

ESG: European Regulators Publish Revised Secondary Rules and Templates for Environmental-Related Sustainability Disclosures

March 26, 2021

1. Overview

The European Supervisory Authorities (ESAs) have published the draft Regulatory Technical Standards¹ (“Taxonomy RTS”) on product-level disclosures that apply to funds or portfolios that promote or make environmentally sustainable investments in accordance with the criteria of the EU Taxonomy Regulation.

The draft Taxonomy RTS amend the final draft RTS published by the ESAs under the Sustainable Finance Disclosure Regulation (SFDR) on 2 February 2021² with the aim of creating a “single rulebook” for sustainability disclosures that consolidates the secondary rules for the SFDR and the Taxonomy-related disclosures.

This client alert outlines the key requirements of the Taxonomy RTS as relevant to alternative investment managers and their funds or portfolios (“financial products”).

2. Taxonomy-Related Product-Level Disclosures

The Taxonomy Regulation establishes an EU-wide classification system intended to provide issuers, financial institutions and investors with a common language to identify the extent to which economic activities are “environmentally sustainable”. To be environmentally sustainable, an economic activity must:

- i. Contribute substantially to at least one of the environmental objectives.
- ii. “Do no significant harm” to any of the other environmental objectives.
- iii. Comply with certain minimum social and governance safeguards.
- iv. Comply with certain technical screening criteria.

The environmental objectives are:

- i. Climate change mitigation.
- ii. Climate change adaptation.
- iii. The sustainable use and protection of water and marine resources water.

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For further information or advice, please contact one of the partners named below or your usual contact at Akin Gump.

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- iv. The transition to a circular economy.
- v. Pollution prevention and control.
- vi. The protection and restoration of biodiversity and ecosystems.

The Taxonomy product-level disclosures supplement the SFDR product-level pre-contractual and periodic disclosures with specific disclosures for funds or portfolios that promote “environmental characteristics” (Light Green) or that make “environmentally sustainable investments” (Dark Green).

Pre-Contractual Disclosures

The RTS include the more detailed requirements about the additional information that must be disclosed in the pre-contractual disclosures by Light Green and Dark Green financial products, examples of which include:

- a. The identification of the environmental objectives to which the sustainable investment underlying the financial product contributes.³
- b. A new section dedicated to Light Green and Dark Green products, that must include⁴:
 - i. A graphical representation in the form of a pie chart of the minimum taxonomy alignment of investments, calculated in accordance with the methodology set out by the RTS.
 - ii. Where the financial product invests in economic activities that are not environmentally sustainable economic activities, a clear explanation of the reasons for doing so.
 - iii. A description of the investments underlying the financial product that are in environmentally sustainable economic activities. The description must include:
 - For investee companies that are nonfinancial undertakings, whether the taxonomy alignment of investments is measured by turnover, capital expenditure or operational expenditure and the reason for that choice, including how that choice is appropriate for investors in the financial product.
 - Where information relating to the taxonomy alignment of investments is not readily available from public disclosures by investee companies, details of how equivalent information was obtained directly from investee companies or from third-party providers.
 - A breakdown of the minimum proportions of investments in “enabling activities”⁵ and “transitional activities”⁶, in each case expressed as a percentage of all investments of the financial product.
- c. Where a financial product commits to making one or more sustainable investments in environmentally sustainable economic activities:
 - i. A statement that the economic activities invested in by those sustainable investments are environmentally sustainable economic activities.

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*The contribution of **Andrea Gonzaga** is gratefully acknowledged.*

- ii. Whether the statement has been subject to an assurance provided by an auditor or a review by a third party and, if so, the name of that auditor or third party.

Periodic Disclosures

The RTS include the more detailed requirements about the additional information that must be disclosed in the periodic disclosures by Light Green and Dark Green financial products, examples of which include:

- a. The identification of the environmental objectives to which the sustainable investment underlying the financial product contributed.
- b. A new section dedicated to Light Green or Dark Green products, that must include:
 - i. A breakdown of the proportion of each of the environmental objectives to which the sustainable investments contributed.
 - ii. A description of the sustainable investments in environmentally sustainable economic activities during the reference period, including further prescriptive requirements in the RTS setting out the details.
- c. If the financial product invested in economic activities that are not environmentally sustainable economic activities during the reference period, a clear explanation of the reasons for doing so.
- d. Where a financial product commits to making one or more sustainable investments in environmentally sustainable economic activities during the reference period:
 - i. A statement that the economic activities invested in by those sustainable investments are environmentally sustainable economic activities.
 - ii. Whether the statement has been subject to an assurance provided by an auditor or a review by a third party and, if so, the name of that auditor or third party.

Accordingly, the ESAs have revised the mandatory pre-contractual and periodic disclosure templates published in February 2021 to add the Taxonomy-related disclosure requirements.

See Annexes I to IV of this client alert for the revised disclosure templates.

3. Timelines

The ESAs estimate finalising the RTS by late June or early July 2021 with the final RTS applying from 1 January 2022. The Taxonomy-related disclosure obligations will apply in the EEA in phases from 1 January 2022 for the first two environmental objectives⁷, and from 1 January 2023 for the remaining four environmental objectives⁸.

Annexes to this alert:

Annex I: Revised Pre-Contractual Disclosure Template for Article 8 Financial Products (See [here](#)).

Annex II: Revised Pre-Contractual Disclosure Template for Article 9 Financial Products (See [here](#)).

Annex III: Revised Periodic Disclosure Template for Article 8 Financial Products (See [here](#)).

Annex IV: Revised Periodic Reporting Template for Article 9 Financial Products (See [here](#)).

¹ Joint Consultation Paper, Taxonomy-related sustainability disclosures, published 17 March 2021 (See [here](#)).

² Final Report on draft Regulatory Technical Standards: with regard to the content, methodologies and presentation of disclosures pursuant to Article 2a(3), Article 4(6) and (7), Article 8(3), Article 9(5), Article 10(2) and Article 11(4) of Regulation (EU) 2019/2088, 2 February 2021 (See [here](#)).

³ Article 14(2) and Article 21(2) of the revised RTS.

⁴ Article 16a(1)(a) and Article 23a(1)(a) of the revised RTS.

⁵ “**Enabling activities**” are defined by Article 16 of the Taxonomy Regulation as an economic activity that contributes substantially to one or more of the environmental objectives set out in Article 9 of the Taxonomy Regulation by directly enabling other activities to make a substantial contribution to one or more of those objectives, provided that such economic activity:

- a. does not lead to a lock-in of assets that undermine long-term environmental goals, considering the economic lifetime of those assets; and
- b. has a substantial positive environmental impact, on the basis of life-cycle considerations.

⁶ “**Transitional activities**” are defined by Article 10(2) of the Taxonomy Regulation as an economic activity for which there is no technologically and economically feasible low-carbon alternative but qualifies as contributing substantially to climate change mitigation where it supports the transition to a climate-neutral economy consistent with a pathway to limit the temperature increase to 1.5 degrees Celsius above preindustrial levels, including by phasing out greenhouse gas emissions, in particular emissions from solid fossil fuels, and where that activity:

- a. has greenhouse gas emission levels that correspond to the best performance in the sector or industry;
- b. does not hamper the development and deployment of low-carbon alternatives; and
- c. does not lead to a lock-in of carbon-intensive assets, considering the economic lifetime of those assets.

⁷ Climate change mitigation and climate change adaptation.

⁸ The sustainable use and protection of water and marine resources; the transition to a circular economy; pollution prevention and control; and the protection and restoration of biodiversity and ecosystems.

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Annex I

Template precontractual disclosure for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088

Product name/legal identifier: [complete]

Environmental and/or social characteristics

[tick when relevant]

This product: Promotes environmental or social characteristics, but does not have as its objective a sustainable investment

- It does not invest in sustainable investments
- It invests partially in sustainable investments
 - In activities aligned with the EU Taxonomy
 - In activities not aligned with the EU Taxonomy

Has sustainable investment as its objective. Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

- In activities aligned with the EU Taxonomy
- In activities not aligned with the EU Taxonomy



What environmental and/or social characteristics are promoted by this financial product?

[for financial products referred to in Article 6 of Regulation (EU) 2020/852, in respect of sustainable investments with environmental objectives, list the environmental objectives set out in Article 9 of that Regulation to which the sustainable investment underlying the financial product contributes]

- **What sustainability indicators are used to measure the attainment of the environmental or social characteristics promoted by this financial product?**

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.



What investment strategy does this financial product follow?

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

Investment strategies guide investment decisions based on factors such as investment objectives and risk tolerance.

- **How is that strategy implemented in the investment process on a continuous basis?**
- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?** *[include question where there is a commitment to reduce the scope of investments by a minimum rate]*
- **What is the policy to assess good governance practices of the investee companies?**
- **Where can I find further details on the investment strategy?**

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

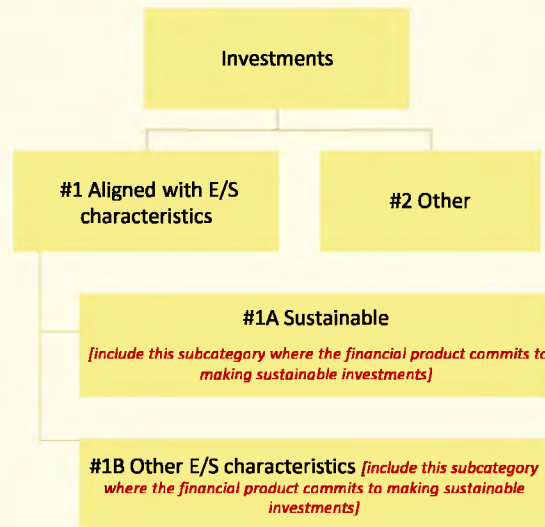
Has a reference benchmark been designated for the purpose of attaining the environmental or social characteristics promoted by the financial product? *[tick relevant box]*

Yes No



What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

[include the note below where the financial product commits to making sustainable investments]

The category **#1 Aligned with E/S characteristics** covers:

- The Subcategory **#1A Sustainable** covers investments that qualify as sustainable investments:

- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

- **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?** *[include question where derivatives are used to attain the environmental or social characteristics promoted by the financial product]*



To which objectives do the sustainable investments contribute to and how do they not cause significant harm? *[include section where the financial product includes sustainable investments]*



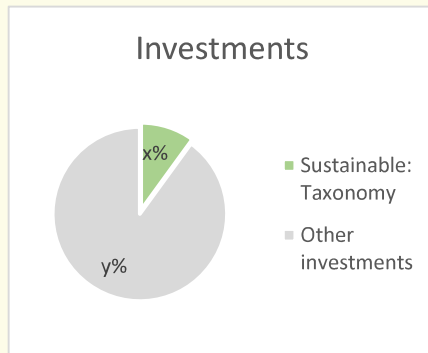
What is the minimum share of investments aligned with the EU Taxonomy?

[include subsection for financial products referred to in Article 6 of Regulation (EU) 2020/852] [where information relating to the taxonomy alignment of investments is not readily available from public disclosures by investee companies, include details of how equivalent information was obtained directly from investee companies or from third party providers]



The symbol refers to investments that finance activities considered sustainable under the EU Taxonomy. The EU Taxonomy is a classification system, establishing a list of environmentally sustainable economic activities.

The graph below shows in green the minimum percentage of investments that are aligned with the EU Taxonomy.



[include statement and question for financial products referred to in Article 6 of Regulation (EU) 2020/852 with sustainable investments in environmentally sustainable economic activities]

The minimum percentage of investments of the financial product that are aligned with the EU Taxonomy are made in environmentally sustainable economic activities.

Was this statement subject to an external review by a third party?

Yes: *[include name of third party]*

No

- **What methodology is used for the calculation of the alignment with the EU Taxonomy and why?** *[indicate methodology chosen for non-financial investee companies and the reasons for that choice including how that choice is appropriate for investors in the financial product]*

- **What is the minimum share of transitional and enabling activities?**



What is the minimum share of sustainable investments that are not aligned with the EU Taxonomy? *[include subsection (i) where the financial product includes sustainable investments with social objectives; or (ii) for financial products referred to in Article 6 of Regulation (EU) 2020/852 where the financial product invests in economic activities that are not environmentally sustainable economic activities]*

- **Why does the financial product invest in economic activities that are not environmentally sustainable?** *[include question for financial products referred to in Article 6 of Regulation (EU) 2020/852 where the financial product invests in economic activities that are not environmentally sustainable economic activities]*
- **How will sustainable investments contribute to a sustainable investment objective and not significantly harm any sustainable investment objective?**
 - How are indicators for adverse impacts on sustainability factors taken into account?
 - Are sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:



Does this financial product take into account principal adverse impacts on sustainability factors?

- Yes
- No

Principal adverse impacts are the most significant negative impact of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental or social characteristics that it promotes? *[include this section where an index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the financial product and indicate where the methodology used for the calculation of the designated index can be found]*

- **How does the designated index differ from a relevant broad market index?**
- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product and with the investment strategy?**

[include note where an index has been designated as a reference benchmark]

Reference benchmarks are indexes to measure whether financial products attain the environmental or social characteristics that they promote.



Can I find I find more product specific information online?

More product-specific information can be found on the website: *[insert hyperlink to the website]*

Annex II

Template periodic disclosure for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088

Product name/legal identifier: [complete]

Reference period: [complete]

Environmental and/or social characteristics

[tick when relevant]

This product: Promotes environmental or social characteristics, but does not have as its objective a sustainable investment

- It does not invest in sustainable investments
- It invests partially in sustainable investments
 - In activities aligned with the EU Taxonomy
 - In activities not aligned with the EU Taxonomy
- Has sustainable investment as its objective. Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.
 - In activities aligned with the EU Taxonomy
 - In activities not aligned with the EU Taxonomy



To what extent were the environmental and/or social characteristics promoted by this financial product met? *[for financial products referred to in Article 6 of Regulation (EU) 2020/852, in respect of sustainable investments with environmental objectives, list the environmental objectives set out in Article 9 of Regulation (EU) 2020/852 to which the sustainable investment underlying the financial product contributed]*

● **How did the sustainability indicators perform?**

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

● **...and compared to previous periods?** *[include question for financial products where at least one previous periodic report was provided in accordance with Section 1 of Chapter V of Commission Delegated Regulation (EU) 2021/xxx]*

REFERENCE PERIOD	[INDICATOR1]	[INDICATOR 2...]



What were the top investments of this financial product?

Largest investments	Sector	% Assets	Country

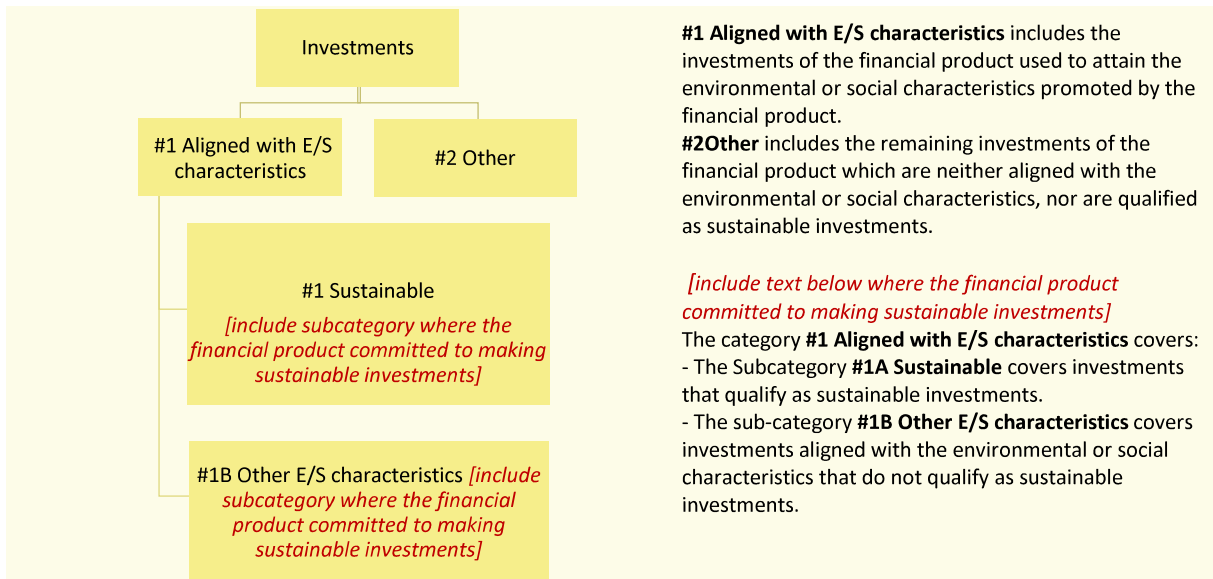
The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is: *[complete]*



What was the proportion of sustainability-related investments?

● What was the asset allocation?

Asset allocation describes the share of investments in specific assets.



- **What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?**

- **In which economic sectors were the investments made?**



To which objectives did the sustainable investments contribute to and how did they not cause significant harm? *[include section where the financial product included a commitment to make sustainable investments]*

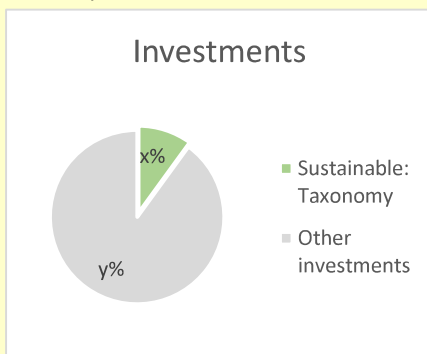


What was the share of investments aligned with the EU Taxonomy? *[include subsection for financial products referred to in Article 6 of Regulation (EU) 2020/852] [where information relating to the taxonomy alignment of investments is not readily available from public disclosures by investee companies, include details of how equivalent information was obtained directly from investee companies or from third party providers]*



The symbol refers to investments that finance activities considered sustainable under the EU Taxonomy. The EU Taxonomy is a classification system, establishing a list of environmentally sustainable economic activities.

The graph below shows in green the percentage of investments that are aligned with the EU Taxonomy.



[include statement and question for financial products referred to in Article 6 of Regulation (EU) 2020/852 with sustainable investments in environmentally sustainable economic activities]

The percentage of investments of the financial product that are aligned with the EU Taxonomy are made in environmentally sustainable economic activities.

Was this statement subject to an external review by a third party?

- Yes: *[include name of third party]*
- No

- **What was the breakdown of the environmental objectives that the sustainable investments contribute to?**
- **What methodology was used for the calculation of the alignment with the EU Taxonomy and why?** *[indicate methodology chosen for non-financial investee companies and the reasons for that choice including how that choice is appropriate for investors in the financial product]*
- **What was the share of transitional and enabling activities?**
- **How did the percentage of investments that are aligned with the EU Taxonomy compare with previous reference periods?** *[include question where at least one previous periodic report was provided in accordance with Section 1 of Chapter V of Commission Delegated Regulation (EU) 2021/xxx]*

REFERENCE PERIOD

PERCENTAGE OF INVESTMENTS ALIGNED WITH EU TAXONOMY



What was the share of sustainable investments that are not aligned with the EU Taxonomy? *[include subsection for (i) financial products referred to in Article 6 of Regulation (EU) 2020/852 where the financial product invested in economic activities that are not environmentally sustainable economic activities; or (ii) financial products that included a commitment to make sustainable investments with social objectives]*

- **Why did the financial product invest in economic activities that are not environmentally sustainable?** *[include question for financial products referred to in Article 6 of Regulation (EU) 2020/852 where the financial product invests in economic activities that are not environmentally sustainable economic activities]*

- **How did sustainable investments contribute to a sustainable investment objective and did not significantly harm any sustainable investment objective?**

How were the indicators for adverse impacts on sustainability factors taken into account?

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Principal adverse impacts are the most significant negative impact of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



What actions have been taken to meet the environmental and/or social characteristics during the reference period?



How did this financial product perform compared to the designated reference benchmark? *[include section where an index has been designated as a reference benchmark for the purpose of the attainment of the environmental or social characteristics promoted by the financial product and indicate where the methodology used for the calculation of the designated index can be found]*

- **How does the reference benchmark differ from a broad market index?**
- **How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?**
- **How did this financial product perform compared with the reference benchmark?**
- **How did this financial product perform compared with the broad market index?**

[include note where an index has been designated as a reference benchmark for the purpose of the attainment of the environmental or social characteristics promoted by the financial product]

Reference benchmarks are indexes used to measure whether the financial product attains the environmental or social characteristics that they promote.

Annex III

Template periodic report for financial products referred to in Article 9(1), (2) and (3) of Regulation (EU) 2019/2088

Product name/legal identifier: [complete]

Reference period: [complete]

Sustainable investment objective

[tick when relevant]

- This product:
- Promotes environmental or social characteristics, but does not have as its objective a sustainable investment
 - It does not invest in sustainable investments
 - It invests partially in sustainable investments
 - In activities aligned with the EU Taxonomy
 - In activities not aligned with the EU Taxonomy
 - Has sustainable investment as its objective. Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.
 - In activities aligned with the EU Taxonomy
 - In activities not aligned with the EU Taxonomy



To what extent was the sustainable investment objective of this financial product met?

[for financial products referred to in Article 5 of Regulation (EU) 2020/852, in respect of sustainable investments with environmental objectives, list the environmental objectives set out in Article 9 of Regulation (EU) 2020/852 to which the sustainable investment underlying the financial product contributed]

● **How did the sustainability indicators perform?**

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

● **...and compared to previous periods** *[include question for financial products where at least one previous periodic report was provided in accordance with Section 2 of Chapter V of Commission Delegated Regulation (EU) 2021/xxx]*

REFERENCE PERIOD	[INDICATOR 1]	[INDICATOR 2 ETC]



What were the top investments of this financial product?

Largest investments	Sector	% Assets	Country
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The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period, which is: [complete]



What was the proportion of sustainability-related investments?

Asset allocation describes the share of investments in specific assets.



- *What was the asset allocation?*
- *What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?*
- *In which economic sectors were the investments made?*



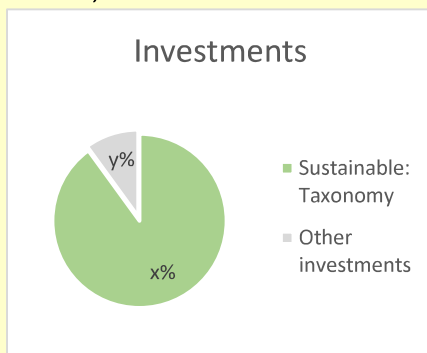
To which objectives did the sustainable investments contribute to and how did they not cause significant harm?



What was the share of investments aligned with the EU Taxonomy?

[include subsection for financial products referred to in Article 5 of Regulation (EU) 2020/852 where information relating to the taxonomy alignment of investments is not readily available from public disclosures by investee companies, include details of how equivalent information was obtained directly from investee companies or from third party providers]

The graph below shows in green the percentage of investments that are aligned with the EU Taxonomy.




[include statement and question for financial products referred to in Article 5 of Regulation (EU) 2020/852 with sustainable investments in environmentally sustainable economic activities]

The percentage of investments of the financial product that are aligned with the EU Taxonomy are made in environmentally sustainable economic activities.

Was this statement subject to an external review by a third party?

- Yes: *[include name of third party]*
- No

The symbol  refers to investments that finance activities considered sustainable under the EU Taxonomy. The EU Taxonomy is a classification system, establishing a list of environmentally sustainable economic activities.

- **What was the breakdown of the environmental objectives that the sustainable investments contribute to?**
- **What methodology was used for the calculation of the alignment with the EU Taxonomy and why?** *[indicate methodology chosen for non-financial investee companies and the reasons for that choice including how that choice is appropriate for investors in the financial product]*
- **What was the share of transitional and enabling activities?**
- **How did the percentage of investments that are aligned with the EU Taxonomy compare with previous reference periods?** *[include question where at least one previous periodic report was provided in accordance with Section 2 of Chapter V of Commission Delegated Regulation (EU) 2021/xxx]*

REFERENCE PERIOD	PERCENTAGE OF INVESTMENTS ALIGNED WITH EU TAXONOMY



What was the share of sustainable investments that are not aligned with the EU Taxonomy?

[include subsection for (i) financial products referred to in Article 5 of Regulation (EU) 2020/852 where the financial product invested in economic activities that are not

environmentally sustainable economic activities; or (ii) financial products that included a commitment to make sustainable investments with social objectives]

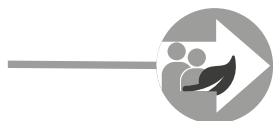
- **Why did the financial product invest in economic activities that are not environmentally sustainable?** *[include question for financial products referred to in Article 5 of Regulation (EU) 2020/852 where the financial product invests in economic activities that are not environmentally sustainable economic activities]*

- **How did sustainable investments contribute to a sustainable investment objective and did not significantly harm any sustainable investment objective?**

How have the indicators for adverse impacts on sustainability factors been taken into account?

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Principal adverse impacts are the most significant negative impact of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



What actions were taken to attain the sustainable investment objective during the reference period?

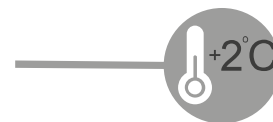


How did this financial product perform compared to the reference sustainable benchmark? *[include section where an index has been designated as a reference benchmark for the purpose of the attainment of the sustainable investment objective of the financial product and indicate where the methodology used for the calculation of the designated index can be found]*

- **How does the reference benchmark differ from a broad market index?**
- **How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the sustainable investment objective?**
- **How did this financial product perform compared with the reference benchmark?**
- **How did this financial product perform compared with the broad market index?**

[include note where an index has been designated as a reference benchmark for the purpose of the attainment of the sustainable investment objective of the financial product]

Reference sustainable benchmarks are indexes used to measure whether the financial product attains the sustainable investment objective.



How was the objective of a reduction in carbon emissions aligned with the Paris Agreement? *[include section for a financial product referred to in Article 9(3) of Regulation (EU) 2019/2088 and indicate where the methodology used for the calculation of the reference benchmark can be found]*

Annex IV

Template precontractual disclosure for financial products referred to in Article 9(1), (2) and (3) of Regulation (EU) 2019/2088

Product name/legal identifier: [complete]

Sustainable investment objective

[tick when relevant]

This product:

Promotes environmental or social characteristics, but does not have as its objective a sustainable investment

It does not invest in sustainable investments

It invests partially in sustainable investments

In activities aligned with the EU Taxonomy

In activities not aligned with the EU Taxonomy

Has sustainable investment as its objective. Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

In activities aligned with the EU Taxonomy

In activities not aligned with the EU Taxonomy



What is the sustainable investment objective of this financial product?

[for financial products referred to in Article 5 of Regulation (EU) 2020/852, in respect of sustainable investments with environmental objectives, list the environmental objectives set out in Article 9 of that Regulation to which the sustainable investment underlying the financial product contributes]

- **What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?**

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.



What investment strategy does this financial product follow?

Investment strategies guide investment decisions based on factors such as investment objectives and risk tolerance.

- **What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?**
- **How is that strategy implemented in the investment process on a continuous basis?**
- **What is the policy to assess good governance practices of the investee companies?**
- **Where can I find further details on the investment strategy?**

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

Has a reference sustainable benchmark been designated for the purpose of meeting the sustainable investment objective?

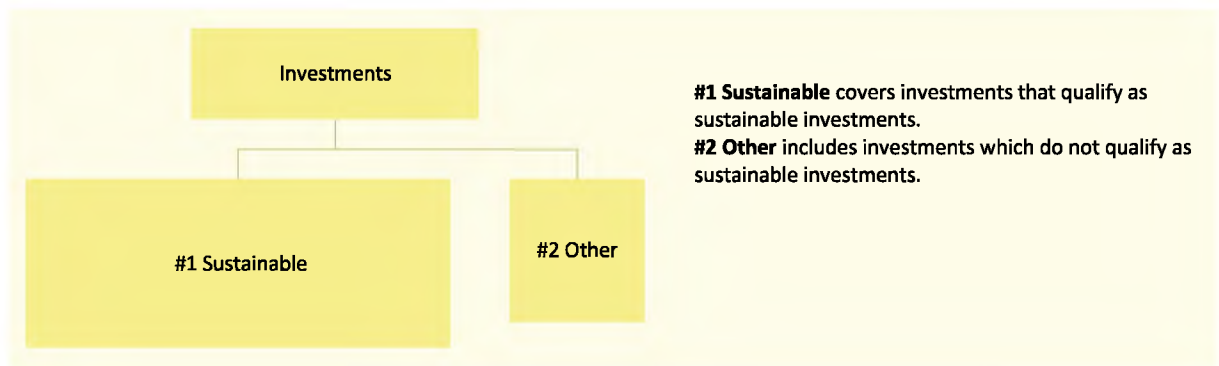
[tick relevant box]

Yes No



What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.



- **How does the use of derivatives attain the sustainable investment objective?** *[include where derivatives are used to attain the sustainable investment objective]*
- **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**
- **How does the proportion and use of such investments not affect the delivery of the sustainable investment objective?**



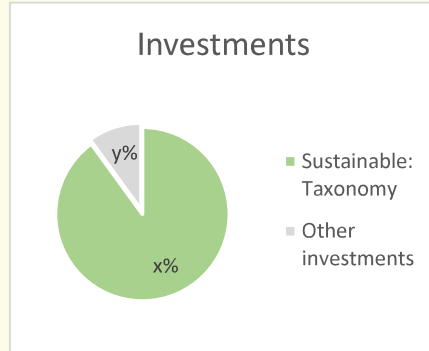
To which objectives do the sustainable investments contribute to and how do they not cause significant harm?



What is the minimum share of investments aligned with the EU Taxonomy?

*[include subsection for financial products referred to in Article 5 of Regulation (EU) 2020/852]
[where information relating to the taxonomy alignment of investments is not readily available from public disclosures by investee companies, include details of how equivalent information was obtained directly from investee companies or from third party providers]*

The graph below shows in green the minimum percentage of investments that are aligned with the EU Taxonomy.



[include statement and question for financial products referred to in Article 5 of Regulation (EU) 2020/852 with sustainable investments in environmentally sustainable economic activities]

The minimum percentage of investments of the financial product that are aligned with the EU Taxonomy are made in environmentally sustainable economic activities.

Was this statement subject to an external review by a third party?

Yes: *[include name of third party]*

No

The symbol refers to investments that finance activities considered sustainable under the EU Taxonomy. The EU Taxonomy is a classification system, establishing a list of environmentally sustainable economic activities.

- **What methodology is used for the calculation of the alignment with the EU Taxonomy and why?** *[indicate methodology chosen for non-financial investee companies and the reasons for that choice including how that choice is appropriate for investors in the financial product]*
- **What is the minimum share of transitional and enabling activities?**



What is the minimum share of sustainable investments that are not aligned with the EU Taxonomy?

[include subsection (i) where the financial product includes sustainable investments with social objectives; or (ii) for financial products referred to in Article 5 of Regulation (EU) 2020/852 where the financial product invests in economic activities that are not environmentally sustainable economic activities]

- **Why does the financial product invest in economic activities that are not environmentally sustainable?** *[include question for financial products referred to in Article 5 of Regulation (EU) 2020/852 where the financial product invests in economic activities that are not environmentally sustainable economic activities]*

- **How will sustainable investments contribute to a sustainable investment objective and not significantly harm any sustainable investment objective?**

— How have the indicators for adverse impacts on sustainability factors been taken into account?

— Are sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:



Does this product take into account principal adverse impacts on sustainability factors?

- Yes
- No

Principal adverse impacts are the most significant negative impact of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

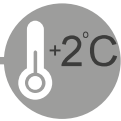


Is a specific index designated as a reference sustainable benchmark to meet the sustainable investment objective? *[include section for financial products referred to in Article 9(1) of Regulation (EU) 2019/2088 and indicate where the methodology used for the calculation of the designated index can be found]*

- **How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?**
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**
- **Why and how does the designated index differ from a relevant broad market index?**

[include note for financial products referred to in Article 9(1) of Regulation (EU) 2019/2088]

Reference sustainable benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



Does the financial product have the objective of a reduction in carbon emissions?

[include section for financial products referred to in Article 9(3) of Regulation (EU) 2019/2088 and indicate where the methodology used for the calculation of the reference benchmark can be found]



Can I find I find more product specific information online?

More product-specific information can be found on the website: *[insert hyperlink to the website]*