

LuxFLAG ESG Discretionary Mandate Label

Eligibility Criteria

In order to obtain a LuxFLAG ESG Discretionary Mandate Label (“ESGDML”), an Applicant Discretionary Mandate¹ and its Manager must comply with the following eligibility criteria set out by LuxFLAG:

1) The Applicant Discretionary Mandate shall:

- be classified as an Article 8 or Article 9 financial product(s) in the meaning of the Sustainable Finance Disclosure Regulation (“SFDR”);
- have 100% of the portfolio selected on the basis of an ESG screening (either from an external vendor or a proprietary methodology or a combination of both); including as regard the underlying invested assets² (“look-through approach”);

In case the Discretionary Mandate is exclusively or partially invested through funds a minimum of 75% of the funds invested in (excluding cash) must be classified as Article 8 or Article 9 financial product(s) in the meaning of the SFDR. This applies when the allocation to funds exceeds 10% of the Applicant Discretionary Mandate’s assets.

- comply with LuxFLAG’s ESG Label Exclusion Policy, including underlying invested assets; and
- submit relevant documentation to LuxFLAG related to Responsible Investment Strategies³ incorporated into the investment process.

2) The Manager of the Applicant Discretionary Mandate shall:

- Demonstrate best market practices⁴;
- demonstrate its compliance with disclosure requirements of sustainability-related information on a pre-contractual basis and in periodic reporting to their clients in accordance with the SFDR;

¹ Tailor-made Discretionary Mandates are excluded.

² Compliance with this criterion may also be achieved by investing in securities or Undertaking for Collective Investments (“UCIs”) and other funds which have been either certified by a recognized sustainability labeling agency or been subject to an ESG assessment or where there is confirmation of its alignment with internationally recognized standards.

³ As defined by Eurosif, available here: <http://www.eurosif.org/responsible-investment-strategies/>.

⁴ This documentation could be such as but not limited to CSR/Sustainability guidelines/policy, Annual CSR/Sustainability report, Engagement policy, Active ownership policy, etc. published at the level of the Manager of the Applicant Discretionary Mandate or at the level of its group.

and

- be duly authorized to provide discretionary portfolio management services or activities under the Luxembourg law of 5 April 1993 on the financial sector, as amended (the “Financial Sector Law”) or be duly authorized by a competent supervisory authority of a jurisdiction applying FSL-equivalent supervision and authorization rules.

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Chamber of Commerce reg. nr. L060092271