# SUSTAINABILITY RISK POLICY

## Introduction

In seeking to establish a pan-European framework to facilitate Sustainable Investment, the European Council and European Parliament have reached a political agreement on the Disclosure Regulation regarding sustainability-related disclosures in the financial services sector (EU Regulation 2019/2088, "SFDR"). The SFDR framework provides a coherent approach for sustainability related disclosures to financial market participants and advisers. Its objective is to promote transparency of the integration of Sustainability Risks into investment decisions and the consideration of adverse sustainability impacts in the investment process. For the purposes of the SFDR, Luxcellence Management Company S.A. (or "Luxcellence") meets the criteria of a "financial market participant", whilst each Fund qualifies as a "financial product".

## Identification of Sustainability Risks

The present sustainability risk policy of Luxcellence contains a description of certain sustainability aspects in accordance with the SFDR. According to Luxcellence's understanding and application, sustainability risks mean events or conditions in the environmental, social or corporate governance (ESG) areas, the occurrence of which could actually or potentially have a material negative impact on the value and return of the investment.

Luxcellence regards sustainability risks as important in the investment decision-making process. As Luxcellence delegates the portfolio management of its funds to regulated and authorised Portfolio Managers (PM), the legal obligation to identify and consider such risks lies with them. In order to guarantee the highest level of transparency, Luxcellence is in contact with the respective PM regarding the identification of sustainability risks and will be monitoring this via the oversight of each delegated PM.

## Oversight Framework over the delegated Portfolio Managers

As part of its business model, Luxcellence delegates the portfolio management activities of its funds to the PMs. As such, Luxcellence ensures that the delegated PMs have in place, if and where applicable, a process for ex-ante sustainability risks assessment and integration in the decision-making process. Luxcellence does so by conducting, as part of its PM oversight activities, the review of the delegated PM's process.

The occurrence of any potential ex-post sustainability risks is monitored by Luxcellence as part of its risk management process and oversight responsibility.

## Adverse sustainability impacts

As Luxcellence delegates the management of the portfolio to the PMs, the individual PMs are responsible for the consideration of the Principal Adverse Sustainability Impact (PASI) of the investment decision on the Sustainability Factors. The consideration of PASI depends on the specificities of the fund and its PM.

PMs could decide not to consider the adverse effects of investment decisions on sustainability factors for their respective funds. Such impact deems not to be relevant and in addition there is a lack of data available on the market to determine and weigh such negative sustainability effects.

If the legal provisions are established and the data quality is sufficient, Luxcellence acknowledges that the PMs may review the current position and plan any implementation in order to consider the principal adverse sustainability impacts on investments.

## Document Information

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## Amendments and Updates

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