

BL Equities Dividend

Legal entity identifier: 549300MUHXHEXP2DCV78

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

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

Does this financial product have a sustainable investment objective?

Yes No

<p><input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: _%</p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU taxonomy</p> <p><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU taxonomy</p> <p><input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: _ _%</p>	<p><input checked="" type="checkbox"/> It promotes environmental and social (E/S) characteristics and, although it does not have sustainable investment as its objective, it will contain a minimum proportion of 30% sustainable investment</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but will not make sustainable investments</p>
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What environmental and/or social characteristics are promoted by this financial product?

Due to the investment manager's bottom-up approach based on individual stock selection, the fund does not promote any particular environmental and/or social characteristics, but a combination of them.

The environmental and/or social characteristics promoted by the fund result from the manager's investment strategy, which promotes sustainability in three ways: factoring sustainability into its management decisions, applying the exclusion policy, and engaging actively. The aim being to invest in companies that have a favourable ESG profile.

Depending on the investment opportunities that the manager identifies, the fund may therefore promote, by way of example, such characteristics as:

- adhering to the principles of the UN Global Compact
- following good governance principles
- respecting human rights
- using natural resources reasonably
- reducing emissions

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

The product does not promote specific environmental or social characteristics.

The investment manager considers sustainability factors in its decisions to buy and sell investments, adjusting the intrinsic value of companies according to their ESG performance, using the ESG rating system established by MSCI ESG Research. The balance of buying and selling is therefore shifted towards companies that have a favourable sustainability profile.

The investment manager will track the sustainability of its investments through this rating system established by an independent, external data provider.

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 fund's sustainable investments pursue different environmental or social objectives such as:

- the reasonable use and protection of natural resources
- reducing emissions
- promoting a healthy, fair and innovative society

Sustainable investments are selected on the basis of two factors:

- the impact of material sustainability risks on the company
- the environmental or social material impact that the company as well as its products and services may have on its stakeholders

Through an in-depth (qualitative and quantitative) analysis of each company, the investment manager determines the extent to which the company's products, services and operations contribute to the aforementioned objectives.

The Investment Manager defines sustainable assets using an internal methodology available on its website www.banquedeluxembourginvestments.com in the "Responsible investing" section.

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 investment manager applies an internal model for monitoring principal adverse impacts (PAIs) and following good governance principles to identify any significant harm that a sustainable investment may do to the other sustainability objectives. In particular, the investment manager excludes companies mired in very serious governance controversies from its investment universe.

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

The investment manager has established a method for considering PAIs to ensure that any investment that contributes to one aspect of sustainability does no significant harm to the others. For example, the investment manager tests every potential investment for all PAIs, applying a threshold to measure the level of adverse impact.

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

The investment manager excludes companies that do not comply with international human rights or labour standards.

In practice, businesses that do not comply with the UN Global Compact, do not follow the UN Guiding Principles on Business and Human Rights, or are mired in very serious controversies, are not included in the sustainable asset universe.

The investment manager uses data supplied by MSCI ESG Research, an independent and external provider of data in this field.

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.

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.

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



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

Yes. The investment manager aggregates PAI indicators at a portfolio level and checks them periodically. This periodic review allows the investment manager to optimise its portfolio in terms of PAI indicators. This information is included in the fund's annual report. The investment manager publishes the list of PAIs tracked, and describes its approach to the matter on its website: www.banquedeluxembourginvestments.com in the "Responsible Investing" section.



What investment strategy does this financial product follow?

The fund pursues the following investment strategy:

Positive ESG slant The fund manager incorporates sustainability into its investment decisions by considering sustainability factors applied to the stock valuation model. The investment manager uses an ESG rating system established by MSCI ESG Research, an independent and external service provider. When selecting investments, the investment manager prioritises issuers with the highest ESG ratings.

Specifically, in its method for assessing potential investments, the investment manager assigns a higher intrinsic value to issuers with a high ESG rating, and a lower intrinsic value to issuers with a low ESG rating.

Exclusions The fund applies an exclusion policy based on:

- consideration of controversies including breaches of international social, employment and human rights standards and conventions, such as the principles of the UN Global Compact and OECD Guidelines for Multinational Enterprises
- exclusion of companies that are involved in the manufacturing, use or possession of controversial weapons such as anti-personnel mines, cluster munitions, biological and chemical weapons, and depleted uranium

- specific criteria for its sustainable investments, excluding companies that generate more than 10% of their revenue from the following activities:
 - thermal coal (extraction and power generation) and oil (extraction, refining and power generation)
 - gold mines
 - arms
 - gambling, alcohol and tobacco

Active engagement On a case-by-case basis, and without harming the interests of its shareholders or the attainment of its ESG objectives, the fund may enter into dialogue with management teams and exercise its voting right to influence the companies held in its portfolio on material ESG issues.

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 exclusions and positive ESG slant are binding elements of the investment strategy.

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

None.

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

The formal exclusion of companies mired in very serious governance and employee relations controversies guarantees a minimum level of respect for good governance practices.

Furthermore, the managers consider four corporate governance pillars (sound management structures, employee relations, remuneration of staff and tax compliance) at various levels during the qualitative and quantitative analysis of the company.

Stock selection is naturally tilted towards companies having the best ratings for environmental, social and governance criteria, and being less exposed to sustainability risks, especially in terms of governance.

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

Asset allocation describe the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

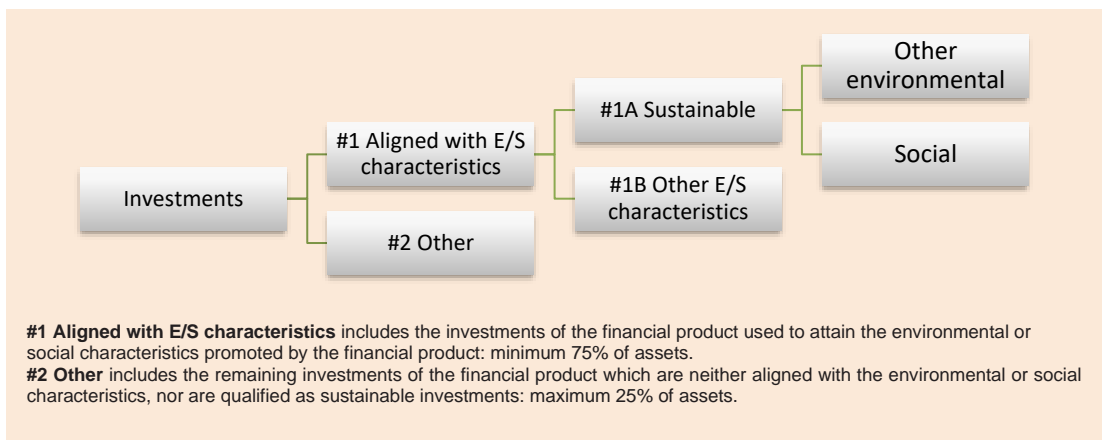
– **turnover** reflecting the share of revenue from green activities of investee companies.

– **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.



What is the asset allocation planned for this financial product?



The financial product has at least 75% of its assets #1 Aligned with E/S characteristics. The manager also plans to hold at least 30% of its assets in #1A Sustainable investments. Consequently, the share of investments made in #1B Other E/S Characteristics will match the actual weighting of assets #1 Aligned with E/S Characteristics minus the share of assets that are #1A Sustainable.

The actual weighting of assets that are #1A Sustainable may exceed the aforementioned minimum value.

The financial product holds up to 25% of its assets in #2 Other.

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

The fund does not use derivatives to attain its environmental or social characteristics.



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

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.

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

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

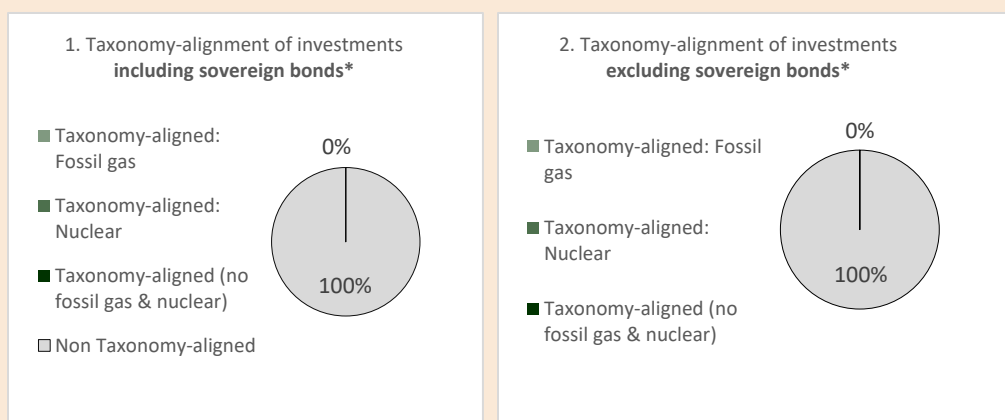
Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹²?

Yes:

In fossil gas In nuclear energy

No

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.**

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

0%. Due to the investment manager's bottom-up approach based on individual stock selection, it cannot make any prior commitment to having a minimum share of investments in transitional and enabling activities.



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

1%.



What is the minimum share of socially sustainable investments?

1%.



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

These investments include liquid assets and derivatives used for hedging purposes.

¹² 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 no significant harm to 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.



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.



Where can I find more product specific information online?

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

www.banquedeluxembourginvestments.com.