

Annex R-Gestion mandate

Pre-contractual disclosure

Financial Product name: R-Gestion Sustainable

Legal entity identifier: 549300F7FBD744MEP844

Sustainable investment objective

Does this financial product have a sustainable investment objective?

<input checked="" type="radio"/> <input checked="" type="radio"/> <input checked="" type="checkbox"/> Yes	<input checked="" type="radio"/> <input type="radio"/> <input type="checkbox"/> No
<p><input checked="" type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: 20%</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input checked="" type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <p><input checked="" type="checkbox"/> It will make a minimum of sustainable investments with a social objective: 5%</p>	<p><input type="checkbox"/> 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</p> <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective <p><input type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments</p>

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 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 invests only in investment funds that have sustainable investment as an objective and are SFDR Art. 9 products. At least 60% of the net assets will be in investments that qualify as sustainable investments.

The financial product combines investment funds with a range of different investment 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).

But a special focus of the financial product is on climate change. Therefore SDG 7 (Affordable and Clean Energy) and SDG 13 (Climate Action) are specifically targeted to have a net positive alignment on portfolio level and also to have a better net positive alignment than the broad market reference benchmark of the financial product. Additionally, 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) is 5% FTSE EUR 1 Month Eurodeposit, 30% Barclays Euro Aggregate EUR hedged, 15% Barclays Global Aggregate EUR hedged, 5% ICE BofAML Global High Yield TR EUR Hedged, 5% JP Morgan EMBI Global Div. EUR hedged, 15% MSCI Europe NR EUR, 20% MSCI World NR USD and 5% 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 specific reference benchmark for the purpose of attaining the sustainable investment objective.

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

- Percentage of net assets that have a sustainable investment objective.
- Percentage of investment 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.
- Percentage of net assets with a positive net alignment (assets aligned with the SDG minus assets misaligned) in SDG 7 (Affordable and Clean Energy), compared with the values of the broad market reference benchmark.
- Percentage of net assets with a positive net alignment (assets aligned with the SDG minus assets misaligned) in SDG 13 (Climate Action), compared with the values of the broad market reference benchmark.
- Carbon Intensity of the equity allocation, measured as scope 1 & 2 tons of CO₂ 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)).

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

- Percentage of net assets that are in violation with the United Nations Global Compact principles.

How do sustainable investments 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?

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?

The investment product invests 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.



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

Yes, the Investment Adviser takes into account all the mandatory adverse impact indicators 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.

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 SDG 7 (Affordable and Clean Energy) and SDG 13 (Climate Action) are specifically targeted to have a net positive alignment on portfolio level and also to have a net improvement measured versus the broad market reference benchmark of the financial product. Additionally, 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 investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

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 the sustainable investment objective?***

- All selected investment funds have a sustainable investment objective.
- All selected investment 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 positive net alignment (assets aligned with the SDG minus assets misaligned) and higher value than of the broad market reference benchmark in SDG 7 (Affordable and Clean Energy), measured on a look-through basis on the portfolio level.
- A positive net alignment (assets aligned with the SDG minus assets misaligned) and higher value than of the broad market reference benchmark in SDG 13 (Climate Action), measured on a look-through basis on the portfolio level.
- 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 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.

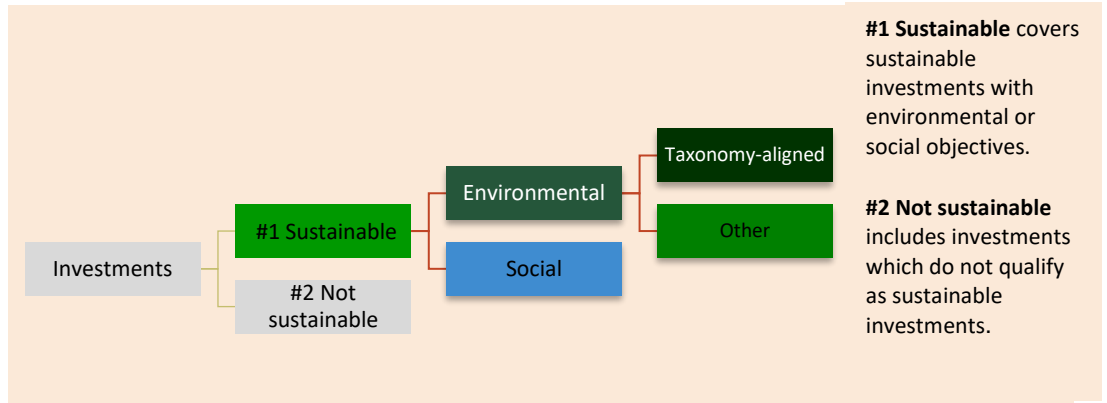
Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.



What is the asset allocation and the minimum share of sustainable investments?

The investment product is expected to invest at least 60% of its net assets in issuers that qualify as sustainable investments.

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.

● How does the use of derivatives attain the sustainable investment objective?

Not applicable. Derivatives are not used.



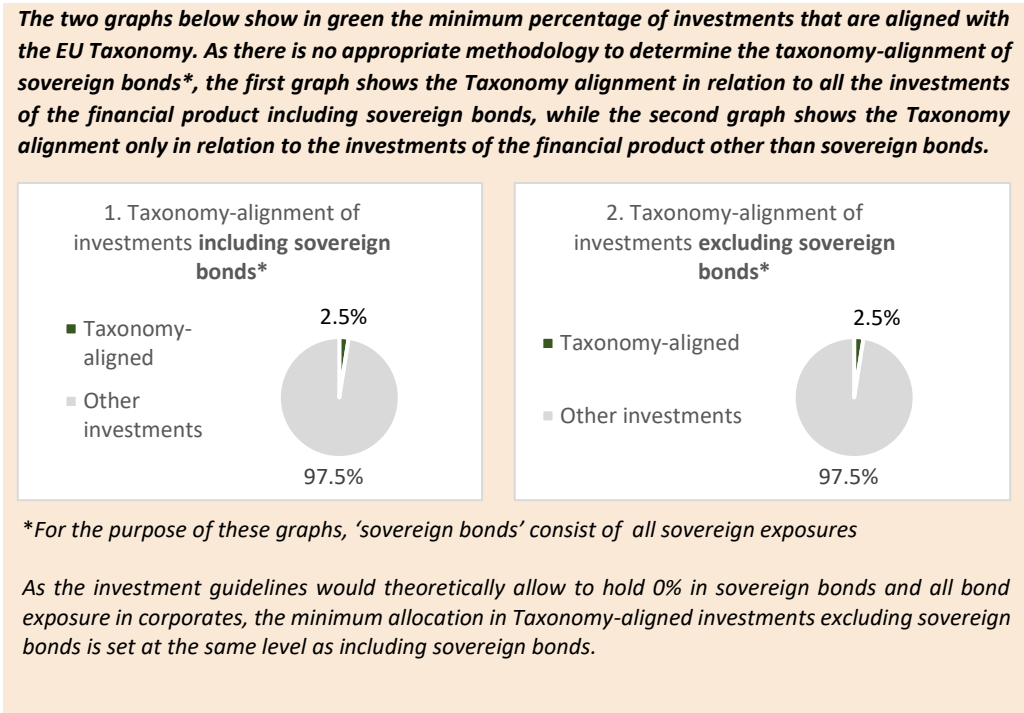
To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

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 2.5% 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.

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 minimum share of investments in transitional and enabling activities?**

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

are environmentally sustainable investments 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 sustainable investments with a social objective?

The investment product will invest at least 5% 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 investment product may invest up to 40% 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.



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

No, 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?***

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 sustainable investment objective.



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>