3/ Pre-contractual disclosure template (Article 8 SFDR)

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.

Product name:
SSP / M – (LZA) Euro Equity

Legal entity identifier:
213800AVFTGXF6AD9567

Environmental and/or social characteristics

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 will make a minimum of **sustainable investments with a social objective:** __%

☒ 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 30**%** 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 promotes E/S characteristics, but **will not make sustainable investments**

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

As part of the implementation of its investment strategy, stock analysis and ESG integration process described below, the Sub-Fund promotes the following environmental characteristics:

Environmental policy:
• Integration by companies of environmental factors adapted to the sector, geographical location and any other relevant material factors
• Development of an environmental management strategy and system
• Development of a climate strategy

Control of environmental impacts:
• Limitation and adaptation to global warming
• Responsible management of water and waste
• Preservation of biodiversity

Management of the environmental impact of products and services:
• Ecodesign of products and services
• Environmental innovation
Additionally, the product promotes the following social features:

Respect for human rights:
• Prevention of situations of human rights violations
• Respect for the right to personal safety and security
• Respect for privacy and data protection

Human Resource Management:
• Constructive social dialogue
• Training and career management favourable to human development
• Promotion of diversity
• Health, safety and well-being at work

Management of the value chain:
• Responsible supply chain management
• Quality, safety and traceability of products
This product does not use a specific index to determine its alignment with the environmental and social characteristics it promotes.

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?

The achievement of the environmental and social characteristics promoted by this product is measured by sustainability indicators. Their description is given below.

At the valuation level in the internal analysis model:
The ESG analysis of securities held directly is based on a proprietary model based on an internal ESG grid.
Based on the various data provided by the Investment Manager's ESG partners (extra-financial analysis agencies, external service providers, etc.), company annual reports and direct exchanges with them, the analysts responsible for monitoring each value establish an internal ESG score.
This rating is the result of an approach that is both quantitative (energy intensity, staff turnover rate, board independence rate, etc.) and qualitative (solidity of the environmental policy, employment strategy, competence of directors etc.).

Each pillar E, S and G is scored between 1 and 5 based on at least five relevant key indicators per dimension.
These internal ESG ratings are integrated into the valuation models via the beta used to define the weighted average cost of capital for equity management and in the issuer selection process and in the determination of their weight in the portfolio for bond management.

In addition, to confirm the robustness of the internal model, the analysts-managers in charge of management compare the portfolio's average ESG rating to that of its benchmark ESG universe using Moody's ESG Solutions ratings.

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 definition of sustainable investment within the meaning of SFDR is based on the selection of indicators that demonstrate a substantial contribution to one or more environmental or social objectives, it being understood that these investments must not cause significant harm to none of these objectives and that the companies in which the investments are made apply best practices in governance.

The environmental indicators selected are as follows:
- Carbon footprint (PAI 2)
- Carbon intensity (PAI 3)
- Implicit Temperature Rise (ITR)
- Number of "low carbon" patents held

The social indicators used are as follows:
- % of women in executive management;
- Number of training hours for employees;
- Benefits coverage;
- Diversity policies by management.

The substantial contribution is measured by applying thresholds per indicator. Thus, for example, with regard to the threshold relating to temperature, a company must contribute to a temperature increase of no more than 2 degrees.

The use of these criteria is subject to independent control by the Investment Manager's Risk and Compliance Department, within the framework of the ESG Risk Committee of the Investment Manager.

Principal adverse impact are the most significant negative impacts of investment decision on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

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?

The absence of material harm is assessed on the basis of all the PAI indicators listed in Table 1 of Annex I of Delegated Regulation (EU) 2022/1288 of April 6, 2022. In the event of insufficient coverage of the universe of investment for certain indicators, substitution criteria may be used exceptionally (such as for PAI 12, use of an indicator relating to attention to diversity by management). This substitution is subject to independent control by the Investment Manager's Risks and Compliance Department, within the framework of the Investment Manager's ESG Risk Committee.

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

Key Adverse Sustainability Impact (PAI) indicators are considered at two levels:

- on the one hand, they are integrated into the internal analysis of each security monitored, carried out by our analysts-managers in the internal grids ESG analysis.
- in addition, they are used to assess the share of sustainable investments.

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

Respect for minimum guarantees in terms of labour rights, human rights (OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights) and the eight fundamental conventions of the International Labor Organization is an essential criterion for verifying that the companies in which investments are made apply good governance practices.

The Investment Manager therefore checks whether the company applies a due diligence policy in terms of labour rights according to the eight fundamental conventions of the International Labor Organization (PAI 10) as part of our DNSH process. The Investment Manager also ensures that the companies concerned apply good governance practices by defining a minimum external rating on the governance pillar.

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 not 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?

X Yes

The proprietary ESG analysis model of the companies present in the portfolio takes into account all the indicators relating to the main negative impacts of companies in terms of sustainability (PAI).

These indicators are integrated into the internal grids which allow the ESG rating of the security, taken into account in the valuation models through the beta used to define the weighted average cost of capital for equity management and in the issuer selection process. and in determining their weight in the portfolio for bond management.

No

What investment strategy does this financial product follow?

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

To achieve its investment objective, the product will base its investments on fundamental research in the selection of transferable securities for long positions. It will benefit from proprietary valuation models for each of its individual investments and the strategy will be reviewed frequently in light of discussions it may have with the management of the issuers of the transferable securities in which the portfolio is invested or is contemplating to invest. The objective is to maintain a concentrated portfolio of equities across a range of European countries and sectors subject to the investment restrictions set out in the prospectus.

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?

The binding elements used as part of the investment strategy to achieve the environmental and social objectives promoted by this product cover, for the securities directly in the portfolio:

- The extra-financial analysis rate:

The extra-financial analysis rate of investments in the product's direct securities is, depending on the product's investment categories, greater than:

- 90% for equities issued by large caps headquartered in "developed" countries, debt securities and Money Market Instruments with an investment grade credit rating, sovereign debt issued by developed countries;
- 75% for shares issued by large capitalizations whose head office is located in "emerging" countries, shares issued by small and medium capitalizations, debt securities and Money Market Instruments benefiting from a high yield credit and sovereign debt issued by "emerging" countries.

These rates are expressed as a percentage of total assets.

- The average ESG rating of the portfolio

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

The analyst-managers ensure that the weighted average ESG rating of the portfolio is higher than that of the average of the reference universe by using the extra-financial rating framework of Moody's ESG Solutions.

The reference ESG universe of the portfolio is: Eurostoxx index (Bloomberg Code: SXXT Index).

In addition, the management company makes exclusions upstream of investments:

- Normative exclusions relating to controversial weapons (cluster munitions, anti-personnel mines, biological and chemical weapons) and violations of the United Nations Global Compact.
- Sectoral exclusions (tobacco and thermal coal).

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, employees' relations, remuneration of staff and tax compliance.

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

The quality of governance has always been a determining criterion of the Sub-Fund's investment policy. As such, the score of pillar G within the internal ESG grids is slightly overweighted at 40% of the overall ESG rating of companies compared to 30% for pillars E and S.

As part of the ESG analysis of companies, analyst-managers take into account the following aspects:
- the independence, competence and diversity of the board of directors;
- the quality of management;
- the quality of financial and extra-financial communication; and
- transparency and consistency of executive compensation.

In addition, our voting and engagement policies systematically integrate consideration of good governance criteria.

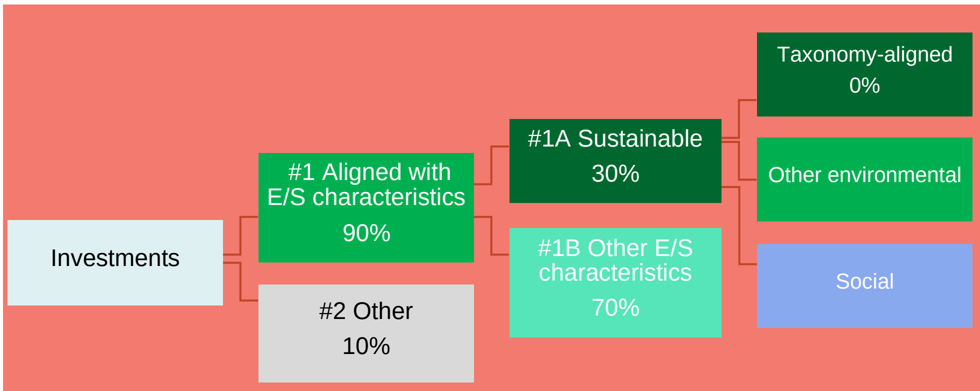
What is the asset allocation planned for this financial product?

The Sub-Fund promotes environmental/social (E/S) characteristics without having a sustainable investment objective. Under normal market conditions, the Sub-Fund will invest at least 90% of its assets in investments aligned with the E/S characteristics.

The minimum share of sustainable investments within the meaning of Article 2(17) of SFDR amounts to 30% of the Sub-Fund's net assets. This minimum includes all investments with an environmental objective aligned or not with the Taxonomy Regulation or with a social objective. Some activities may contribute to more than one objective.

The Sub-Fund will invest a maximum of 10% in cash and/or cash equivalent as investments in UCIs (#2 Other).

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.



#1 Aligned with E/S characteristics includes the investments of the Sub-Fund used to attain the environmental or social characteristics promoted by the Sub-Fund.

#2 Other includes the remaining investments of the Sub-Fund which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Category **#1 Aligned with E/S characteristics covers:**
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives;
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental 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?

The Sub-Fund does not use derivatives to achieve environmental or social characteristics.

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

The Sub-Fund currently has no minimum commitment to sustainable investments with an environmental objective aligned with the EU Taxonomy.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?

☐ Yes

☐ In fossil gas ☐ In nuclear energy

☒ No

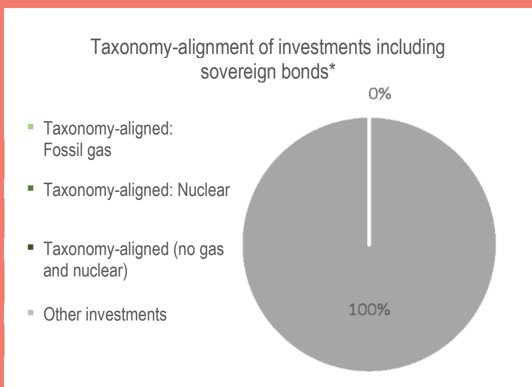
[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“**climate change mitigation**”) and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

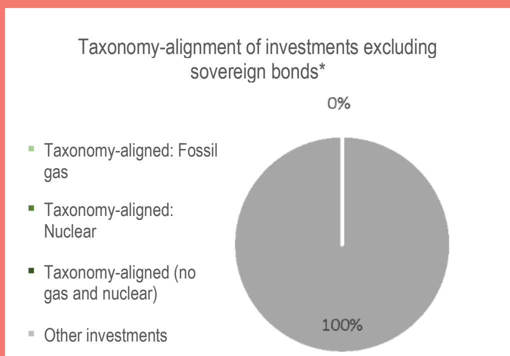
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

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.

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 Sub-Fund including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the Sub-Fund other than sovereign bonds.





This graph represents 100% of the total investments.

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

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

Not applicable.

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 Sub-Fund will have a minimum commitment of 30% of sustainable investments with an environmental objective with no commitment on their alignment with the EU Taxonomy.

What is the minimum share of socially sustainable investments?

Not applicable.

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

The investments included in the "#2 Other" category relate to cash and/or cash equivalent as investments in UCIs.

The UCIs selected in addition to the direct securities are, for the most part, subject to an ESG process at least equivalent to that described for the direct securities.

For UCIs managed by external management companies, the Investment Manager takes note of their ESG integration processes and selects mainly funds with ESG integration at least equivalent to that described for direct securities or promoting environmental or social characteristics within the meaning of Article 8 of the SFDR regulation.

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?

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

The Sub-Fund does not use a specific index to determine its alignment with the environmental and social characteristics it promotes.

Where can I find more product specific information online?

https://www.ofi-invest-lux.com/fund/ssp-m-lza-euro-equity-class-o-d-eur/LU1274527842