

With the **Nordlux ESG Aktien Global** fund, for which we act as investment manager for the capital management company LRI Invest, we are expanding our range of products to include a pure equity product for our customers who want to participate in the developments of the equity market as well as attach additional importance to compliance with ethical standards in relation to the environment and interpersonal interaction.

For stock selection, we rely primarily on data from the recognized ESG data provider imug/Vigeo Eiris. The selection process for creating the investable sustainability universe is developed and implemented in cooperation with this data provider.

In the first step, we pursue a zero tolerance policy for controversial company sales. These business areas are as followed:

- Production and sale of alcoholic products;
- Tolerating/carrying out animal experiments;
- The use of certain harmful chemicals in their products (e.g. arsenic, asbestos, cadmium etc.);
- The manufacture and sale of small arms;
- The conversion of coal and / or other fossil fuels into electricity;
- The gambling industry;
- Making or using genetically modified food;
- Are guilty of usury;
- Connection to the defense industry;
- The generation of nuclear energy;
- Producing or making available pornographic content;
- Practicing reproductive reproductive medicine;
- Pumping fuel from oil sands and/or oil shale as well
- Making or selling tobacco products.

Also the requirements of the UN Global Compact are applied in the fund. The UNGC is the world's largest sustainability initiative and comprises 10 principles that are assigned to the following 4 core areas:

- Human rights
- Labour
- Environment
- Anti-Corruption

After this first selection step, all companies without controversial sales are subjected to a best-in-class test to ensure that only those stocks with the best ESG score in their sector are included in the fund portfolio. In this process, only those companies are selected from the investment universe available after application of the exclusion criteria that provide the best sustainability performance within their industry, i.e. set the highest standards in environmental, social and ethical terms. The companies identified are not sustainable companies in the narrower (i.e. absolute) sense, but those that demonstrate above-average sustainability activities compared with their industries/competitors. In combination of this best-in-class approach with the exclusion criteria listed above, a minimum standard of sustainability can be guaranteed at the same time.

The assessment of the sustainability performance of individual companies is based on several areas of investigation, including for example: Environment, Human Rights, Human Resources, Community Involvement, Governance and Business Behavior. These are activated and weighted on an industry-specific basis as part of the best-in-class approach. This results in an ESG score (rating) of between 0 (worst rating) and 100 (best rating) for each company. With the best-in-class approach, only management companies are

selected that, compared to their competitors, have good sustainability achievements. Specifically, this means that there is an exclusion of companies that are below the median score within their industry.

In the next step, the final stock selection from the sustainability universe defined in this way also takes into account various stock-specific fundamental indicators.