Pre-contractual disclosure

Financial Product name: R-Gestion Defensive **Legal entity identifier: 549300F7FBD744MEP844**

Environmental and/or social characteristics

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.

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

Does this financial product have a sustainable investment objective?	
☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective:** ___% ☐ 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 **5%** 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:** ___%	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

What environmental and/or social characteristics are promoted by this financial product?

The financial product invests at least 51% of the portfolio allocation in target funds that promote environmental and/or social characteristics (Art. 8) or have a sustainable investment objective (Art. 9) and pass the qualitative assessment of their sustainability processes conducted by the Investment Adviser.

At least 5% of the net assets will be in investments that qualify as sustainable investments.

The financial product combines investment funds with a range of different objectives, e.g., environmental and/or social objectives, including investment funds targeting positive alignment with one or several of the 17 UN Sustainable Development Goals (SDG), thematic funds etc.

But a special focus of the financial product is on climate change. Therefore, the carbon intensity of the equity allocation must be lower than in the equity allocation of the broad market reference benchmark. The limit is imposed on the equity allocation rather than the fixed income segment since the carbon intensity of companies and sovereigns are not easily comparable, as it is typically measured as a proportion of sales with companies and as a proportion of Gross Domestic Product (GDP) with sovereigns.

The reference benchmark (broad market index) of the equity allocation is 50% MSCI EMU NR EUR, 40% MSCI World ex EMU NR USD and 10% MSCI EM (Emerging Markets) NR USD.

To be selected for the financial product, the investment funds must exclude from their investments: companies involved in the controversial arms trade (0% revenue threshold); companies that generate more than a specific percentage of their revenues from either arms (10% revenue threshold on producers) or tobacco (5% revenue threshold on producers, 15% revenue threshold on distributors), or nuclear or coal-based energy (10% revenue threshold, unless these companies can demonstrate that they have an exit strategy towards more sustainable energy sources).

The financial product promotes adherence to and/or conducting of business activities in accordance with international norms and standards such as the United Nations Global Compact principles.

The financial product has not designated a reference benchmark for the purpose of attaining the sustainable investment objective.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

- Percentage of net assets that have a sustainable investment objective.
- Percentage of target funds that promote environmental and/or social characteristics (Art. 8) or have a sustainable investment objective (Art. 9).
- Percentage of target funds that pass the qualitative assessment of their sustainability processes conducted by the Investment Adviser. The assessment is done by the Manager Selection team in collaboration with dedicated independent ESG specialists. The ESG specialists have the final say.
- Carbon Intensity of the equity allocation, measured as scope 1 & 2 tons of CO_2 equivalents in relation to sales, compared with the values of the broad market reference benchmark. The inclusion of scope 3 emissions will be considered as soon as the data is more reliable.
- Percentage of net assets that violate the exclusion policy (companies involved in the controversial arms trade; companies that generate more than a specific percentage of their revenues from either arms or tobacco, or nuclear or coal-based energy (unless these companies can demonstrate that they have an exit strategy towards more sustainable energy sources)).
- Percentage of net assets that are in violation with the United Nations Global Compact principles.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

The objective of the sustainable investments that the financial product partially intends to make, is to support climate change mitigation and the transition to the low-carbon economy through allocating to target funds on the equity side that have a focus on climate change and help to bring down the average carbon intensity of the equity allocation lower than that of the according benchmark.

The Carbon Intensity of the equity allocation is measured as the scope 1 & 2 emissions in tons of CO2 equivalents in relation to sales.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

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

For the sustainable investment part of the portfolio a robust due diligence in line with the regulatory requirements is applied when selecting the target funds. Sustainable investments have to be screened for involvement in activities that cause significant harm (for instance via the monitoring of Principle Adverse Impact (PAI) indicators) and for activities that are not aligned with minimum good governance safeguards (for instance through the performance of a norms-based screening on the respect of OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights). A target fund that cannot fulfil these standards, is not eligible to contribute to the sustainable investment allocation of the product. This is checked in the due diligence of the fund selection process, using data provided by the fund providers (e.g., EET, questionnaire, manager meetings) and ESG data providers.

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

The investment product invests for the part that intends to make sustainable investments only into funds that themselves are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights or have credible processes in place (e.g., engagement) to improve the negative impacts. This is checked in the due diligence of the fund selection process, using data provided by the fund providers (e.g., EET, questionnaire, manager meetings) and ESG data providers.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

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

☒ Yes, the Investment Adviser takes into account some principal adverse impacts for all investments: all target funds must exclude from their investments companies involved in the controversial arms trade (0% revenue threshold) and promote adherence to and/or conducting of business activities in accordance with the United Nations Global Compact principles.

For the part that intends to invest in sustainable investments, all the mandatory adverse impact indicators are taken into account by applying the following process:

The Investment Adviser identifies investment funds that are exposed to principal adverse impacts on sustainability factors based on in-house research; data sources include ESG data providers and the fund providers themselves.

Information on how principal adverse impacts on sustainability factors were considered will be made available in the periodic reporting of the financial product.

☐ No

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.

What investment strategy does this financial product follow?

The financial product combines an active top-down investment policy with a bottom-up top-in-class fund selection. Sustainability criteria are only taken into account in the fund selection.

ESG criteria are an integral part of the selection process for investment funds. The investment funds selected are the result of close collaboration between investment specialists and sustainability experts at the Investment Adviser. Through this process, neither financial performance nor sustainability performance are compromised.

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

When selecting investment funds, particular attention is paid 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 investment funds selected and should be visible ideally in all steps (investment guidelines, asset allocation decisions, research, portfolio construction, risk management, active ownership and engagement, reporting).

The financial product combines investment funds with a range of different investment objectives, e.g. environmental and/or social objectives, or investment funds targeting positive alignment with one or several of the 17 UN Sustainable Development Goals (SDG).

But a special focus of the financial product is on climate change. Therefore, the carbon intensity of the equity allocation must be lower than in the equity allocation of the broad market reference benchmark. The limit is imposed on the equity allocation rather than the fixed income segment since the carbon intensity of companies and sovereigns are not easily comparable.

To be selected for the financial product, the investment funds must exclude from their investments: companies involved in the controversial arms trade (0% revenue threshold); companies that generate more than a specific percentage of their revenues from either arms (10% revenue threshold on producers) or tobacco (5% revenue threshold on producers, 15% revenue threshold on distributors), or nuclear or coal-based energy (10% revenue threshold, unless these companies can demonstrate that they have an exit strategy towards more sustainable energy sources).

Companies involved in gambling and the alcohol trade shall be scrutinized very closely. Both do not need to be excluded necessarily but one needs to explain how the asset manager deals with them.

The reason is that certain economic activities have the potential to be harmful. However, the negative effects can be substantially mitigated or avoided, e.g., depending on the technology, distribution, and advertisement of their products. Simple exclusion-screens cannot reflect these nuances. Hence, these issues should be optimally dealt with on a case-by-case basis. Depending on further developments, a stricter exclusion of these sectors will be regularly reviewed.

It cannot be guaranteed that all funds fulfill all the exclusions all the time, but they are monitored in MSCI ESG on a monthly basis and checked with the fund provider directly at least on a yearly basis. Should a breach in the exclusion policy be detected, the fund provider is asked to change the portfolio. If they refuse to do so, the fund will be sold.

The financial product promotes adherence to and/or conducting of business activities in accordance with international norms and standards such as the United Nations Global Compact principles.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

- At least 5% of the net assets must have a sustainable investment objective.
- At least 51% of all selected target funds promote environmental and/or social characteristics (Art. 8) or have a sustainable investment objective (Art. 9).
- At least 51% of all selected target funds pass the qualitative assessment of their sustainability processes conducted by the Investment Adviser. The assessment is done by the Manager Selection team in collaboration with dedicated independent ESG specialists. The ESG specialists have the final say.
- A lower Carbon Intensity of the equity allocation, measured as scope 1 & 2 tons of CO2 equivalents in relation to sales than of the broad market reference benchmark, measured on a look-through basis on the portfolio level.
- All selected investment funds are in compliance with the exclusion policy: companies involved in the controversial arms trade (0% revenue threshold); companies that generate more than a specific percentage of their revenues from either arms (10% revenue threshold on producers) or tobacco (5% revenue threshold on producers, 15% revenue threshold on distributors), or nuclear or coal-based energy (10% revenue threshold, unless these companies can demonstrate that they have an exit strategy towards more sustainable energy sources).
- All selected investment funds are in compliance with the United Nations Global Compact principles.

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

Not applicable.

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

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

When selecting funds, attention is paid to ensuring that governance criteria are noticeably integrated into the investment process. In addition, emphasis is placed on ensuring that the fund companies have solid active ownership processes in place.

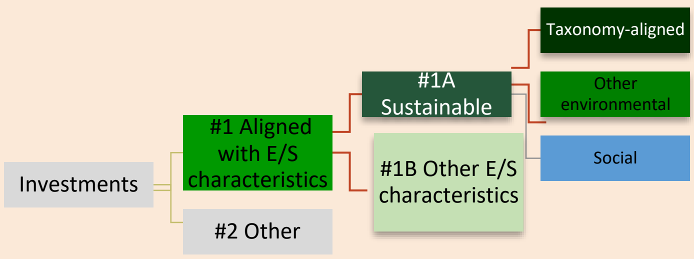
Asset allocation describes the share of investments in specific assets.

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.

What is the asset allocation planned for this financial product?

At least 51% of all selected target funds pass the qualitative assessment of their sustainability processes conducted by the Investment Advisor and are therefore aligned with E/S characteristics. The investment product is expected to invest at least 5% of its net assets in issuers that qualify as sustainable investments.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental and/or social characteristics promoted by the financial product.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental and/or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental and/or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental and/or social characteristics that do not qualify as sustainable investments.

***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

Not applicable. Derivatives are not used.

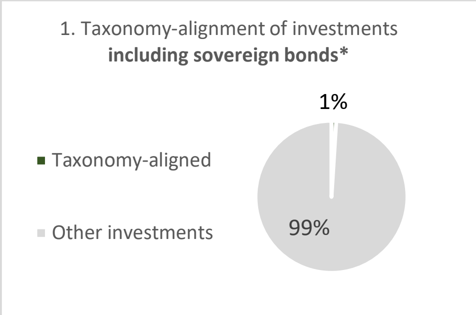
To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

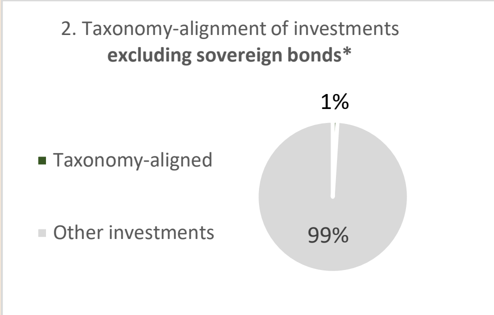
The investment product intends to partially invest in sustainable investments with an environmental objective as defined by the EU Taxonomy. It is expected that at least 1% of the investments will be considered as aligned with the EU Taxonomy on a look-through basis. In order to calculate and monitor the EU Taxonomy alignment of the investment product, the Investment Adviser will use data provided by MSCI ESG.

The definition of MSCI ESG is as follows: The weighted average of the fund’s issuers' estimated maximum percent of revenue from products and services addressing environmental objectives, based on the framework set by the MSCI Sustainable Impact Metrics. The calculation includes revenue from all companies in the MSCI Sustainable Impact universe and is not limited to those that are required to report taxonomy data, which may lead to an overestimation of fund level EU Taxonomy alignment. Companies with Red and Orange Flag environmental controversies, and Red Flag social and governance controversies are excluded from the list as failing to meet the "Do No Significant Harm and Minimum Social Safeguards" criteria of the EU Taxonomy. Also excluded are tobacco producers; companies generating 5% or more of revenue from supply, distribution, or retail of tobacco products; and companies with any involvement in controversial weapons.

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.

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.





* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

As the investment guidelines would theoretically allow to hold 0% in sovereign bonds and all bond exposure in corporates, the minimum allocation in Taxonomy-aligned investments excluding sovereign bonds is set at the same level *as including sovereign bonds*.

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

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

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

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 that are not aligned with the EU Taxonomy is 0%.
The investment strategy of the financial product is not to prevent investments in taxonomy-aligned activities. As such, there is no commitment within the financial product to invest in activities not aligned with the EU Taxonomy.

What is the minimum share of socially sustainable investments?

There is no minimum share of investments in sustainable investments with a social objective.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

A maximum of 49% can be invested in category #2 Other Investments. This category mainly includes cash and alternative investments (e.g. liquid alternatives, real estate or commodities). 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. Within alternative investments it is currently still difficult to find first-class target funds that are in line with environmental and/or social characteristics. In a portfolio context, alternative investments serve as diversifiers and improve the risk-return ratio of a portfolio due to their low correlation to traditional asset classes. Often, the strategies are implemented using derivatives, and sufficiently liquid sustainable products are often not yet available. However, target funds in this category must at least include ESG risks (Article 6), exclude controversial weapons (0% revenue limit) and promote adherence to and/or conducting of business activities in accordance with the United Nations Global Compact principles.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

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

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

  Not applicable.

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

  Not applicable.

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

  Not applicable.

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

  Not applicable.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Where can I find more product specific information online?

More product-specific information can be found on the website:

www.raiffeisen.lu/en/private/sustainability/information-about-sustainability

https://www.raiffeisen.lu/en/private/manage-your-assets/our-services/discretionary-management