***Annex IV***

*ANNEX V*

**Template periodic disclosure for financial products referred to in *Article 9(1), (2) and (3) of Regulation (EU) 2019/2088 and Article 5 of Regulation (EU) 2020/852***

**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, establishing a list of **environmentally sustainable economic activities**. For the time being, it 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:** CT (Lux) SDG Engagement Global Equity **Legal entity identifier:** 213800TVDYDJOO2JBG48

# Sustainable investment objective

**Did this financial product have a sustainable investment objective?**

| ☒ **Yes** | ☐ **No** |
|---|---|
| ☒ It made **sustainable investments with an environmental objective:** 28.39% | ☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments |
| ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy | ☐ 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 | ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy |
| | ☐ with a social objective |
| ☒ It made **sustainable investments with a social objective:** 70.30% | ☐ It promoted E/S characteristics, but **did not make any sustainable investments** |

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

**To what extent was the sustainable investment objective of this financial product met?**

The CT (Lux) SDG Engagement Global Equity Fund allocated to companies in line with its investment policy, over the period. The Fund looks to demonstrate positive progress towards achieving the underlying targets of the UN's Sustainable Development Goals. Every investment made by the Fund was deemed sustainable, as per our definition of sustainable investments (see question 4 for further details). In the event an investment subsequently became non-sustainable post investment, for reasons such as changes in data or Fund investment policy, then the Fund would divest from the name.

### *How did the sustainability indicators perform?*

The Portfolio exclusively invests in sustainable investments using the investment manager's 'avoid, invest, improve' framework. The Portfolio adheres to a set of exclusions, targets investment exclusively in sustainable investment. The fund aims to undertake targeted, impact-focused, active engagement with companies, using the Sustainable Development Goals ("SDGs") framework.

The Portfolio utilises several indicators to assess performance against this framework. During the period under review the Portfolio;

1. *Invested exclusively in Sustainable Investments with 87.58% of holdings demonstrating a positive revenue contribution to SDG objectives*
2. *Over the previous year the Portfolio had 125 investee company engagements, representing 42 companies engaged across 17 countries*
3. *19 milestones achieved, meaning the company made a tangible improvement in their policies and practices in alignment with our SDG engagement objective*

### *…and compared to previous periods?*

| Indicator | 2022 | 2021 |
|---|---|---|
| | | |
| Proportion of the fund with >50% net revenue positively aligned with Sustainable Development Goals (SDGs[1]) | 87.58% | 81.95% |
| The number of SDG-linked engagements conducted | 125 | 90 |
| The number of SDG-linked engagement milestones achieved | 19 | 33 |

**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.

[1] Calculated as the Proportion of fund held in issuers which have greater than 50% of their Net Revenue aligned with the SDGs

***How did the sustainable investments not cause significant harm to any sustainable investment objective?***

The Portfolio's investment approach assesses that the sustainable investments made by the Portfolio do not significantly harm other sustainable investment objectives in several ways:

The Portfolio screens out investments that are contrary to the goals of making positive contributions to the environment and/or society. These criteria are product- and conduct-based, covering topics such as fossil fuels and weapons, and United Nations Global Compact breaches.

Through the Investment Manager's investment research, Sustainability Risks and ESG factors are considered throughout the investment cycle, which serves to mitigate the risks of significant harm. Companies are identified which the Investment Manager thinks could benefit from active engagement to address material ESG issues which exist but are not considered significantly harmful.

*How were the indicators for adverse impacts on sustainability factors taken into account?*

Investments which are reported as sustainable investments have been assessed to ensure they do not significantly harm (DNSH) sustainability objectives using an in-house data driven model and investment team due diligence.

The Investment Manager identifies harm by using quantitative thresholds against a selection of principal adverse impact indicators, including all mandatory indicators from Table 1 and certain indicators from Tables 2 and 3 of Annex I of the Regulatory Technical Standards (RTS)[2]. Issuers which fall below these thresholds are flagged as potentially harmful and a review is then undertaken to determine whether significant harm is being caused by the issuer. Where quantitative data is not available, the investment teams endeavour to satisfy that no significant harm has taken place through desk-based qualitative research or issuer engagement.

Depending on the materiality of the principal adverse impact indicator, the investment manager will either exclude the issuer or, in limited cases, seek to engage with the issuer to address the harmful practices by taking appropriate action.

During 2022 the investment team reviewed all portfolio holdings against the model and discussed the outcomes with the responsible investment team. It was agreed that no significant adverse impacts were identified for the fund.

[2] The Regulatory Technical Standards set out three tables detailing principal adverse indicators which have been defined by the European Commission. The tables cover a range of harmful activities across environmental, social and governance areas.

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

Yes. The Fund explicitly prohibits investment in companies which breach UN Global Compact (UNGC) principles. In addition, the sustainable investments are assessed under the DNSH due diligence against factors which align with UNGC and OECD guidelines to identify any significant harmful practices.

**How did this financial product consider principal adverse impacts on sustainability factors?**

The fund considered PAIs in three ways:

1) Through alignment with the fund exclusion policy which covers four of the PAIs:
   i. Exposure to companies active in the fossil fuel sector

   The fund did not invest in companies:
   - With ownership of geological reserves of coal/oil/gas. In line with the Net Zero Investment Framework, we avoid mining companies which are planning or constructing new thermal coal projects.
   - That derive >0% of their revenue from exploration or production in areas of high environmental sensitivity, including the Arctic.
   - That derive >5% of their revenue from:
     - Coal-related activities, including exploration, extraction, transportation, distribution and refining*[3].
     - Activities related to the exploration or extraction of unconventional oil & gas.
     - Conventional oil & gas-related activities, including exploration, extraction, refining and transportation
   - That derive >50% of their revenue from equipment or services for coal- and/or conventional/ unconventional oil & gas-related activities.

   ii. Share of non-renewable energy consumption and production
   - Electricity utilities with coal in their electricity generation mix must commit to the objective of phasing out unabated coal-fired power by 2030 for OECD countries and 2040 for non- OECD countries. Electricity utilities that are structurally increasing coal-based power generation are excluded.
   - In addition, the fund excluded electricity utilities*:
     – With a carbon intensity >374 gCO2/kWh.
     – Where >30% of the power production is based on oil & gas.

   - Excluded electricity utilities where >5% of the power production is based on nuclear sources.

*Unless they have a Science Based Targets initiative (SBTi) target set at well-below 2°C or have a SBTi “Business Ambition or 1.5°C” commitment. NB. Companies’ involvement in coal-related and/or oil & gas-related activities should not be increasing.

- Exclude electricity utilities constructing new nuclear power stations.
- Exclude companies that derive >5% of their revenue from selling products or services to the nuclear power industry3, except those that provide standard, non-customised or safety-related products/services.
- Exclude companies that own or operate active uranium mines.

iii. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises

The fund did not invest in companies which are actively breaching the UN Global Compact Principles

iv. Exposure to controversial weapons

The fund did not make investments in companies that generate revenues from developing, manufacturing, or trading controversial weapons, including cluster munitions and anti-personnel landmines.

2) Utilising the PAI framework to review issuers against PAIs as per Table 1 in the RTS. This allows us to monitor harmful practices which may arise. No instances of significant harmful practices were identified for the positions held in the portfolio.

3) PAIs align with stewardship activities undertaken by the fund. For example, the fund took voting action at eight AGMs during the year due to issues related to diversity, more than a quarter of engagements related to employee matters, and more than 20% related to climate change topics. Further details of our engagement activity are described in this report.

## What were the top investments of this financial product?

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is:

| Company | Sector | % of portfolio | Country |
|---|---|---|---|
| Waste Connections | Industrials | 3.80 | Canada |
| Alleghany Corp | Financials | 3.69 | United States |
| Bank Mandiri | Financials | 3.56 | Indonesia |
| Acuity Brands | Industrials | 2.96 | United States |
| ICON | Health Care | 2.85 | Ireland |
| Tecan Group | Health Care | 2.84 | Switzerland |
| Steris Corp | Health Care | 2.72 | United States |
| NetApp | Information Technology | 2.69 | United States |
| Americold Realty Trust | Real Estate | 2.69 | United States |
| WEX | Information Technology | 2.68 | United States |
| Xylem | Industrials | 2.65 | United States |
| Mettler-Toledo International | Health Care | 2.63 | United States |
| Wolters Kluwer | Industrials | 2.60 | Netherlands |
| Uni-Charm | Consumer Staples | 2.59 | Japan |
| ComfortDelGro | Industrials | 2.47 | Singapore |

## What was the proportion of sustainability-related investments?

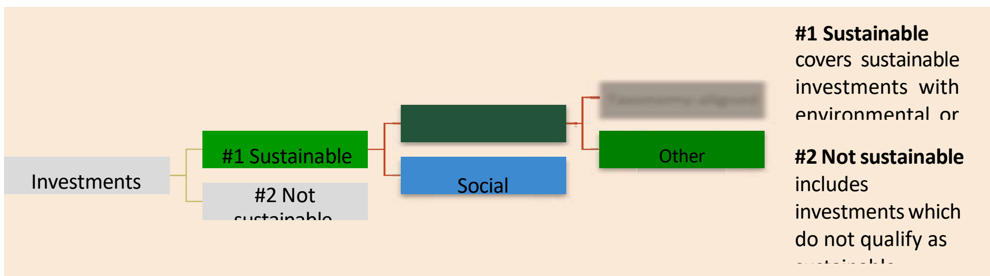
As at 30/09/2022 the fund held 98.69% in investments which are deemed to be sustainable investments.

### *What was the asset allocation?*

As at 30/09/2022 the fund held 1.31 % in cash positions and the remaining 98.69 % in investments which are deemed to be sustainable investments.

Note an investment may contribute to one of more environmental or social objectives. Investments have been split based on a quantitative review of revenue exposure and with additional context provided from the investment and responsible investment teams.

**Asset allocation** describes the share of investments in specific assets.




Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflects investee companies today.
- **capital expenditure** the "greenness" of (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.

### *In which economic sectors were the investments made?*

| Sector | % Of Net Assets |
|---|---|
| Financial Services | 11.98% |
| Healthcare | 10.42% |
| Semiconductors | 10.15% |
| Machinery-Diversified | 8.85% |
| Insurance | 5.98% |
| Food & Beverages | 5.23% |
| Environmental Control | 5.04% |
| Miscellaneous Manufacturers | 3.97% |
| Retail | 3.72% |
| Chemicals | 3.60% |
| Electrical Component & Equipment | 2.93% |
| Computers | 2.67% |
| Real Estate | 2.66% |
| Commercial Services | 2.65% |
| Cosmetics & Personal Care | 2.57% |
| Media | 2.57% |
| Transportation | 2.47% |
| Office & Business Equipment | 2.06% |
| Auto Parts & Equipment | 1.82% |
| Water | 1.65% |
| Software | 1.61% |
| Forest Products & Paper | 1.59% |
| Building Materials | 1.22% |
| Agriculture | 1.14% |

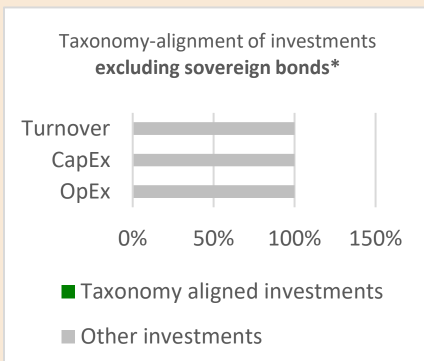
**To what extent were sustainable investments with an environmental objective aligned with the EU Taxonomy?**

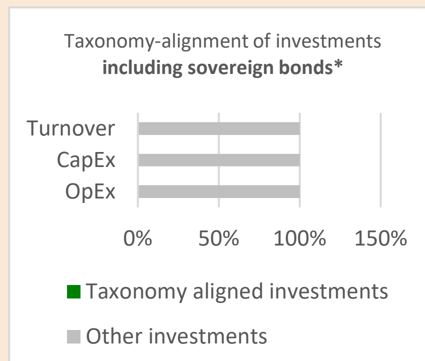
The sustainable investments with an environmental objective made by the fund do not have a commitment to align with the EU criteria for environmentally sustainable economic activities as defined by the EU Taxonomy Regulation.

Based on reliable data that has made available to date, the fund is reporting 0% of its investments are in economic activities that qualify as environmentally sustainable under the EU Taxonomy Regulation.

***The graphs below show in green the percentage of investments that were 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.***

***Note that for this period <u>no investments have been assessed against the taxonomy.</u>***




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

**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 was the share of investments made in transitional and enabling activities?***

0% of the investments made by the fund are in transitional and enabling activities as defined by the EU Taxonomy Regulation.

***How did the percentage of investments aligned with the EU Taxonomy compare with previous reference periods?***

The fund has not reported there being any alignment of its investments with the EU criteria for environmentally sustainable economic activities as defined by the EU Taxonomy Regulation to date 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 was the share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy?

28.39% of the portfolio was invested in sustainable investments which predominantly contribute to an environmental objective.

### What was the share of socially sustainable investments?

70.30% of the portfolio was invested in sustainable investments which predominantly contribute to a social objective.

### What investments were included under "not sustainable", what was their purpose and were there any minimum environmental or social safeguards?

Holdings classified as not sustainable refer to cash positions only. Cash positions comprised 1.31% of the fund. We do not apply minimum safeguards to cash positions.

## What actions have been taken to attain the sustainable investment objective during the reference period?

**In** Q4 2021, we committed to aligning the fund with net zero emissions by 2050 or sooner. This builds on the existing climate change commitments for the fund, which include the exclusions of companies with fossil fuel reserves and engagement on climate opportunities and risks reinforced by our voting policy.

While the fund does not invest in companies which have significant adverse impacts, we believe we should still engage with companies to further support the fund's sustainable objective.

During the year there were 125 engagements with companies held in the portfolio. These covered 42 companies across 17 countries across a range of themes.

Given the explicit engagement mandate of this Fund, where a company has resisted engagement for two years and/or where engagement has not led to any momentum towards tangible positive change, the Global Equities team and Responsible Investment team would consider divesting. During the period, we sold out of several holdings on this basis. For example, in January 2022, we exited a name largely on grounds of illiquidity, but we also noted that while there had been some progress in board independence, (for which we had logged a Milestone) that engagement traction had generally been challenging. As such, we sold the name from the portfolio.

Our engagements are structured in line with the firm's engagement themes which align with the PAIs. Below we provide a breakdown of the engagements undertaken and which PAI categories these typically address. We are updating our engagement tracking and reporting to enable PAI reporting at indicator level. We note that an engagement may correlate with a number of PAI indicators.

| Engagements by Theme | Alignment with PAIs[4] | Proportion of engagements | Milestones Achieved by Theme |
|---|---|---|---|
| Climate Change | GHG Emissions and Energy Performance | 22.41% | 26.32% |
| Environmental Stewardship | Biodiversity, Water, Waste | 17.59% | 31.58% |
| Business Conduct | | 1.72% | 5.26% |
| Human Rights | | 5.86% | 0.00% |
| Labour Standards | Social and Employee Matters | 27.93% | 10.53% |
| Public Health | | 5.86% | 5.26% |
| Corporate Governance | | 18.62% | 21.05% |
| Diversity – Voting Action | | Took voting action at eight AGMs due to poor board gender diversity or failure to implement appropriate workforce diversity targets . | |

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

**How did this financial product perform compared to the reference sustainable benchmark?**

Not applicable.

- ***How did the reference benchmark differ from a broad market index?***

Not applicable.

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the sustainable***

[4] Note that themes may align with multiple PAIs. We will update engagement tracking and reporting capabilities to break down engagements by PAIs from 2023

***investment objective?***
Not applicable.

***How did this financial product perform compared with the reference benchmark?***
Not applicable.

***How did this financial product perform compared with the broad market index?***
Not applicable.