LUXFLAG
Supporting Sustainable Finance

Demystifying ESG Investing

A Study of 123 LuxFLAG ESG Labelled Funds

September 2020

Contents

LuxFLAG labels 123 ESG investment products which are domiciled in 7 different jurisdictions with 60 billion Euro of Assets under Management. These responsible investment products are managed by 58 Investment Managers representing 14 countries.

LuxFLAG strongly believes that the labelled products represent a reasonable sample of the European Responsible Investment market. The analysis outlined in this research paper is aimed at providing clarity on the best market practices currently applied, identify opportunities and inform stakeholders on the upcoming trends in the ESG investing field.

ESG investing: what does it mean and what ESG strategies do investment funds apply?

Sustainable Finance can be defined as the provision of financial services, which consider Environmental, Social and Governance (ESG) factors in the investment decision making process and are aimed at securing lasting benefits for the client, the planet and society at large. Though definitions and approaches may vary, ultimately it should result in the responsible provision of financial services. While increasing concerns over climate change and social inequality have led retail investors to consciously consider their investment choices, the demand from institutional investors for sustainable investment products is primarily driven by regulatory and policy driven initiatives, as well as the enormous growth potential that sustainable investments represent.

Sustainable funds apply the following ESG strategies:

Best-in-class: An approach where leading or best-performing investments within a universe, category or class are selected or weighted based on ESG criteria. This approach involves the selection or weighting of the best performing or most improved companies or assets, as identified by ESG analysis within a defined investment universe. This approach includes best-in-class, best-in-universe and best-effort.

Engagement & Voting: Engagement activities and active ownership refer to exercising voting rights and engagement with companies on ESG matters. This is a long-term process seeking to influence behavior or increase disclosure.

ESG Integration:The explicit inclusion of ESG risks and opportunities by asset managers in traditional financial analysis and investment decisions, based on a systematic process and appropriate research sources. This encompasses explicit consideration of ESG factors alongside financial factors in the mainstream analysis of investments. The integration process focuses on the potential impact ESG-related issues could have on company financials (positive and negative), which may in turn affect the investment decision.

Environmental issues include all aspects of a company's activity that affect the environment in a positive or negative manner. Examples include greenhouse gas emissions, renewable energy, energy efficiency, resource depletion, chemical pollution, waste management, water management, impact on biodiversity,etc.

Social issues vary from community-related aspects, such as the improvement of health and education, to workplace-related issues, including the adherence to human rights, non-discrimination and stakeholder engagement. Examples include labor standards (along the supply chain, child labor, forcedlabor), relations with local communities, talent management, controversial business practices (weapons, conflict zones), health standards, freedom of association, etc.

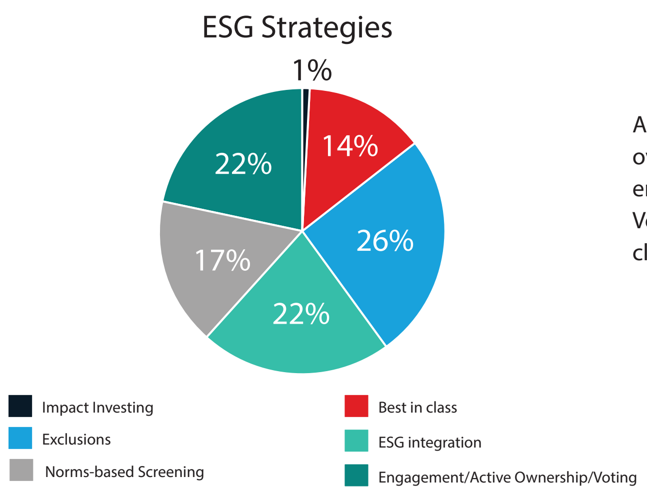
Governance issues relate to the quality of a company's management, culture, risk profile and other characteristics. It includes board accountability and their dedication towards and strategic management of social and environmental performance. Furthermore, it emphasizes principles such as transparent reporting and the realization of management tasks in a manner that is essentially free of abuse and corruption. Examples include corporate governance issues (executive remuneration, shareholder rights, board structure), bribery, corruption, stakeholder dialogue, lobbying activities, etc.

Exclusions: An approach that excludes specific investments or classes of investment from the investible universe such as companies, sectors or countries. This approach systematically excludes companies, sectors, or countries from the permissible investment universe if they are involved in certain activities and based on specific criteria. Common criteria include weapons, pornography, tobacco and animal testing. Exclusions can be applied at individual fund or mandate level, but increasingly also at asset manager or asset owner level, across the entire product range of assets. This approach is also referred to as ethical- or values based exclusions, as exclusion criteria are typically based on the choices made by asset managers or asset owners.

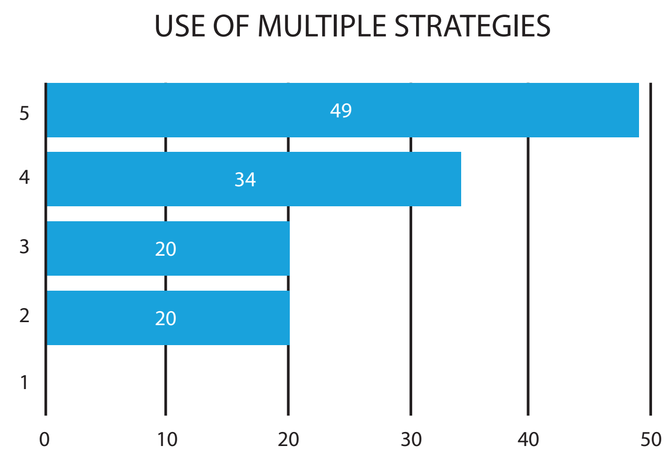
Impact Investing: Impact Investments are investments made into companies, organizations and funds with the intention to generate social and environmental impact alongside a financial return. Impact investments can be made in both emerging and developed markets and target a range of returns from below market to at a market rate, depending upon the circumstances. Investments are often project-specific and are distinct from philanthropy, as the investor retains ownership of the asset and expects a positive financial return. Impact investment includes microfinance, community investing, social business/entrepreneurship funds and French "fonds solidaires".

Norms-based Screening: This approach involves the screening of investments based on international norms or combinations of norms covering ESG factors. International norms on ESG are those defined by international bodies such as the United Nations (UN).

Sustainability-themed: Investment in themes or assets linked to the development of sustainability. Thematic funds focus on specific or multiple issues related to ESG. Sustainability themed investments inherently contribute to addressing social and/or environmental challenges such as climate change, eco-efficiency and health.



Among the 123 LuxFLAG ESG Labelled products, which represent over 60 billion euros of assets under management, the ESG strategies employed are 26% Exclusions, 22% Engagement/Active Ownership/ Voting, 22% ESG Integration, 17% Norm-based Screening, 14% Best in class and 1% Impact Investing.



Though exclusions seem to be the most commonly used ESG strategy across various asset classes, ESG integration and engagement are also gaining momentum. Moreover, as opposed to the early days of ESG investing, when a mere exclusion of a number of controversial sectors and activities from the investment process was already considered good enough, today asset managers tend to apply multiple ESG strategies as an integral part of the decision making process. The vast majority of LuxFLAG ESG Labelled products apply between 4 and 5 strategies in their investment process.

*LuxFLAG ESG Label criteria currently require applicants to apply a minimum of 2 ESG strategies.

ESG investing has established itself within the asset management industry, irrespective of the size of asset managers and investment products

Environmental, Social and Governance - ESG Investing, once considered a niche approach and thought to be applied by dedicated players, took center stage in the asset management industry in 2019.

According to the latest figures published by the Global Sustainable Investment in 2018, sustainable investing assets amount to 30.68 trillion dollars and have increased by 25% in the last two years.

What drives ESG in the asset management industry?

Whether these are equities, fixed income, private equity, ETFs or hedge funds, investors consciously chose products which took Environmental, Social and Governance factors into consideration when making investment decisions.

This resulted in a surge of ESG integration across a broad spectrum of products, irrespective of their size or type of investment. Drivers include investor demand, developments around regulatory and policy frameworks in Sustainable Finance and increased public and political awareness around topics such as climate change.

Among the 123 LuxFLAG ESG Labelled products, which represent a total of 60 billion euros of assets under management, 34% have a product size up to 100 million euros, 40% have a product size between 100 and 500 million euros, 15% have a product size between 500 million and 1 billion of euros, 11% have a product size of more than 1 billion .

GLOBAL SUSTAINABLE INVESTMENT ASSET GROWTH (2010-2018)

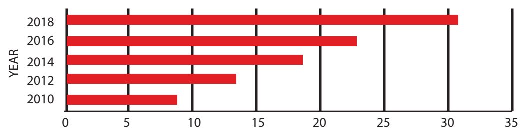


FIGURE 1: SNAPSHOT OF GLOBAL SUSTAINABLE INVESTING ASSETS, 2016-2018

Region	2016	2018
Europe	$ 12,040	$ 14,075
United States	$ 8.723	$ 11,995
Japan	$ 474	$ 2,180
Canada	$ 1.086	$ 1,699
Australia/New Zealand	$ 516	$ 734
TOTAL	$ 22,890	$ 30,683

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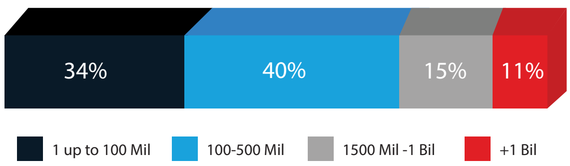
AuM of ESG Labelled funds (Euro)

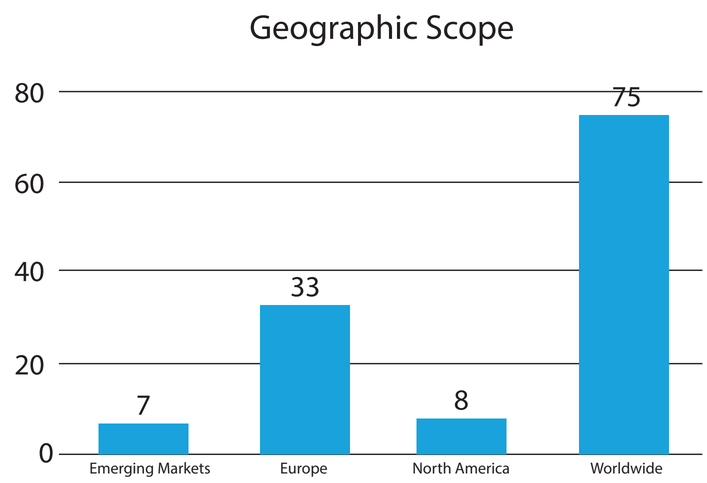


Smallest	Largest	Average size
1.2 million Euros	4.7 billion Euros	484 million Euros

ESG investing goes beyond geographical borders

Although companies have improved their ESG disclosure in recent years (mainly driven by regulatory requirements), the current availability of relevant and quantifiable ESG data remains relatively low, particularly in the case of companies located in emerging markets. Companies headquartered in developed countries tend to have better access to ESG data and are often covered by data vendors, as opposed to those in emerging markets. Geographical proximity also facilitates dialogue between investors and investees. Though the location of a company does not necessarily reflect its ESG performance, investment funds tend to build ESG portfolios with companies for which more disclosures are available.

Based on the analysis of the prospectuses of the 123 LuxFLAG ESG Labelled products, representing nearly 60 billion euros of assets under management, the geographical location of the companies these products invest in is split as follows: 33% in Europe, 7% in emerging markets, 8% in North America, and 75% invested worldwide, in two or more regions (except in countries which are sanctioned by the UN).



The collection of relevant ESG data on emerging market companies requires extensive due diligence and research. But the situation is improving. As more and more international investors require information on sustainability issues as a part of their pre-investment analyses, an increasing number of emerging market companies have started to prepare separate sustainability reports along with their annual reports. Initiatives such as the UN Global Compact have played an instrumental role in raising awareness around issues such as human rights, labor rights, the environment and anti-corruption.

Are ESG funds readily available to retail investors?

Discussions around sustainability and in particular environmental issues have taken centre stage in recent years. Citizen-led initiatives in multiple countries have forced corporations and governments to take sustainability-focused decisions and are playing a vital role in policy development. Many have reconsidered their day-to-day habits and choices and try to opt for a socially and environmentally concious approach. However, when it comes to investment choices, the lack of education and relevant information has often resulted in frustration.

While institutional investors have fuelled the significant expansion of ESG and particularly environmental investing over the past few years, a largely untapped segment is the retail investor.

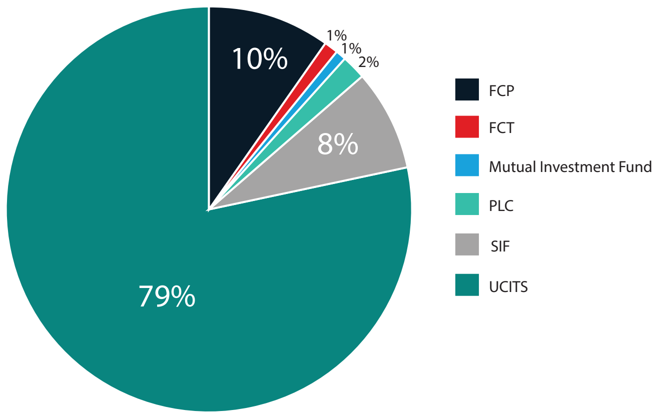
The relatively small but fast-growing proportion of ESG conscious retail investors is driven by a increasing concern over the effects of climate change, as well as income inequality and other social issues highlighted by the impact of COVID-19. Increased choice in terms of available investable ESG products can only expedite this growth.

Among the 123 LuxFLAG ESG labelled products which represent over 60 billion euros of assets under management, an analysis of the legal form of these products reveals that: 79% are UCITS (Undertakings for the Collective Investment in Transferable Securities), 10% are FCPs (FondsCommun de Placement), 8% are SIF (Specialised Investment Funds), 2% are PLCs (Public limited company), which sits alongside the Irish Collective Asset-Management Vehicle and 1% are FCTs (Fonds Commun de Titrisation) and Mutual Investment Funds.

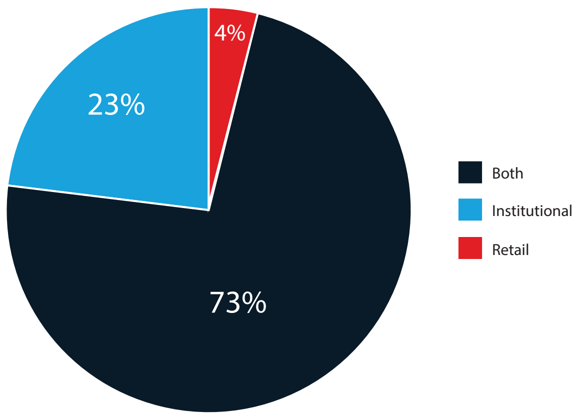
As for access to sustainable products by different types of investors, we have noted that 73% of LuxFLAG ESG labelled products are available to retail investors (an individual who purchases securities for her or his own personal account, rather than for an organization), 23% are limited to the institutional investors (an organization that invests money on behalf of other people in mutual funds, pensions, insurance companies, etc.) and 4% are available to both retail and institutional investors and also to private professional investors.

Product access and therefore the type of investor can be correlated with the legal structure of the fund. On a positive note, 77% of the LuxFLAG ESG labelled products are available to retail investors. That being said much work is required to educate retail investors about the availability and opportunity of these products that let them participate in a mega trend of the decade.

Legal Form



Type of Investors



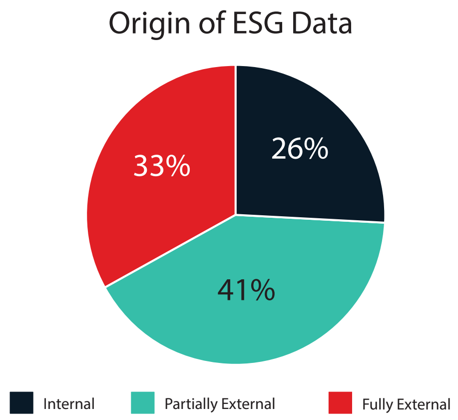
How do asset managers collect and use ESG data?

ESG data is information on the key environmental, social and governance factors that measure the sustainability of a company. While most companies make only limited disclosures on ESG matters and too often only due to regulatory requirements, there are large numbers of third-party providers offering ESG ratings and data services upon which investors can make informed decisions.

The assimilation of ESG information in investment processes has added a new dimension to the buy side and while this has resulted in a new and ever increasing market for ESG data it can be challenging to select from amongst the data offerings, as the consistency and quality of underlying data can vary. Wherever possible, asset managers tend to build internal teams to collect and analyze company data, including ESG data, to make informed decisions. Some asset managers choose to buy data from external vendors and employ internal systems that process and interpret external data, to manage inconsistency in the data.

Among the 123 LuxFLAG ESG labelled products, which represent over 60 billion euros of assets under management, the origin of ESG data employed for the labelled products is 41% partially external, 33% fully external and 26% internal.

Internal sourcing of data refers to an asset manager with an established in-house ESG research team and internal processes, allowing the asset manager to come up with their own ESG ratings for companies and countries.



Partially external sourcing of data indicates an asset manager using external ESG data providers to add data to its internal ESG database and for investment decision making. Nevertheless, external ESG data is not decisive.

Fully external data sourcing is undertaken by asset managers who rely entirely on the ESG data of external providers.

We note that asset managers that apply their own ESG analysis/decisions ("internal sourcing of data"), all have an established and large ESG team working closely with the investment team. Finally, as the market evolves, we expect that both quality and consistency of ESG data provided, as well as the source and use of ESG data by asset managers will also continue to evolve.

Exclusion of controversial sectors and activities remains at the core of ESG Investing

Exclusion is an investment approach that systematically excludes companies, sectors, or countries from the permissible investment universe involved in or associated with certain activities based on specific criteria, including weapons, pornography, tobacco and animal testing. Exclusions can be applied at the individual fund or mandate level, but increasingly also at the asset manager or asset owner level, across the entire product range of assets. This approach is also referred to as ethical- or values-based exclusions, as exclusion criteria are typically based on active choices made by asset managers or asset owners.

Though exclusions have been used for decades as the first step towards ESG investing, today mere exclusions are not enough. Fund managers are being required to step forward with a positive contribution, rather than limit themselves to 'doing no harm'.

The tables below provide an overview of the sectors which are often excluded by asset managers, as well as a sample of international standards that relate to these sectors. The tables may serve as a guideline for investment managers who are about to start implementing ESG strategies into their investment process. They could also be useful for those investment managers who are already integrating ESG, to compare their guidelines against those of their peers.

Excluded sectors	Commonly excluded activities
Adult entertainment (also referred to as Pornography)	Publication, printing or distribution of newspapers or magazines or distribution of films or videos classified as pornographic
Alcohol	Production, supply, distribution and retail sale of alcoholic beverages
Animal treatment	Testing for non-medical purposes Sale or manufacture of animal fur products
Coal	Coal mining extraction Coal power generation Thermal coal extraction
Controversial weapons	Production, development, sale or distribution of controversial weapons, including anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus and nuclear weapons

Excluded sectors	Commonly excluded activities
Oil and Gas (Conventional and Unconventional)	Extraction, refining, power generation, distribution of conventional oil and gas, shale gas, oil sands, shale oil, artic drilling
Gambling	Direct exposures (gambling companies), indirect exposures (casinos)
Genetically Modified Organism (GMO)	Involved in the deliberate release of genetically modified organisms (animals or plants) used for instance in medical or industrial applications
Nuclear Energy	Involved in the uranium fuel cycle, treatment of radioactive waste or supply of specialist nuclear related equipment or services for the construction or running of a nuclear plant or its facilities
Tobacco	Production or sale of tobacco products

Investment managers may accept a threshold of sales revenue (usually 5% to 10%) from certain activities of individual companies.

International standards	Description
Anti-Personnel Landmines Convention	The 1997 Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction is the international agreement that bans anti-personnel landmines. It is usually referred to as the Ottawa Convention or the Anti-Personnel Mine Ban Treaty. In accordance with its article 15, the Convention was opened for signature in Ottawa, Canada, by all States from 3 December 1997 until 4 December 1997, and remained open thereafter at the United Nations Headquarters in New York until its entry into force. In December 1997, a total of 122 governments signed the treaty in Ottawa, Canada. In September of the following year, Burkina Faso became the 40th country to ratify the agreement, triggering entry into force six months later - on 1 March1999. Today, the treaty is still open for ratification by signatories and for accession by those that did not sign before March 1999.

International standards	Description
Universal Declaration of Human Rights (UDHR)	UDHR is a milestone document in the history of human rights, as it sets out, for the first time, the fundamental human rights to be universally protected. Drafted by representatives with different legal and cultural backgrounds and from all regions of the world, the declaration was proclaimed by the United Nations General Assembly in Paris on 10 December 1948 as a common standard of achievements for all peoples and all nations.
International Labour Organization (ILO)	The only tripartite U.N. agency, since 1919, the ILO brings together governments, employers and workers from 187 member States , to set labor standards, develop policies and devise programs promoting decent work for all women and men. Since 1919, the International Labor Organization has maintained and developed a system of international labor standards aimed at promoting opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and dignity. In today's globalized economy, international labor standards are an essential component in the international framework, ensuring that the growth of the global economy provides benefits toall.
Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises	The OECD Guidelines for multinational enterprises are recommendations made by governments to multinational enterprises operating in or from adhering countries. They provide non-binding principles and standards for responsible business conduct in a global context, consistent with applicable laws and internationally recognized standards. The Guidelines are the only multilaterally agreed and comprehensive code of responsible business conduct that governments have committed to promoting.

International standards	Description
Unite Nations Global Compact (UNGC)	The Ten Principles of the UN Global Compact are: Human Rights Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses. Labor Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: the elimination of all forms of forced and compulsory labor; Principle 5: the effective abolition of child labor; and Principle 6: the elimination of discrimination in respect of employment and occupation. Environment Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies. Anti-Corruption Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

What are some of the ESG initiatives that asset managers support?

95% of Asset Managers having LuxFLAG ESG Label are UN PRI signatory

The PRI is the world's leading proponent of responsible investment.

It works to understand the investment implications of environmental, social and governance (ESG) factors and to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions. The PRI acts in the long-term interests of its signatories, of the financial markets and economies in which they operate and ultimately of the environment and society as a whole.

The PRI is truly independent. It encourages investors to use responsible investment to enhance returns and better manage risks, but does not operate for its own profit; it engages with global policymakers but is not associated with any government; it is supported by, but not part of, the United Nations.

Eurosif is the leading European association for the promotion and advancement of sustainable and responsible investment across Europe, for the benefit of its members.

Eurosif's purpose is to:

1. Promote best practice in SRI on behalf of its members
2. Lobby for European regulation and legislation that supports the development of SRI
3. Support its members in developing their SRI business
4. Promote the development of, and collaboration between SIFs across Europe
5. Provide research and analysis on the development of, and trends within the SRI market across Europe
6. Raise awareness of, and increase demand for SRI throughout the European capital markets

CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.

UNGC is a voluntary initiative based on CEO commitments to implement universal sustainability principles and to take steps to support UN goals.

It aims to mobilize a global movement of sustainable companies and stakeholders to create the world we want.

To make this happen, the UN Global Compact supports companies to:

1. Do business responsibly by aligning their strategies and operations with Ten Principles on human rights, labour, environment and anti-corruption; and
2. Take strategic actions to advance broader societal goals, such as the UN Sustainable Development Goals, with an emphasis on collaboration and innovation.

The Sustainable Development Goals (SDGs) are the blueprint to achieve a better and more sustainable future for all. They address the global challenges we face, including those related to poverty, inequality, climate change, environmental degradation, peace and justice. The 17 Goals are all interconnected, and in order to leave no one behind, it is important that we achieve them all by 2030.

LuxFLAG ESG labelled funds as of March 2020

ESG

Legal Form	Fund/Sub-Fund Name
FCP	AB FCP I - Sustainable US Thematic Portfolio
FCP	CPR Actions France ESG
FCP	CPR Euroland ESG
FCP	CPR Europe ESG
FCP	CPR USA ESG
FCP	MAM Human Values
FCP	NEF Ethical Global Trends SDG
FCP	Tikehau 2022
FCP	Tikehau Court Terme
FCP	Tikehau Global Value
FCP	Tikehau Taux Variables
Mutual Investment Fund	Sustainable Europe Index Fund
OPCVM - UCITS	Mandarine Active
PLC	CQS New City Global Equity
PLC	CQS New City North American Equity Strategy
SIF	Blue Like an Orange Sustainable Capital Latin American Fund I
SIF	FDC SICAV Actions Monde - Actif 1
SIF	FDC SICAV Actions Monde - Actif 2
SIF	FDC SICAV Actions Monde - Actif 3
SIF	FDC SICAV Monetaire EUR - Actif 1
SIF	FDC SICAV Obligations EUR - Actif 1
SIF	FDC SICAV Obligations EUR - Actif 2
SIF	FDC SICAV Obligations EUR - Actif 3
SIF	FDC SICAV Obligations Monde - Actif 2
UCITS	AB SICAV I - Sustainable Global Thematic Portfolio
UCITS	ABN AMRO Edentree European Sustainable Equities
UCITS	ABN AMRO Liontrust European Sustainable Equities
UCITS	ABN AMRO Parnassus US Sustainable Equities
UCITS	Actiam (L) Sustainable Euro Fixed Income Fund
UCITS	Arcano Low Volatility European Income Fund
UCITS	BL - Sustainable Horizon
UCITS	Candriam SRI Bond Euro Corporate

Legal Form	Fund/Sub-Fund Name
UCITS	Candriam SRI Equity Europe
UCITS	CapitalatWork Foyer Umbrella – Sustainable Equities at Work
UCITS	CPR Invest - Climate Action
UCITS	CPR Invest - Education
UCITS	CPR Invest - Food For Generations
UCITS	CPR Invest - Smart Beta Credit ESG
UCITS	Credit Suisse (Lux) Digital Health Equity Fund
UCITS	Digital Funds - Stars Europe
UCITS	Digital Funds - Stars Europe Ex-UK
UCITS	Digital Funds - Stars Europe Smaller Companies
UCITS	Digital Funds - Stars US Equities
UCITS	DPAM Invest B Equities Europe Sustainable
UCITS	DPAM Invest B Equities NewGems Sustainable
UCITS	DPAM Invest B Equities Sustainable Food Trends
UCITS	DPAM Invest B Equities World Sustainable
UCITS	DPAM L Bonds Emerging Markets Debt Sustainable
UCITS	DPAM L Bonds EUR Quality Sustainable
UCITS	DPAM L Bonds Government Sustainable
UCITS	DPAM L Sustainable Balanced Low
UCITS	East Capital Global Emerging Markets Sustainable
UCITS	Fidelity Funds - Sustainable Global Equity Fund
UCITS	Fidelity Funds - Sustainable Water & Waste Fund
UCITS	Franklin Green Target Income 2024 Fund
UCITS	Global Investors - Ethica Balance
UCITS	ING ARIA Sustainable Bonds
UCITS	Insight Sustainable Euro Corporate Bond
UCITS	Memnon European fund
UCITS	Midas Eurozone Equities SRI
UCITS	Midas Patrimonial SRI
UCITS	NEF Ethical Balanced Conservative
UCITS	NEF Ethical Balanced Dynamic
UCITS	NEF Ethical Total Return Bond

LuxFLAG ESG labelled funds as of March 2020

ESG

Legal Form	Fund/Sub-Fund Name
UCITS	NN (L) European Sustainable Equity
UCITS	NN (L) Global Sustainable Equity
UCITS	Nordea 1 - Emerging Stars Equity Fund
UCITS	Nordea 1 - European Stars Equity Fund
UCITS	Nordea 1 - Global Stars Equity Fund
UCITS	Nordea 1 - Nordic Stars Equity Fund
UCITS	Nordea 1 - North American Stars Equity Fund
UCITS	OFI INVEST - RS Ethical European Equity
UCITS	Ökobasis One World Protect
UCITS	Parvest Smart Food
UCITS	Protea Orcadia Global Sustainable Balanced
UCITS	Selectra Investments SICAV - Best of SRI Balanced
UCITS	Selectra Investments SICAV - Best of SRI Bonds
UCITS	SICAV Solon
UCITS	SKY Harbor Global Funds - Short Maturity Sustainable High Yield Bond Fund
UCITS	Sparinvest SICAV - Ethical Emerging Markets Value
UCITS	Sparinvest SICAV - Ethical Global Value
UCITS	Sparinvest SICAV - Value Bonds - Global Ethical High Yield Fund
UCITS	Threadneedle European Social Bond
UCITS	Tikehau Credit Plus
UCITS	Tikehau Global Short Duration
UCITS	Tikehau Income Cross Assets
UCITS	Tikehau SubFin Fund
UCITS	Tobam Anti-Benchmark All Countries World Equity Fund
UCITS	Tobam Anti-Benchmark Canada Equity Fund
UCITS	Tobam Anti-Benchmark Emerging Markets Equity Fund
UCITS	Tobam Anti-Benchmark Euro Equity Fund
UCITS	Tobam Anti-Benchmark France Equity Fund

Legal Form	Fund/Sub-Fund Name
UCITS	Tobam Anti-Benchmark Global High Yield Fund
UCITS	Tobam Anti-Benchmark Global Investment Grade Fund
UCITS	Tobam Anti-Benchmark Japan Equity Fund
UCITS	Tobam Anti-Benchmark Multi Asset Fund
UCITS	Tobam Anti-Benchmark Pacific Ex-Japan Markets Equity Fund
UCITS	Tobam Anti-Benchmark US Equity Fund
UCITS	Tobam Anti-Benchmark World Equity Fund
UCITS	UniNachhaltig Aktien Global
UCITS	BNP Paribas L1 Smart Food

Applicant Fund Status - For the ESG Label

Legal Form	Fund/Sub-Fund Name
AIF	Tikehau Mercati Privati Europei
FCT	Eiffel Impact Debt
RAIF	Idinvest Sustainable Maritime Infrastructure
UCITS	ACTIAM (L) Sustainable Emerging Markets Debt Fund (HC)
UCITS	Credit Suisse (Lux) Edutainment Equity Fund
UCITS	EU Balanced Fund
UCITS	Fidelity Funds - Sustainable Global Equity Fund
UCITS	Fidelity Funds - Sustainable Reduced Carbon Bond Fund
UCITS	Fidelity Funds - Sustainable Strategic Bond Fund
UCITS	Protea UCITS II - Eco Advisors ESG Absolute Return
UCITS	Fidelity Funds - Sustainable Global Equity Fund
UCITS-RAIF	Agri-Business Capital Fund (ABC) S.A., SICAV-RAIF
-	ACTIAM Global Equity Fund

Asset Managers of LuxFLAG ESG labelled funds

About LuxFLAG

LuxFLAG, the Luxembourg Finance Labelling Agency, is an independent international, non-profit organization created in Luxembourg, in July 2006, jointly by public and private partners.

LuxFLAG aims to promote the raising of capital for the Sustainable Finance sector by awarding a recognizable label to eligible investment vehicles in Climate Finance, ESG (Environment, Social, and Governance), and Environment, Microfinance, and Green bonds.

The LuxFLAG Labels are recognized for their high standards and rigorous assessment of applicant investment vehicles' investment holdings, strategy and procedures with respect to ESG matters as well as an affirmation of their transparency to investors – which are key components of the eligibility criteria for the LuxFLAG Labels.

To find out more, please visit www.luxflag.org.

LuxFLAG ESG Label

Label Characteristics

PIONEER:
Launched in 2014 as first European ESG Label

THOROUGH:
The Applicant must demonstrate how it integrates its ESG strategy and criteria throughout the entire investment process

VISIBLE:
Enhanced visibility through LuxFLAG's global network and events

GROWTH POTENTIAL:
ESG (cross-sectoral) is the largest category in the Responsible Investing landscape covering a pool of approx. 1'700 cross-sectoral funds in Europe

Eligibility Criteria

ESG screening	100% of portfolio
Exclusionary Policy	Mandatory
ESG integration into investment process	Mandatory
Legal requirements	Fund/Asset Manager must be regulated/supervised
Transparency : ESG disclosures	Mandatory

ESG funds target the following SDGs:

LuxFLAG Label Benefits

- Become part of LuxFLAG's Sustainable and Responsible Investing community
- Free use of LuxFLAG Label and logo in your marketing material
- Integration of your labelled fund and website link in LuxFLAG's annual report, website, presentations used in client meetings
- Benefit from speaker slots, invitations and discounts to LUXFLAG/ALFI/LFF conferences/events amongst others
- Be referenced in LuxFLAG's newsletter, social media and mentioned in the press
- Inclusion of your fund in the Fundsquare distribution platform

Why LuxFLAG?

Rigorous high-quality labelling process

Accountable and independent expert assessment

Regulated investment vehicles can apply independently of the country of domicile

Labelled investment vehicles from a variety of international asset managers based in approx. 16 countries and from 7 regulated jurisdictions

Labelled investment vehicles scrutinised regularly to assure compliance

74%

Growth in number of labelled products since Q1 2019

102.2

Billion Euros in Assets Under Management by labelled products

204

Total number of labelled investment products

88

Total number of Asset Managers & Promoters of labelled investment products

ISAE 3000 CERTIFIED

LuxFLAG becomes the first sustainable finance labelling agency in Europe to be awarded the ISAE 3000 Type II certification by EY Luxembourg.

LUXFLAG

Supporting Sustainable Finance

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