based on ESG criteria.
  - Multiple exclusion strategies: An approach that excludes multiple investments or classes of investment from the investible universe.

The following ESG strategies, by themselves, are not considered acceptable:
  - Single exclusion: An approach that excludes a single type of investment or class of investment from the investible universe such as companies, sectors, or countries.
  - Engagement & voting strategies: Engagement activities and active ownership through voting of shares and engagement with companies on ESG matters.

\(^3\) The exclusion policy will be accepted subject to review by the LuxFLAGS Eligibility Committee.