Annexe R-Gestion mandate

Pre-contractual disclosure

Financial product name: R-Gestion Sustainable
Legal entity identifier: 549300F7FBD744MEP844

Sustainable investment objective

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.

Does this financial product have a sustainable investment objective?

☒ Yes	☐ No
☒ It will make a minimum of **sustainable investments with an environmental objective: 40%** ☒ 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 **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 will make a minimum of **sustainable investments with a social objective: 10%**	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

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 include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What is the sustainable investment objective of this financial product?

The financial product exclusively invests in investment funds with a range of different sustainable investment objectives, e.g., environmental and social objectives, including investment funds targeting net positive alignment[1] with one or several of the 17 UN (United Nations) Sustainable Development Goals (SDGs).

[1] Sustainable Development Goals (SDG) alignment scores measure the net impact of a company's products and services on achieving targets associated with each of the 17 SDGs. Net impact implies that some of a company's products and services may be well aligned with achieving the SDG, while other products and services may have an adverse impact and be misaligned with achieving the SDG. Net alignment is the result of the combination of positive with negative impacts.

Regarding the **environmental objectives**, the product mainly focuses on supporting climate action by:

- Targeting a net positive alignment on portfolio level for each, SDG 7 (Affordable and Clean Energy) and SDG 13 (Climate Action), and that is higher for each of those SDGs than the net positive alignment of the broad market reference benchmark of this product.
- Targeting, for the equity allocation only[2], a carbon intensity[3] that is at least 10% lower than the carbon intensity of the equity proportion of the broad market reference benchmark[4] of this product.
- Committing to a minimum of 2.5% of sustainable investments aligned with the EU Taxonomy.

Regarding the **social objectives**, the product mainly focuses on the protection of basic human needs by:

- Targeting a net positive alignment on portfolio level for the sum of the following SDGs, and that is higher than the sum of the net positive alignments of those same SDGs of the broad market reference benchmark:
    - SDG 1 (no poverty).
    - SDG 2 (zero hunger).
    - SDG 3 (good health).
    - SDG 6 (clean water).
    - SDG 11 (sustainable cities and communities, including safe and affordable housing).

The product relies on different responsible investment strategies that focus on Environmental, Social and Governance ("ESG") criteria, as further detailed under the section "*What investment strategy does this financial product follow?*"

No asset causes significant harm to another environmental or social sustainable investment objective as detailed under *"How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?"*

Every product passes the criteria set under *"What is the policy to assess good governance practices of the investee companies?"* to evaluate good governance.

The product does not use a specific index designated as reference benchmark to attain its sustainable investment objective.

[2] As the methodology for the calculation of carbon intensity of central governments and sovereigns (= Greenhouse gas (GHG) Emissions / Gross Domestic Product) differs from the calculation for companies (=GHG Emissions / Company's revenue), the limit is imposed on the equity allocation only because the fixed income segment may include sovereigns or central governments, potentially leading to misleading comparisons and conclusions.

[3] Measured as scope 1 & 2 tons of CO2 equivalents in relation to revenue. The inclusion of scope 3 emissions will be considered as soon as the data is more reliable.

[4] The broad market reference benchmark consists of : 5% FTSE 1 Month Eurodeposit EUR, 15% Bloomberg Euro Aggregate, 15% Bloomberg Global Aggregate EUR hedged, 5% ICE BofAML Global High Yield EUR hedged, 5% JP Morgan EMBI Global Diversified EUR hedged, 14% MSCI Europe NR, 33% MSCI World NR, 8% MSCI Emerging Markets NR

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?

The achievement of the sustainable investment objectives described previously is measured by the following sustainability indicators:

General indicators:

- Percentage of net assets that are considered as sustainable investments as identified by the asset managers of the funds.
- Percentage of net assets that respect the exclusion policies (based on MSCI ESG data) detailed under *"Exclusions"* of *"What investment strategy does this financial product follow?"*
- Percentage of net assets that cause no significant harm to another environmental or social sustainable investment objective as detailed under *"How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?"*
- Percentage of investment funds that pass the qualitative assessment[5] of their sustainability processes conducted by our investment advisor.
- Percentage of investment funds that pass the criteria set under *"What is the policy to assess good governance practices of the investee companies?"* to evaluate good governance.

Indicators for the environmental objectives:

- Percentage of net assets that are considered as sustainable investments with an environmental objective as identified by the asset managers of the funds.
- Percentage of net assets that qualify as environmentally sustainable under the EU Taxonomy as identified by the asset managers of the funds.
- Percentage of net assets that have a sustainable investment objective with a positive net alignment in SDG 7 (Affordable and Clean Energy, based on MSCI ESG data), compared with the values of the broad market reference benchmark.
- Percentage of net assets that have a sustainable investment objective with a positive net alignment in SDG 13 (Climate Action, based on MSCI ESG data), compared with the values of the broad market reference benchmark.
- Carbon Intensity of the equity allocation compared with the values of the broad market reference benchmark (based on MSCI ESG data).

Indicators for the social objectives:

- Percentage of net assets that are considered as sustainable investments with a social objective as identified by the asset managers of the funds.

[5] The assessment is done by the Manager Selection team in collaboration with dedicated independent ESG specialists of our investment advisor. The ESG specialists have the final say. Further information can be found on our website [Information about sustainability (raiffeisen.lu)](raiffeisen.lu) under "Website Disclosure".

- Percentage of net assets that have a sustainable investment objective with a combined positive net alignment (based on MSCI ESG data) in SDG 1 (no poverty), SDG 2 (zero hunger), SDG 3 (good health), SDG 6 (clean water) and SDG 11 (sustainable cities and communities), compared with the values of the broad market reference benchmark.

All the indicators that measure a percentage of net assets being considered as sustainable investments as identified by the asset managers of the funds are based on the last reported data from the EET (European ESG Template), the latest annual report or if this data is not available or unreliable on the latest minimum thresholds of the pre-contractual disclosures of the funds. All the other indicators, apart from the qualitative, good governance and do no significant harm (DNSH) assessment, are based on MSCI ESG Data.

Those indicators are initially measured during the fund selection and subsequently at least every year for the EET, annual report or pre-contractual data as well as for the qualitative, good governance and DNSH assessments. MSCI ESG data are monitored on a monthly basis.

How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?

As part of the fund selection process, only funds that themselves monitor that their investments do not cause significant harm to any environmental or social sustainable investment objective are selected. This is done with a so-called do no significant harm test (DNSH test) that is respected for every fund in the product. The DNSH test is repeated at least once a year for every fund.

The DNSH test is based on two conditions:

1. All mandatory applicable principle adverse impact (PAI) indicators are considered (cf. *How have the indicators for adverse impacts on sustainability factors been taken into account?)*
2. Minimum safeguards are respected (cf. *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?)*

For sustainable investments that are aligned with the EU taxonomy, those investments comply in addition with technical screening criteria as defined in the delegated acts of the taxonomy regulation[6].

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

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.

Every fund takes into account the following PAI indicators: **Mandatory & applicable adverse sustainability indicators[7]**	
Greenhouse gas emissions	1. GHG Emissions
	2. Carbon footprint
	3. GHG intensity of investee companies
	4. Exposure to companies active in the fossil fuel sector
	5. Share of non-renewable energy consumption and production
	6. Energy consumption intensity per high impact climate sector
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas
Water	8. Emissions to water
Waste	9. Hazardous waste and radioactive waste ratio
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
	12. Unadjusted gender pay gap
	13. Board gender diversity
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)
Environmental (applicable to investments in sovereigns and supranationals)	15. GHG intensity
Social (applicable to investments in sovereigns and supranationals)	16. Investee countries subject to social violations

[6] Climate Delegated Act for climate change mitigation and adaptation EUR-Lex - 02021R2139-20240101 - EN - EUR-Lex (europa.eu) and Environmental Delegated Act for the remaining four objectives Delegated regulation - EU - 2023/2486 - EN - EUR-Lex (europa.eu)

[7] Table 1 of Annex of delegated regulation EU 2022/1288 SFDR Level II

During the fund selection process, the investment advisor checks **if** (request for information template) and **how** (qualitative check based on fund meetings and documentation) every fund does take the above-mentioned indicators into account. Subsequently, the PAI are monitored at least once a year based on last reported EET Data, fund meetings and documentation.

If a PAI indicator is not taken into account, the investment advisor will engage with the concerned fund. The breach is only tolerated if the methodology and/or data used by the fund reasonably explains why the indicator is not taken into account. If the engagement does not lead to a reasonable explanation, the fund manager is required to rectify it in a reasonable time frame. If the fund manager remains uncooperative, the fund will be sold within three months.

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

Every fund respects the following minimum safeguards:

- OECD Guidelines for Multinational Enterprises *(standards for responsible business conduct).*
- UN Guiding Principles on Business and Human Rights (*standards for preventing and addressing the risk of adverse human rights impacts linked to business activity).*

During the fund selection process, the investment advisor checks **if** (request for information template) and **how** (qualitative check based on fund meetings and documentation) every fund respects the above-mentioned minimum safeguards. Subsequently, our investment advisor monitors on a monthly basis all net assets for their accordance with the minimum safeguards, based on data by MSCI ESG:

- “PAI 10” data field to monitor OECD Guidelines for Multinational Enterprises.
- “Human rights norms violation” and “fund labour norms violation” data fields to monitor UN Guiding Principles on Business and Human Rights, including the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

In addition, at least once a year, our investment advisor monitors the minimum safeguards with a qualitative check based on fund meetings and documentation.

If a breach is detected, the investment advisor will engage with the concerned fund. The breach is only tolerated if the methodology and/or data used by the fund reasonably explains the opposing view of the breach (e.g., different data provider than MSCI ESG is used). If the violation is confirmed, the fund manager is required to rectify it in a reasonable time frame. If the fund manager remains uncooperative, the fund will be sold within three months.

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

☒ Yes, the product considers principal adverse impacts on sustainability factors. Those impacts are taken into account via a monitoring of the above-mentioned PAI indicators (cf. How have the indicators for adverse impacts on sustainability factors been taken into account?)

On a yearly basis, clients will receive the SFDR periodic report on product level disclosure, containing further details about the evolution and consideration of all PAI indicators.

☐ No

What investment strategy does this financial product follow?

Since this product only invests in investment funds, it does not itself follow certain responsible strategies but rather selects the funds based on their use of responsible strategies.

ESG criteria are an integral part of the selection process for investment funds. The selected investment funds are the result of a close collaboration between investment specialists and sustainability experts of our investment advisor. Through this process, neither financial performance nor sustainability performance are compromised. All investment funds pass this qualitative assessment of our investment advisor.

When selecting investment funds, our investment advisor pays particular attention to the traceability and transparency of the sustainability processes, for instance by documenting processes and drawing up ESG reports at the fund level. The concept of integrating sustainability into the investment process must be a key component of the selected investment funds and should be visible ideally in all steps (investment guidelines, asset allocation decisions, research, portfolio construction, risk management, active ownership and engagement, reporting).

The product seeks to achieve its sustainable investment objective by relying, amongst others, on the following responsible investment strategies:

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

ESG Integration *(The explicit inclusion by asset managers of ESG risks and opportunities into traditional financial analysis and investment decisions)*

Investment funds demonstrate that ESG criteria are explicitly integrated in the security selection and valuation processes.

Norms based screening *(Screening of investments according to their compliance with international standards and norms)*

Investment funds demonstrate that they are in accordance with the international standards and norms mentioned under "*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?"* as well as with the UN Global Compact mentioned under *"What is the policy to assess good governance practices of the investee companies?"*

Exclusions *(An approach that excludes specific investments or classes of investment from the investible universe such as companies, sectors, or countries)*

Investment funds either exclude from their investments companies that are involved in the following activities (**hard exclusions**) or have no exposure to them:

- Controversial weapons (revenue limit 0%).
- Nuclear weapons (revenue limit 0%).
- Military conventional weapons (revenue limit 10%).
- Tobacco (5% revenue threshold on producers, 15% revenue threshold on distributors).
- Thermal coal (10% revenue threshold).
- UN Security Council Sanctions & High Risk Jurisdictions subject to a "Call for Action" identified by the FATC.

In addition to the hard exclusion policy, the following exposures and related **soft exclusion** policies (exclude or explain) are analysed for every fund:

- Coal power generation (revenue limit 10%).
- Nuclear power generation (revenue limit 10%).
- Companies that own high impact fossil fuel reserves (revenue limit 10%).
- Gambling facility operators (revenue limit 10%).
- Alcohol producers (revenue limit 10%).

Engagement & voting

Investment funds demonstrate that they have adequate policies in place concerning engagement and voting. Those policies cover subjects like active ownership processes, forms of engagement and voting policies.

The following questions may be tackled:

- Who is responsible for voting and engagement?
- How is the engagement & voting documented?
- How are engagement matters prioritized?
- What are the steps or consequences if companies do not respond to engagement?
- Are the managers part of industry initiatives?

What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?

ESG Integration

- All selected underlying funds pass the qualitative assessment of their sustainability processes conducted by the investment advisor. The assessment is done by the Manager Selection team in collaboration with dedicated independent ESG specialists of our investment advisor. The ESG specialists have the final say.
- All selected underlying funds have a sustainable investment objective and manage considerations of do no significant harm and good governance practices.

Norms based screening

- All selected underlying funds are in accordance with the UN Global Compact, OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights, including ILO Declaration on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

Exclusions

- All selected underlying funds follow the hard and soft exclusion policy stated under the section *"Exclusions"* of *"What investment strategy does this financial product follow?"*

Engagement & voting

- Every fund is able to demonstrate that they have adequate policies in place concerning engagement and voting

During the fund selection process, the investment advisor checks **if** (request for information template) and **how** (qualitative check based on fund meetings and documentation) every fund respects the above-mentioned binding elements.

Subsequently, our investment advisor screens on a monthly basis all net assets for their accordance with all the above-mentioned norms and exclusions, based on MSCI ESG data.

In addition, at least once a year, our investment advisor monitors all the binding elements with a qualitative check based on fund meetings and documentation.

If a breach is detected, the investment advisor will engage with the concerned fund. The breach is only tolerated if the methodology and/or data used by the fund reasonably explains the opposing view of the breach (e.g., different data provider than MSCI ESG is used). If the violation is confirmed, the fund manager is required to rectify it in a reasonable time frame. If the fund manager remains uncooperative, the fund will be sold within three months.

What is the policy to assess good governance practices of the investee companies?

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

Governance attributes, including sound management structures, employee relations, staff remuneration and tax compliance, are analysed as part of the initial fund selection process, via a monthly monitoring and reviewed at least once a year based on fund meetings and documentation. Good governance is evaluated by:

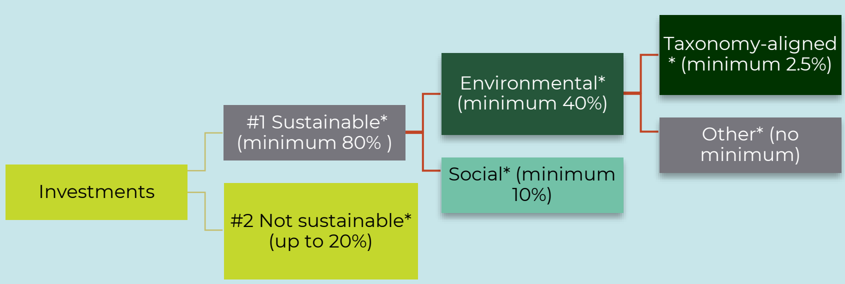
- Respecting the criteria that have been detailed under *"How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?"*
- Adequate governance policies that are in place, with a specific focus on engagement and voting policies as it has been laid out in the section of *"Engagement & voting"* under *"What investment strategy does this financial product follow?"*

Respecting the UN Global Compact as explained in the section of "Norms based screening" under *"What investment strategy does this financial product follow?"*

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.

What is the asset allocation and the minimum share of sustainable investments? The financial product invests at least 80% of its net assets in sustainable investments, which will be split between sustainable investments with an environmental objective (minimum 40%) and sustainable investments with a social objective (minimum 10%), with the remaining 30% floating between the two as either environmentally or socially sustainable as to allow for flexibility for proper portfolio management. A minimum of 2.5% of the net assets are invested in economic activities that qualify as environmentally sustainable under the EU Taxonomy. A maximum of 20% of the portfolio's net assets may kept in cash, as indicated in the following graph under *"#2 Not sustainable"*.



#1 Sustainable covers sustainable investments with environmental or social objectives.

#2 Not sustainable includes investments which do not qualify as sustainable investments.

** minimum is always a percentage of total net 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.

Not applicable since derivatives are not used.

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

The six environmental objectives of the EU Taxonomy are:
1. climate change mitigation;
2. climate change adaptation;
3. the sustainable use and protection of water and marine resources;
4. the transition to a circular economy;
5. pollution prevention and control;
6. the protection and restoration of biodiversity and ecosystems.

The product partially invests in sustainable investments with an environmental objective[8]. At least 2.5% of the net assets are aligned with the EU Taxonomy on a look-through basis.

Information regarding the degree to which the investments are in environmentally sustainable economic activities as well as the compliance with the criteria for environmentally sustainable economic activities are obtained directly from the fund managers during the qualitative check, via EET data as well as fund documentation.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[9]?

☐ Yes

☐ In fossil gas ☐ In nuclear energy

☒ No

[8] As defined by Article 3 of the Commission Delegated Regulation (EU) 2020/852.

[9] 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 objectives - 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.

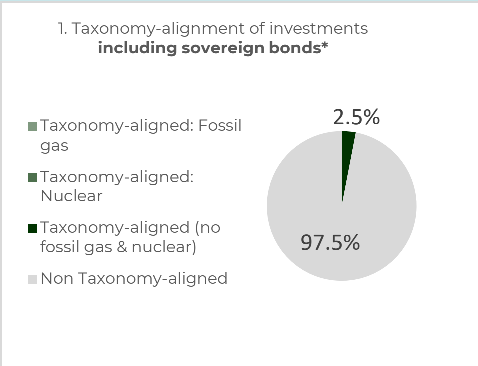
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

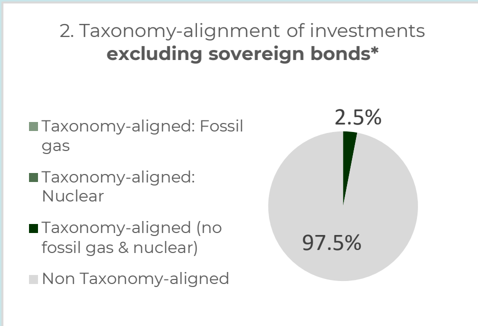
Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

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.

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

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.





This graph represents 74% of the total investments**.

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*
*** The proportion of total investments shown in the right-hand graph is purely indicative and may vary. It is based on the sovereign exposure of our Strategic Asset Allocation as of April 2024 (26%). Consequently, the representation of minimum taxonomy alignment is also indicative and may vary.*

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

There is no minimum share of investments in transitional and enabling activities.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The minimum share of sustainable investments with an environmental objective[10] that are not aligned with the EU Taxonomy is 0%. These sustainable investments are not aligned with the environmental objectives of the EU Taxonomy[11] and do not fulfil all the criteria for environmentally sustainable economic activities of the EU taxonomy[12].

The product includes these investments due to a lack of data, the product's investment objective and diversification needs.

[10] Aligned with the Article 2 (17) of Regulation (EU) 2019/2088.
[11] As laid down in Article 9 Commission Delegated Regulation (EU) 2020/852.
[12] As laid down in Article 3 Commission Delegated Regulation (EU) 2020/852.

What is the minimum share of sustainable investments with a social objective?

The product commits to a minimum of 10% in sustainable investments with a social objective.

What investments are included under "#2 Not sustainable", what is their purpose and are there any minimum environmental or social safeguards?

The product may invest up to 20% of its net assets in cash. Cash serves both as a tactical tool to control the level of investment of clients, but also as an account from which deposits and withdrawals are made into the strategy, as well as fees are paid.

From an asset-liability management perspective, the only use of the cash from these accounts is an overnight investment at the Central Bank of Luxembourg.

Reference benchmarks are indexes to measure whether the financial product attains the sustainable investment objective.

Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

No specific index has been designated as a reference benchmark to meet the sustainable investment objective.

- ***How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?***

  N/A.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

  N/A.

- ***How does the designated index differ from a relevant broad market index?***

  N/A.

- ***Where can the methodology used for the calculation of the designated index be found?***

  N/A.

Where can I find more product specific information online?

More product-specific information can be found on the website:
https://www.raiffeisen.lu/en/private/sustainability/information-about-sustainability