

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

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: [insert %]**

No

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 **__20__%** 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 any sustainable investments**



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

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

The Sub-Fund invests in companies whose business models will benefit from the changes in regulations, innovations, services or products linked to the transition to more affordable social systems that deliver enhanced wellbeing suitable for an aging society.

The Sub-Fund seeks to invest in high quality companies with sustainable financial models, business practices and business models showing resilience and the ability to evolve and benefit from long term structural trends using inter alia the profiling tools and methodologies set out below.

The Sub-Fund's investment philosophy is rooted in the Investment Manager's worldview describing a necessary transition to Circular, Lean, Inclusive and Clean (CLIC®) economic model, a more sustainable economic model that would be net zero, nature-positive, socially-constructive and digitally-enabled.

The Investment Manager believes this transition to the CLIC® economy will require a transformation across the global economic systems related to energy, consumer, materials, health technology and financial services.

Without prejudice to its ability to invest in broad economic system changes, the primary economic systems in scope for this Sub-Fund are shifts in health, financial, consumer, and supporting technology systems towards more affordable models focused on broader wellbeing and healthy ageing.

In order to promote and achieve the objectives and contributions described above, the Investment Manager aims to:

- invest the Sub-Fund's assets primarily in investments making a meaningful contribution to the specific objectives outlined above as determined by reference to the Investment Manager's proprietary classification framework in which companies may be classified as either 'sustainable', 'grey' or 'red' (the "LO Sustainable Investment Framework" – as further detailed in Schedule III).
- invest at least 20% of the Sub-Fund's assets in sustainable investments (those described as 'sustainable' according to the LO Sustainable Investment Framework).
- reduce the Sub-Fund's exposure to investments described as 'red' according to the LO Sustainable Investment Framework by 50% compared to its benchmark.
- ensure for companies in the Sub-Fund's portfolio, which are identified as 'red' according to the LO Sustainable Investment Framework, that any specific concerns are raised with the Investment Manager's Stewardship team to inform proxy voting and engagement activities.

The Investment Manager will assess whether a company is on a clear and measurable path to environmental or social transition by following its Systems Change Approach to Transition Investing. Detailed information on the approach is set out in Schedule V. It should be noted that its Systems Change Approach to Transition Investing does not assess the evolution of an individual company's journey towards/through the transition. It assesses its exposure to, and whether or not it is likely to benefit from, the transition.

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

The Investment Manager will focus on the following primary indicators to measure attainment of the specific commitments outlined above:

- the percentage of the Sub-Fund's assets invested in 'sustainable', 'grey' and 'red' companies according to the LO Sustainable Investment Framework.
- the total percentage of the Sub-Fund's investee companies classified as 'red' companies according to the LO Sustainable Investment Framework for which (a) a case has been raised with the Investment Manager's Stewardship team; (b) a specific engagement strategy has been defined; and (c) individual or collective engagement has taken place over the preceding 12 month period.

Given the specific focus of this Sub-Fund, the Investment Manager will report on the following indicators, which are considered as part of the Investment Manager's do no significant harm considerations outlined in the LO Sustainable Investment Framework.

- Controversies related to social issues (# level 3-5).

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 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 sustainable investments that the Sub-Fund partially intends to make is the transition towards an economy with more efficient and resilient industrial, food and consumer systems and transformation of health, financial and broader social systems to deliver higher-quality services.

- ***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 analysis of possible significant harm to environmental or social sustainable investment objectives forms an intrinsic part of the analysis undertaken under the LO Sustainable Investment Framework.

This LO Sustainable Investment Framework takes explicit account of any material environmental or social dimensions and an investee company's performance with respect to these indicators, on a current or forward-looking basis.

The Investment Manager identifies 'sustainable investments' as companies classified as 'sustainable' under the LO Sustainable Investment Framework which have specifically been assessed to not cause significant harm or to be subject to credible mitigating factors.

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

Indicators for adverse impact on sustainability factors are considered as part of the Investment Manager's activity-by-activity assessment of possible significant harm as outlined in the LO Sustainable Investment Framework.

The specific Principal Adverse Indicators ("PAIs") considered as part of this assessment are described further below.

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 Manager considers exposure to controversies related to the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights under the LO Sustainable Investment Framework. In the absence of credible mitigating factors, investments exposed to high level controversies, will not be considered sustainable.

The EU Taxonomy sets out a "do no 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

No

The Investment Manager considers PAIs as a tool to understand the environmental (and to a limited extent, social) performance of the Sub-Fund's portfolio against objectively measurable sustainability criteria consistently applied across the European Union, as set out in more detail below. This consideration may inform investment decisions (particularly if the PAIs demonstrate that an investment may cause significant harm) but is principally used to understand the wider sustainability dynamics of the Sub-Fund on an ex post basis. It should be noted that not all PAIs may be material to all investments or material in the same way and such consideration will therefore form only part of the Investment Manager's wider assessment of sustainability factors.

Through the LO Sustainable Investment Framework, the Investment Manager considers PAIs as follows:

PAI Table of indicators	PAI indicator #	Indicator description	Approach
Table 1 (mandatory)	1	Scope 1, 2 and 3 emissions	The Investment Manager considers the scope 1, 2 and material 3 emissions of investee companies and the relevance of emissions to specific activities and sectors. The Investment Manager considers both the current scale of emissions, as well as whether a company has a credible and ambitious decarbonisation strategy in place that is compatible with Paris-aligned objectives, using the Investment Manager's internal Implied Temperature Rise (ITR) framework. Further information in relation to the ITR methodology can be found in Schedule II. To be considered 'sustainable' the dimensions above must either not be highly material to the company or activity, must already demonstrate improved performance compared to peers, must be subject to a credible and ambitious mitigation strategy, or must generate significant avoided impacts on emissions or by virtue of the inherent nature of the activity or activities of the company.
	2	Carbon footprint	
	3	GHG intensity of investee companies	
Table 2 (optional, environmental)	4	Companies without emission reduction initiatives	

Table 1 (mandatory, continued)	4	Companies active in the fossil fuel sector	As part of the LO Sustainable Investment Framework, the Investment Manager assesses the exposure of every business activity to the fossil fuel sector. This includes exposure to activities linked to the exploration, production, refining and distribution of fossil fuel. The level of exposure to fossil fuel is taken into account as part of the LO Sustainable Investment Framework.
	5	Share of non-renewable energy consumption and production	These two PAIs do not form an explicit part of the LO Sustainable Investment Framework but are considered implicitly as part of the PAIs above on the assessment of emissions.
	6	Energy consumption intensity per high impact climate sector	
	7	Activities negatively affecting biodiversity-sensitive areas	The Investment Manager assesses the intensity of water withdrawals, and generation of hazardous waste, and the proximity of a company's known operational assets to biosensitive areas and, the quality of a company's forest management practices, where these considerations are material to the company's activities. To be considered 'sustainable' the dimensions above must either not be highly material to the company or activity, must already demonstrate improved performance compared to peers, must be subject to a credible and ambitious mitigation strategy, or must generate significant avoided impacts on related environmental dimensions or by virtue of the inherent nature of the activity or activities of the company.
	8	Emissions to water	
	9	Hazardous waste ratio	
Table 1 (mandatory, continued)	10	Violations of the UNGC principles and OECD Guidelines for Multinational Enterprises	Exposure to moderate or more severe controversies, and the outlook of such controversies, is considered as part of the LO Sustainable Investment Framework
	11	Lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises	
	12	Unadjusted gender pay gap	Aspects related to diversity programmes, board structure, along

	13	Board gender diversity	with other social and governance dimensions form part of the Investment Managers ESG scoring framework, with performance on social and governance scores explicitly taken into account as part of the LO Sustainable Investment Framework. The Investment Manager endeavours to collect data, where available, on the specific indicators described here but consider these indicators as engagement/proxy voting priorities rather than individually forming part of the LO Sustainable Investment Framework.
	14	Exposure to controversial weapons	The Sub-Fund has an exclusion on companies found to have direct exposure to controversial weapons.
Table 3 (optional, social)	2	Rate of accidents	Where a company is operating in a sector with high risk of fatalities, the Investment Manager considers the company's fatality rate. To be considered 'sustainable' the dimensions above must either not be highly material to the company or activity, must already demonstrate improved performance compared to peers, or must be subject to a credible and ambitious mitigation strategy.

Information on PAI on sustainability factors is available in the annual report.



What investment strategy does this financial product follow?

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

Information on the Sub-Fund's investment objective and investment policy can be found in the relevant Sub-Fund's description as included in Annex A of the Prospectus.

The Investment Manager has integrated sustainability risks into its own investment processes/strategy for the Sub-Fund by (i) filtering prospective investments based upon an assessment of their sustainability profile using the proprietary tools described above; (ii) considering data points linked to PAIs as described above; and (iii) excluding controversial investments as specified below.

- ***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?***

1. CTB Exclusion

The Sub-Fund will comply with the CTB exclusion criteria, which include the following:

Controversial weapons - the Sub-Fund will exclude exposure to companies involved in controversial weapons defined by the Investment Manager, in line with its firm-wide exclusion policy as companies that produce, trade or store controversial weapons (biological and chemical weapons, anti-personnel mines, cluster weapons, depleted uranium, white phosphorus incendiary weapons). The scope of this exclusion includes weapons banned or outlawed by the Ottawa Treaty on landmines (effective 1999), the Convention on Cluster Munitions (Oslo Convention) of 2008, the Biological and Toxin Weapons Convention (BWC – 1972), the Treaty on the Non-Proliferation of Nuclear Weapons (1968), the Chemical Weapons Convention (CWC – 1993) and SVK-ASIR exclusion list.

Tobacco - the Sub-Fund will exclude exposure to companies involved in the cultivation and production of tobacco.

Violation of United Nations Global Compact (UNGC) principles or the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises - companies in violation of the UNGC principles or the OECD Guidelines, defined by the Investment Manager in line with its firm-wide exclusion policy as companies involved in the most severe breaches of the UN Global Compact Principles or the OECD Guidelines ("Level 5 Controversies").

Level 5 Controversies are subject to the Investment Manager's exclusion policy and may be overridden in the exceptional circumstances described in that policy.

2. Exclusions and restrictions as per the Investment Manager's firm-wide exclusion policy:

In addition to the CTB Exclusions, the Sub-Fund applies exclusions and restrictions as per the Investment Manager's firm-wide exclusion policy where it differs to the CTB Exclusions by being more restrictive (**publicly available on the Investment Manager's website [Policy Exclusion.pdf](#)**).

Restriction of Tobacco, Coal, Unconventional Oil & Gas

The Sub-Fund will exclude:

Tobacco - in addition to excluding exposure to companies involved in the cultivation and production of tobacco, as per the Investment Manager's firm-wide exclusion policy, the Sub-Fund will also exclude companies deriving more than 10% of their revenues from the retailing of tobacco products/services.

Thermal Coal:

Mining - companies deriving more than 10% of their revenues from thermal coal extraction.

Power Generation - companies deriving more than 10% of their revenues from coal power generation.

Unconventional Oil & Gas: companies deriving more than 10% in aggregate of their revenues from any of tar sands, shale gas and oil and arctic oil & gas exploration.

The restrictions relating to tobacco, coal, unconventional oil and gas are subject to the Investment Manager's exclusion policy and may be overridden in the exceptional circumstances described in that policy, such as where a company makes a firm commitment to a credible and rapid phaseout of the above activities.

Minimum percentage of investments aligned with E/S characteristics and sustainable investments

The Investment Manager will invest at least 80% of the Sub-Fund's assets in investments aligned with E/S characteristics, of which at least 20% will be invested in sustainable investments (those described as 'sustainable' according to the LO Sustainable Investment Framework).

Maximum exposure to red investments

The Investment Manager will reduce the Sub-Fund's exposure to investments described as 'red' according to the LO Sustainable Investment Framework by 50% compared to its benchmark.

It should be noted that whilst the Investment Manager may make certain comparisons with one or more benchmarks for certain elements of its investment process as described above, the Investment Manager has not designated a formal benchmark for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

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

There is no committed rate to reduce the scope of investments prior to the application of the investment strategy.

The Investment Manager will, however, reduce the Sub-Fund's exposure to investments described as 'red' according to the LO Sustainable Investment Framework by 50% compared to its benchmark.

It should be noted that whilst the Investment Manager may make certain comparisons with one or more benchmarks for certain elements of its investment process as described above, the Investment Manager has not designated a formal benchmark for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

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

Good governance is assessed as part of the good governance test within the LO Sustainable Investment Framework, which includes an analysis of ownership & control, board structure, remuneration and controversies, amongst others.

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



What is the asset allocation planned for this financial product?

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.

The Investment Manager will invest:

- at least 80% of the Sub-Fund's assets in investments #1 Aligned with E/S characteristics.
- not more than 20% of the Sub-Fund's assets in #2 Other.
- at least 20% of the Sub-Fund's assets in #1A 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 attain the environmental or social characteristics promoted by the Sub-Fund.



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

The Sub-Fund makes no minimum commitment to sustainable investments with an environmental objective aligned with the EU Taxonomy. As a result, the Sub-Fund includes a graphical depiction showing 0% EU Taxonomy-alignment.

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

Yes:

In fossil gas

In nuclear energy

No

The two graphs 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.*

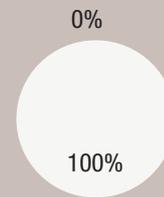
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules

1. Taxonomy-alignment of investments including sovereign bonds*



- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned (no fossil gas & nuclear)
- Non Taxonomy-aligned

2. Taxonomy-alignment of investments excluding sovereign bonds*



- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned (no fossil gas & nuclear)
- Non Taxonomy-aligned

This graph represents 100% of the total investments.

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

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 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.

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 criteria** for environmentally sustainable economic activities under the EU Taxonomy.

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

N/A



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

There is no commitment to have any share of the Sub-Fund's sustainable investments aligned with the EU Taxonomy.



What is the minimum share of socially sustainable investments?

0%



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

Investments classified as “#2 Other” are investments in red companies according to the LO Sustainable Investment Framework. The purpose of their inclusion is for inter alia portfolio diversification purposes or to reflect common benchmarks or broad market exposure to support the financial performance of the Sub-Fund. As a minimum safeguard, such investments will not include companies with Level 5 Controversies (as defined above). ‘#2 Other’ also includes Cash and Cash Equivalents (for instance to achieve investment goals, for treasury purposes or in case of unfavorable market conditions) and derivatives (used for instance for hedging purposes or for efficient portfolio management techniques).



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

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

- *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



Where can I find more product specific information online?

More product-specific information can be found on the website: www.loim.com