

Policies on the Integration of Sustainability Risks

Disclosure of strategies on the integration of sustainability risks in the investment decision-making process in accordance with Art. 3 (1) of Regulation (EU) 2019/2088

I. General

In order to live up to its social responsibility, the topic of sustainability prominently complements the long-term business strategy of Universal-Investment Luxembourg S.A. ("UIL").

In this context, corporate goals, client orientation and employee satisfaction are in harmony with social and environmental principles. The Universal-Investment Group is committed to the „Principles for Responsible Investment“, a voluntary commitment developed by the United Nations with the aim of including sustainability factors in investment decisions. Being a management company or alternative investment fund manager, UIL considers principles four to six to be authoritative: Raising industry awareness of sustainability issues, as well as actively helping to shape sustainability measures and their further development are just as important as supporting clients in the transformation to sustainable investing. Universal-Investment reports on its activities and progress in implementing the principles. In addition, Universal-Investment is a member of the Forum Nachhaltige Geldanlagen e. V., an industry association promoting sustainable investment in Germany, Austria and Switzerland.

Corporate risk can generally be differentiated into three risk categories: strategic risk, financial risk and operational risk. Strategic risks predominantly concern and are significant due to the strategic orientation and positioning of the business units, such as a lack of sales structure, poor branding or outdated IT systems. Financial risks relate to (sub-)funds and investments in equity resources and include market, credit and liquidity risks. Operational risks arise in all business areas and comprise legal and operational risks including personnel risks.

Sustainability risk as defined in Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector means an environmental, social or governance event or condition that, if it occurs, could cause a negative material impact on the value of the investment of a fund (sub-fund). Accordingly, sustainability risks may lead to a material deterioration in the financial profile, liquidity, profitability, or reputation of underlying investments. Despite being considered in the investment valuation process, they can have a significant negative impact on the market price and/or the liquidity of the investment and thus on the return of the (sub-)fund. Sustainability risks can affect all known risk types, such as market risk, liquidity risk, counterparty risk and operational risk, and contribute as a factor to the materiality of these risk types, however they do not represent a separate risk type, but are inherent to the aforementioned risk types.

As a fund service platform, UIL launches (sub-)funds for institutional investors and fund initiators and, among other things, takes over administration of these funds. (Sub-)Funds affected by sustainability risks include (sub-)funds which are managed by UIL, (sub-)funds for which portfolio management has been outsourced to third-party portfolio managers or for which an external advisor is involved in the management of the

(sub-)fund, and the activities of Universal-Investment-Luxembourg S.A., Frankfurt am Main branch, as a rule-based portfolio manager for (sub-)funds third-party management companies and alternative investment fund managers.

If the portfolio management of (sub-)funds of UIL has not been outsourced to external companies, relevant sustainability risks which, in our view, could have an impact on the return of an investment, are included in the investment decision-making process of UIL. In addition to the pre-investment-policy, further obligations are set out in (sub-)fund-specific investment policy to ensure that investment decisions are in line with the objectives, investment strategies and risk limits of the respective (sub-)fund.

If portfolio management for a (sub-)fund is outsourced by UIL to external companies, the respective (sub-)fund manager has been obliged since 1 August 2022 to integrate sustainability risks in its investment-decision processes and to implement it operationally. If an advisor is commissioned to make investment recommendations for a (sub-)fund of UIL, the respective advisor has also been obliged since 1 August 2022 to integrate sustainability risks in the investment recommendations and to operationally implement the necessary processes for taking sustainability risks into account.

If the portfolio management of (sub-)funds of UIL has been outsourced to companies outside the Group, UIL endeavors to ensure that the respective portfolio managers take into account principal adverse impacts on sustainability factors (Principal Adverse Impact - 'PAI') in their investment decisions. If an advisor issues investment recommendations for a (sub-)fund in accordance with an order, UIL endeavors to ensure that the respective advisor takes the PAIs into account in its investment recommendations.

Sustainability risks affect the corporate risk of all four of UIL's product lines: **Securities, Alternative Investments, Real Estate** and **Portfolio Management**.

II. Product Lines

Securities at UIL

The Securities division offers (sub-)funds and investment solutions with a focus on securities and implements the subsequent investments in accordance with the investment strategy. Depending on the structure and governance of the (sub-)funds or investment solutions, the investment process involves an external portfolio manager, an investment advisor linked to the (sub-)fund or investment solution and/or an investment committee as an advisory body with representatives of the investor(s).

Sustainability risks are always considered as part of the investment process, while other sustainability aspects are only considered and taken into account when deciding on an investment if and insofar as the investment policy of the (sub-)fund or investment solution so provides.

Outsourced portfolio managers or affiliated advisors must comply with the investment policy and any specified sustainability aspects - including the mandatory inclusion of sustainability risks - on a contractual basis and within the scope of their mandate and must be able to carry out corresponding reviews of the investment and provide evidence of this to UIL. In addition, UIL may assess investment recommendations with regards to its own criteria, such as rating restrictions or the exclusion of individual issuers and may reject investment recommendations due to a lack of sustainability criteria.

Alternative Investments at Universal-Investment

The Alternative Investments division offers clients (sub-)fund and investment solutions with an investment focus on alternative investments and subsequently supports and implements investments in the alternative investments asset class in line with the investment strategy. Depending on the structure and governance of the (sub-)fund or investment solution, an outsourced portfolio manager, an investment advisor linked to the (sub-)fund or investment solution and / or an investment committee as an advisory body with representatives of the investor or investors are involved in the investment process.

Sustainability risks will always be considered as part of the investment process, while (other) sustainability aspects will only be considered and taken into account when making an investment decision if and to the extent that this is provided for in the investment policy of the (sub-)fund or investment solution. Outsourced portfolio managers or affiliated advisors must adhere to the investment policy and any specified sustainability aspects - including the mandatory inclusion of sustainability risks and, where applicable, other sustainability aspects - on a contractual basis and within the scope of their mandate and must be able to carry out appropriate reviews of the investment and provide evidence of this to UIL.

Real Estate at Universal-Investment

The Real Estate division not only offers clients (sub-)funds or investment solutions focused on real estate, but also subsequently supports and implements investments in the real estate asset class in line with the investment strategy of the (sub-)fund or investment solution.

Depending on the structure of the (sub-)fund or investment solution, an investment advisor and/or an investment committee with investor representatives are involved in the investment process. Sustainability risks are always considered as part of the investment process, while other sustainability aspects are only considered and taken into account when making an investment if and insofar as this is provided for in the investment policy of the fund or investment solution. On a contractual basis and within the scope of their mandate, investment advisors must adhere to the investment policy and any existing requirements regarding the sustainability of an investment - including the mandatory inclusion of sustainability risks and, where applicable, other sustainability aspects -, carry out appropriate reviews of the investment and be able to provide evidence of UIL.

Portfolio Management at Universal-Investment Luxembourg S.A. Niederlassung Frankfurt am Main

Portfolio management services are provided to UIL's (sub-)funds as well as to third party asset managers, management companies and alternative investment fund managers. The portfolio management services of Universal-Investment-Luxembourg S.A. Frankfurt am Main Branch focus on transparent and rule-based products to enable clients to participate in market developments at a favorable cost and to manage market risks efficiently (overlay management). In addition to passive mandates, the range also includes the more individualized mapping of market segments and concepts for accepting specific risk premiums. These modules can be combined with investment grade management upon request. In addition, the portfolio management of Universal-Investment-Luxembourg S.A., Frankfurt am Main branch, offers overlay management strategies for cross-segment management of market price risks (interest rate, spread, equity or currency). Collateral pool management, transition management, liquidity management and trading complete the range of services as additional components of portfolio management.

Sustainability risks and factors play an important role for Universal-Investment Luxembourg S.A. Niederlassung Frankfurt am Main. These environmental, social and corporate governance factors are identified and considered at various stages of the investment process for our securities mandates. Dedicated analysis tools are available to identify and define sustainability criteria, exposures and risks. In addition, various sustainable index concepts are used as the basis for the investment universe or to reflect the index characteristics in the (sub-)fund. Our passive mandates are managed with a focus on minimizing tracking error. The ESG integration for this type of product provides for ongoing reporting of sustainability characteristics to increase the transparency of the business activities of the (sub-)fund components. All rules-based equity and fixed income mandates can optionally be equipped with an ESG approach, which can be customized to meet investor requirements. In the portfolio management services product area (transition management, collateral pool management, liquidity management), sustainability criteria and factors are generally not relevant due to the product structure.

In overlay management, the focus is on the following criteria to fulfil the mandate: fast and cost-effective tradability, efficient hedging of the (sub-)fund components to be managed and high liquidity of the management instruments. For this reason, derivatives on standard indices and currencies are currently used primarily for management purposes. The standard derivatives on large, well-known indices with sufficient liquidity do not yet have a sustainability focus. The development of sustainable derivatives is monitored on an ongoing basis and their use in overlay approaches is examined.

Furthermore, the Portfolio Management has implemented an ESG Board that is tasked with the ongoing monitoring of the sustainability profiles and results on a regular basis.

Contact

T +352 261502-1

info@universal-investment.com

Universal-Investment-Luxembourg S.A.
15, rue de Flaxweiler
6776 Grevenmacher – Luxembourg