

Sustainability-related disclosure for the

Nordlux Bürgerstiftungsfonds

Valid as of 01.01.2023

Summary

The fund promotes environmental and social characteristics. To this end, investments are selected based on sustainability principles. ESG criteria relating to social and environmental as well as corporate and governance responsibility are taken into account. In addition to the comprehensive consideration of exclusion criteria related to controversial business areas, such as the exclusion of the production of outlawed weapons, companies that violate international standards, such as the UN Global Compact, are also excluded. A reference value for alignment with the advertised social and environmental characteristics is not determined. The monitoring of the conformity of the investment decision with the defined sustainability indicators is carried out within the framework of standardized processes. The majority of sustainability data is sourced from the sustainability rating agency MSCI ESG Research LLC and is integrated into the investment process. The investment process and sustainability criteria are continuously reviewed and updated as needed.

No sustainable investment objective:

Environmental and social features are advertised with this financial product, but no sustainable investment objective.

Environmental and social features of the financial product:

The financial product advertises the following environmental and social features:

We only invest in companies, sovereigns and investment funds that receive a sustainability rating of at least B (on the scale of CCC to AAA at MSCI) from the sustainability rating provider MSCI ESG Research LLC or a comparable rating from another provider and are therefore considered by us to have sustainability characteristics.

Furthermore, companies are excluded which violate international standards and codes of conduct (UN Global Compact, ILO core labor standards).

Furthermore, no investments are made in securities of countries that are classified as "not free" according to the Freedom House Index.

In addition, a zero-tolerance policy is pursued toward companies that generate sales from outlawed weapons and nuclear weapons. In addition, all companies that exceed strict sales limits in controversial business areas are excluded (list of exclusions under "Investment strategy").

In addition, no investment is made in companies whose controversial behavior has serious and very serious implications in terms of ESG aspects. For example, climate and environmental protection, product and data security, labor rights, and corruption and bribery are considered.

After these selection steps, all remaining companies are subjected to a best-in-class test on the stock side to ensure that only stocks that are among those with the best ESG ratings in their industry are included in the

portfolio. The companies identified are not necessarily sustainable companies in the strict (i.e. absolute) sense, but those that demonstrate good sustainability activities compared to their industries/competitors.

The assessment of the sustainability performance of individual equity investments is based on several areas of investigation, these include for example: environment (water stress, emissions...), social (supply chain labor standards, impact on local communities...) and governance (corporate governance, corporate behavior...). These are activated and weighted on an industry-specific basis as part of the best-in-class approach. This results in the Final Industry-Adjusted Score (MSCI) for each company between 0 (worst score) and 10 (best score). The score is based on the weighted average of the Environment, Social and Governance domains and is presented normalized for each sector. The Best-in-Class approach selects only those companies on the equity side that are identified as leaders when combining the Final Industry-Adjusted Score with fundamental metrics.

Investment Strategy:

The Citizens Foundation Fund, for which we act as investment manager for the capital management company LRI Invest, is a mixed fund for our clients who want to participate in the performance of both the bond and equity markets and additionally attach importance to the consideration of material adverse effects on sustainability factors such as social, environmental and corporate governance, which are also taken into account in our investment process.

In terms of sustainability criteria, we rely primarily on data from the recognized ESG data provider MSCI ESG Research LLC.

The mixed fund focuses on equities and bonds of those companies and countries that pay particular attention to their environmental and social performance as well as corporate governance (ESG) and adhere to certain standards on the part of the state. The investable sustainability universe is created by using a multi-stage sustainability filter:

The first minimum criterion, which applies to investments in both mutual funds, sovereigns and companies, is an MSCI ESG rating of at least B. Alternatively, a comparable ESG rating from another provider can be used. Furthermore, investments are only made in investment funds that follow an ESG approach.

No investments are made in securities of companies that are not in line with the following international principles:

- The ten principles of the United Nations Global Compact (UNCG), which relate to the protection of human and labor rights, environmental protection and anti-corruption.
- The core labor standards of the International Labor Organization (ILO), which cover, among other things, working conditions, wages, and worker safety/health.

Furthermore, there is no investment in securities of states that commit serious violations of democracy or human rights and are therefore classified as "not free" according to the Freedom House Index. The next step is to adopt a zero-tolerance policy toward companies that generate sales from outlawed weapons and nuclear weapons. In addition, all companies where more than 5 percent of sales are from any of the following businesses are excluded:

- The alcohol industry;
- The nuclear industry;

- The manufacture of pesticides;
- The production, trade and provision of pornographic content;
- The production and distribution of palm oil;
- The gambling industry;
- The tobacco industry;
- The production of conventional and unconventional oil and gas;
- The arms industry;
- The arms industry; and
- The coal mining industry
- Coal-fired power generation (10 percent turnover limit)

The next step is not to invest in companies whose controversial behavior in terms of ESG aspects has serious and very serious implications. For example, climate and environmental protection, product and data security, labor rights, and corruption and bribery are considered.

After these selection steps, all remaining companies are subjected to a best-in-class test on the stock side to ensure that only stocks with among the best ESG ratings in their sector are included in the portfolio. In this process, only those companies are selected from the investment universe available after application of the exclusion criteria that also perform well in terms of sustainability within their industry, i.e. set high standards in environmental, social and ethical terms. The companies identified are not necessarily sustainable companies in the narrower (i.e. absolute) sense, but those that can demonstrate good sustainability activities compared to their industries/competitors. Combining this best-in-class approach with the exclusion criteria listed above, a minimum standard of sustainability can be guaranteed at the same time.

Distribution of investments:

The mixed fund is broadly diversified. The aim is to ensure that ESG criteria are taken into account in all investment. At least 61 percent of the investments are made to meet the advertised environmental and social characteristics. This percentage includes both direct investments and indirect investments in investment funds. The minimum proportion of sustainable investments made by the fund is 0 percent. The share of investments that are compliant with the EU taxonomy is also 0 percent. In addition, the fund may make investments that do not focus on social or environmental characteristics. These include securities that cannot be sold while safeguarding client interests, cash for liquidity management and hedging instruments.

Monitoring environmental and social characteristics:

Standardized processes are used to monitor the conformity of the investment decision with the defined sustainability indicators. The fund references the data base of the selected ESG data provider. Monitoring is ensured by a quarterly updated screening of the data universe. A purchase transaction cannot be executed if it violates the established criteria. As soon as a financial instrument no longer meets the sustainability criteria, priority is given to selling this financial instrument while safeguarding the interests of the customer.

Methodology:

The analysis of company data draws on the sustainability expertise of MSCI ESG Research LLC. This data is compiled and evaluated in detailed reports.

The assessment of the sustainability performance of individual issuers is based on the aggregation of individual data into ESG-relevant areas, which then flow together into the three headings Environment, Social and Governance. This then results in the Final Industry-Adjusted Score (MSCI). The score is based on the

weighted average of the environment, social and governance areas and is normalized for each sector. In the best-in-class approach, only those companies are selected on the stock side that are identified as leaders when the Final Industry-Adjusted Score is combined with fundamental indicators.

Data sources and processing:

The data collection is based on publicly available data from the companies and the majority on the research output of the sustainability rating agency MSCI ESG Research LLC. The rating agency data is either reported or based on estimates. The data is deposited and integrated into the investment process.

Limitation regarding data and methods:

The availability and timeliness of ESG data is fundamentally challenging. Since data from an external rating provider is used in the majority of cases, no guarantee can be given for the accuracy of the assessment by the provider MSCI ESG Research LLC and for the accuracy including the completeness of the analyses prepared by MSCI ESG Research LLC. There is also no influence on any disruptions in the analysis and research preparation by MSCI ESG Research LLC.

Due Diligence:

In order to comply with the described investment process, the screening of sustainability factors and the fundamental screening based on them is renewed once a quarter. Securities that are included in the portfolio but are no longer classified as sufficiently sustainable are sold in a manner that preserves interest. Likewise, new investments are only ever made from the currently valid and investable universe. The investment process and sustainability criteria are continuously reviewed and updated as needed.

Participation Policy:

There is no active participation policy.

Designated Reference Value:

No index has been determined as the benchmark for this sub-fund.

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Explanation of changes:

In accordance with the requirements of the applicable as of 01.01.2023.

Delegated Regulation (EU) 2022/1288 of 06.04.2022.