

## 1. PRINCIPLES

"Sustainability" and conservation of ecological resources, including fair living conditions, is a central and important issue for us, to which we attach great importance. As part of the financial sector, we see ourselves as having a special responsibility to actively promote climate protection goals, including through the means of financial investment, and thus to contribute to a more sustainable economy overall.

To this end, in all our business activities we want to take into account not only returns, liquidity and security, but also ecological and social criteria as well as aspects of responsible corporate governance in the companies in which we invest. Against the background of this comprehensive and holistic importance, we take into account the various sustainability criteria in all dimensions of our business activities. This results in the following areas in which we want to implement the sustainability criteria:

- Anchoring in our own company (among other things in the corporate goals and internal processes)
- Communication to customers (including consideration of preferences)
- Ensuring a sustainable product range and social commitment to sustainability

When implementing the requirements, we take into account the respective applicable legal foundations, including:

- Taxonomy Ordinance <sup>1</sup>
- Disclosure Regulation <sup>2</sup>
- Amendments to the Delegated Regulation on MiFID II <sup>3</sup>
- Amendments to the Delegated Directive 2017/593 <sup>4</sup>

<sup>1</sup> Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088.

<sup>2</sup> Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosure requirements in the financial services sector.

<sup>3</sup> At the time of writing, the amendments to the DeVO on MiFID II are only available in draft form. The ESMA Guidelines are to be adapted after publication of the amendments by the EU Commission, cf. also: Final Report, ESMA's technical advice to the European Commission on integrating sustainability risks and factors in MiFID II.

<sup>4</sup> The amendments to the Delegated Directive (EU) 2017/593 are also available in draft form.

## 2. ANCHORING IN NORDLUX VERMÖGENSMANAGEMENT S.A.

### 2.1 CORPORATE OBJECTIVES

Our goal is to establish a sustainable orientation for our business activities and to integrate "sustainability" as a corporate objective in the process. For us, profitability and sustainability are not mutually exclusive, but contribute together to long-term success. We promote sustainability goals and the quality of our corporate performance by taking ESG criteria into account in our investment universe and investment strategies. We understand ESG criteria to mean the following criteria:

#### **E = Environmental**

- Climate protection
- Adaptation to climate change
- Protection of biological diversity
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

**S = Social (social and societal concerns)**

- Compliance with recognised labour standards (no child or forced labour, no discrimination)
- Compliance with occupational safety and health protection
- Adequate remuneration, fair conditions at the workplace, diversity as well as training and further education opportunities
- Freedom of trade union and assembly
- Ensuring adequate product safety, including health protection
- Requirements for companies in the supply chain
- Projects or consideration for the interests of communities and social minorities.

**G = Governance**

- Tax honesty
- Measures to prevent corruption
- Sustainability management by board of directors
- Executive board remuneration dependent on sustainability
- Enabling whistle blowing
- Ensuring employee rights
- Ensuring data protection
- Disclosure of information

## 2.2 BUSINESS ACTIVITIES

Our company takes sustainable investment criteria into account in the business areas of asset management and investment advice. This means, among other things, that we not only take sustainability risks into account in our asset management strategies (or when providing investment advice), but also aim to promote sustainability criteria in a targeted manner.

## 2.3 INTERNAL RESPONSIBILITY AND INVOLVEMENT OF EMPLOYEES

In our internal organisational structure, the management assumes responsibility for dealing with the issue of sustainability and supports the implementation of measures relating to sustainable aspects. It is responsible for identifying any problems in achieving the sustainability goals in the company and for taking or ordering appropriate measures. The management also has a role model function with regard to compliance and implementation of sustainability in our company. It sets a good example to our employees and customers. The employees are involved in the development and handling of "sustainability" in our company. In order to ensure an appropriate approach to the topic of "sustainability", our employees are regularly trained on this. Employees should also share their knowledge and experience with each other. If necessary, we make use of external support (events, workshops, external coaching, etc.) for the development of sustainability in our company. We ensure further training (especially for the compliance function) on the topic of sustainability. We adapt our remuneration systems and agree with our employees on goals that benefit sustainable action.

## 2.4 SUSTAINABILITY IN EVERYDAY WORK

Sustainability already begins in our everyday business life. With the following guidelines, we want to ensure that our behaviour is as resource-saving as possible:

- Regular review of the status quo

The current status quo regarding the use of resources (travel activities, electricity consumption, e.g. through lighting and PC use, paper consumption) is determined and regularly reviewed.

- Business travel

Travel should only be undertaken for objective reasons. To avoid unnecessary travel, care should be taken to coordinate appointments internally and, if possible, to combine several appointments. Where possible, business trips are replaced by video conferences and video calls.

- Incentives for employees

- Employees have the option of carrying out activities in the home office within a predefined scope. This reduces the consumption of resources in the course of daily trips to the office. In addition, the company's employees benefit from the free use of public transport in Luxembourg, which leads to a reduction in the number of journeys made by private car.
- Our office property can also be reached from the local train station by an autonomous electric shuttle.
- E-charging stations for charging e-cars are available to employees in the underground car park.
- In addition, we offer employees coffee drinks free of charge, whereby we do not use coffee machines that work with pods in order to avoid waste. We also provide employees with water free of charge, using treated water from the public water supply. We do not use water from plastic bottles at all.
- To avoid waste, we also provide our staff with porcelain dishes instead of disposable ones.
- In addition, employees have the opportunity to use a fitness room in the office building. This contributes to the employees' health care and saves them the additional trip to the fitness centre.

- Dealing with paper and electricity

- As a matter of principle, care should always be taken to use paper and electricity in a resource-saving manner. A large part of the company's correspondence is done electronically. In order to save paper when communicating with our customers, we provide them with an electronic mailbox. We also place the customer documents required by regulations in this mailbox. Paper should be printed on both sides.
- Lights are automatically switched on and off by motion detectors in our property, which was built according to the latest energy-optimised specifications. Electrically controlled window blinds ensure that our premises are less exposed to solar heat when the sun is shining. This saves energy when operating the air conditioning.
- In the sanitary areas, we do not use hot water from the taps, which reduces our energy consumption.
- Our website has two sustainability seals. The website is designed to reduce loading times, thus reducing our carbon footprint via reduced electricity consumption.

- Other environmental aspects

- Our office property is part of a building complex where beehives have been placed on the roofs of the individual office properties. This helps to maintain biodiversity.
- The cigarette butts in the ashtrays of the smoking areas placed outside the office property are recycled.

## 2.5 ANALYSIS OF OUR SUSTAINABILITY RISKS

Sustainability risks for our company are events or conditions in the environmental, social or corporate governance fields, the occurrence of which may have actual or potential negative effects on our company's assets, financial position, earnings and reputation. In order to be able to take appropriate measures within the framework of risk management, we identify the significant risks for our company in a risk analysis.

### **3. COMMUNICATION AND INFORMATION TO CUSTOMERS**

#### **3.1 HOW DO WE REACH AND INFORM OUR CUSTOMERS?**

Clients' preferences are at the centre of all communication as well as all recommendations regarding services and investment products. Therefore, through appropriate communication channels, through discussions and targeted information on the company website, pre-contractual and contractual information, through client surveys and direct enquiries, we ensure that we address the issue of sustainability appropriately with our clients and that we learn about the clients' actual needs. We ask our clients whether and what their wishes and expectations are for a sustainable investment and have adapted the client questionnaire accordingly. As part of the investment advice, we explain to the client how we have aligned the recommendation given with their ESG preferences. In the investment advisory process, we carry out a target market comparison with the client at regular intervals, in which sustainability preferences will also be taken into account in the future.

For ongoing asset management mandates, we report regularly on the results achieved.

#### **3.2 RECONCILIATION OF SUSTAINABILITY PREFERENCES WITH INVESTMENT INSTRUMENTS**

In the context of asset management (or investment advice), we take clients' sustainability preferences into account in all investment recommendations as part of the suitability check and explain this process in client meetings. If we are unable to provide clients with a product offer based on their sustainability preferences, we inform the clients of this and offer them the opportunity to adjust their sustainability preferences.

Furthermore, we take into account the sustainability requirements (adjusted by the clients, if necessary) when designing the recommended asset management strategy or the individual products recommended in the investment advice. For this purpose, we consult external evaluations (ratings) (see point 4 below).

### **4. GUARANTEE OF A SUSTAINABLE PRODUCT RANGE**

#### **4.1 SUSTAINABILITY CONCEPTS**

To guarantee our sustainable house fund, we have developed the following concepts (investment strategies, selection mechanisms). We consider whether these contribute significantly to one or more ESG objectives and do not significantly compromise any of the other objectives:

- "Exclusion principle" (= rejection of certain sectors and companies)
- "Best-in-Class Principle" (= identification of ESG pioneers)

In addition, in the course of managing the sustainable house fund, the company supports the 10 principles of the UN Global Compact by implementing these principles as a strategy component in the management of the house fund.

#### **4.2 COOPERATION WITH EXTERNAL DATA PROVIDERS**

In order to ensure the selection of products in asset management and/or investment advice that actually meet sustainability requirements and to avoid so-called "greenwashing", we use the data available to us from external rating providers (e.g. Clarity AI) or other external data providers.

As a quality standard for our in-house sustainable investment fund, we regularly carry out a sustainability certification (LuxFLAG label) and, with the support of a rating agency focused on sustainability issues (e.g. IMUG), identify adverse effects on sustainability targets at product level.