
DISCLOSURES PURSUANT TO ARTICLE 10 OF REGULATION 2019/2088 ON SUSTAINABILITY- RELATED DISCLOSURE IN THE FINANCIAL SERVICES SECTOR (SFDR)

APPLICABLE TO THE SUB-FUND FLAB FUNDS SICAV – FLAB CORE

A) NO SUSTAINABLE INVESTMENT OBJECTIVE

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

B) ENVIRONMENTAL OR SOCIAL CHARACTERISTICS OF THE FINANCIAL PRODUCT

The Sub-Fund promotes environmental and social characteristics by applying an ESG scrutiny to part of its portfolio, composed of the following classes of assets:

- o Government Bonds, and Futures Government Bonds without limits of duration;
- o Money market instruments, term deposits and/or liquid assets;
- o Equity securities and equity linked instruments.

The environmental and social characteristics promoted by the Sub-Fund rely on a selective approach regarding the investee companies, issuing equity or bonds.

Exclusion filters are applied to the portfolio construction process to restrict investments in companies and issuers with significant exposure to certain activities deemed to be detrimental to the environment or the society at large.

Moreover, the Sub-Fund is excluding :

- Companies that manufacture or are involved in the maintenance of biological and chemical weapons, anti-personnel mines, cluster bombs and/or nuclear weapons.
- Companies with more than 5% of revenues derived from thermal coal or 30% revenue from total coal (including metallurgical coal).
- Companies with large and sustained exposure to oil sand extraction with a 5% revenue threshold.

The Sub-Fund notably excludes all companies that are allegedly involved in breaches of international law and norms on environmental protection, human rights, labour standards and anti-corruption.

In addition, the Investment Manager further uses the ESG scoring generated from the S&P Corporate Sustainability Assessment (“S&P CSA”) to select the companies in which the Sub-Fund invests, which will be monitored throughout the life of the investment. The Investment Manager thus ensures that only securities issued by entities that meet the minimum required ESG score for the Sub-Fund are eligible for inclusion. Regarding the bonds investment, MSCI ESG Government Ratings are used to ensure the promotion of environmental and social characteristics by the underlying investments.

C) INVESTMENT STRATEGY

The Sub-Fund aims to provide long-term capital growth through a global, flexible and dynamic balanced portfolio. The portfolio management is based on a strategically guided asset allocation model designed to identify the primary trends and relative risks among the three traditional asset classes: Equities, bonds and cash. By combining multiple indicators, the model generates a summary strategic allocation between these three asset classes.

To promote environmental and social characteristics, the Sub-Fund uses a selective approach regarding its portfolio.

The portfolio of the Sub-Fund is composed of a mix of equity and debt assets, part of which are subject to the ESG screening process, described below.

1. Exclusion list

First, the Investment Manager applies a strict exclusion list, identifying companies that are allegedly involved in breaches of international law and norms on environmental protection, human rights, labour standards and anti-corruption (the “Exclusion List Criteria”) as described above.

In that respect, the Investment Managers refers to publicly available lists of companies which are allegedly exposed to activities detrimental for the environmental and human rights.

2. Use of S&P and MSCI ESG Ratings

The S&P Global CSA, provided by Bloomberg, will serve as a sustainability roadmap helping participating companies to prioritize corporate sustainability initiatives that are most likely to enhance the company’s competitiveness.

A minimum of 35% of the portfolio of the Sub-Fund is composed of direct equity holdings, which are subject to the ESG screening process.

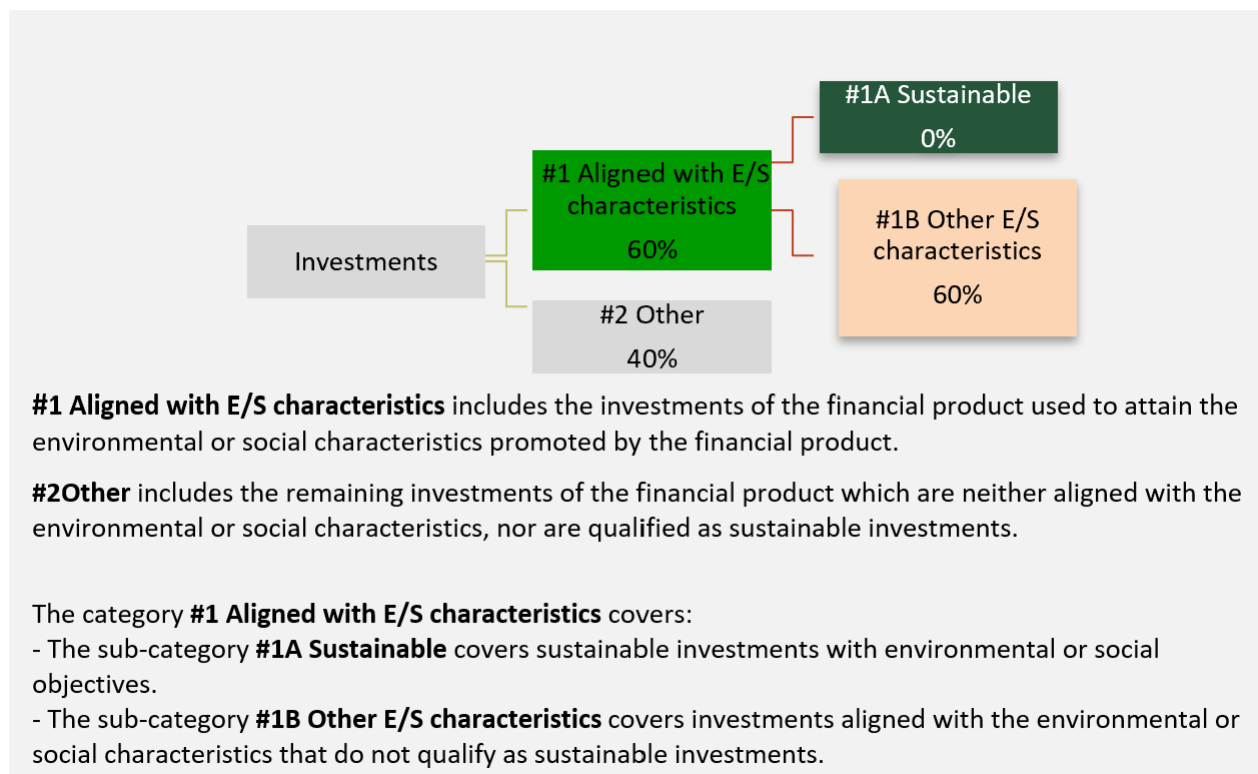
For each equity sector where the Sub-Fund will invest in the United States and in the Euro Zone, the Investment Manager uses the S&P CSA ranking as another factor for stock selection. The Investment Manager will overweight the companies with the best ranks and underweight the companies with the lowest.

The Sub-fund will not be invested in any company under the 33% rank.

For investments in bonds, a minimum of 25% of the portfolio of the Sub-Fund is composed of Government bonds, subject to the ESG screening process. In that respect, MSCI ESG Government Rating is used in order to exclude any investments in Government Bonds with a rating of BB or less from the investment universe.

MSCI ESG Government Ratings identify a country’s exposure to and management of environmental, social, and governance (ESG) risk factors and explain how these factors might impact the long-term sustainability of its economy. By providing a long-term view on sustainability the ratings aim to complement traditional government debt analysis for analysing a country’s credit worthiness.

D) PROPORTION OF INVESTMENTS



The minimum proportion of the investment of the financial product used to attain the environmental and social characteristics promoted by the financial product is 60%.

The remaining proportion is used to enhance the general yield profile of the financial product.

The Sub-Fund may use futures or options (interest rates, currencies, etc.) traded on regulated or OTC markets in order to generate exposure or hedge the portfolio. The interest rate derivatives markets may only be used to generate leverage amounting to a maximum of 100% of the Sub-Fund's net assets. Please note the use of derivatives is not linked to the attainment of our environmental or social characteristics.

E) MONITORING OF ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

The Fund has established an ESG Investment Policy in order to monitor the environmental or social characteristics promoted by its investments.

The compliance with these characteristics is twofold :

- The Investment Management team which analyses the investment opportunities in the light of the ESG Investment Policy in place and make investment decisions on that basis ensuring the eligibility on an ex-ante basis of the instruments. Portfolio managers apply their respective investment processes and select issuers from their ESG-eligible universe according to the investment policy of the Sub-Fund. The Investment Management team is responsible for the selection of invested companies as part of their sustainability analysis and criteria.

- The permanent Risk Management function of the Management Company which independently control the compliance of the investments on an ex-post basis. The Risk Management function represents the second line of defense.

In case of breach detection, the Risk Management function contacts the Investment Management team in due course as per the procedure in place and ask for a correction or explanation. Any proven breach is escalated to the Management Company, the Auditor, the Depository Bank and the Regulator as per the legal requirements in place.

ESG Sustainability indicators, if any, defined in the prospectus of Article 8 SFDR funds are monitored on an ongoing basis by Risk Management function.

F) METHODOLOGIES

The Sub-Fund Investment policy is to select ESG best-in-class performers through ESG ratings from two top ESG contributors: CSA from S&P and MSCI

Since 1999, the Corporate Sustainability Assessment (CSA) and the collaboration with Dow Jones Indices (now S&P Dow Jones Indices) has been used to create the foremost global sustainability benchmark. The CSA applies a best-in-class approach, meaning no industries are excluded from the assessment, and the CSA compares companies across 61 industries via questionnaires assessing a mix of 80-100 cross-industry and industry-specific questions

On the basis of their performance, companies receive scores ranging from 0 to 100 and percentile rankings for approximately 20 financially relevant sustainability criteria across economic, environmental and social dimensions.

All assessed companies' industry rankings are published on the Bloomberg Platform

S&P Global ESG Scores, calculated from the CSA, are available publicly and accessible to the financial community on the S&P Global Market Intelligence platform.

MSCI ESG Government Ratings provide an overall sustainability assessment of 198 countries/regions and 45 Local Authorities covering Developed, Emerging and Frontier Markets, containing historical time series results since 2012 with data backfilled to 2008. They offer unique matching capabilities by containing a file matching more than 13,000 issues updated on a monthly basis. Coverage is designed to provide ratings on 99% of government bonds issued in the marketplace.

MSCI ESG Government Ratings scores and rates countries on a seven point scale from 'AAA' (best) to 'CCC' (worst). Ratings are derived from 0-10 scores on underlying factors in three pillars: Environmental, Social, and Governance. The model contains scores on all of these sub-factors to provide granular insight on a country's performance on the issues.

G) DATA SOURCES AND PROCESSING

The Investment Team carries out rigorous due diligences and screening on the selected ESG data providers, including coverage controls. The data quality is controlled through a comparison from different sources when needed. The ongoing due diligence monitoring performed on ESG data providers allows to ensure that the data are consistent and reliable.

The process to integrate external data into the investment management systems is monitored to ensure that data format and completeness is not altered during the process. Any anomaly is escalated.

H) LIMITATIONS TO METHODOLOGIES AND DATA

Several limitations might (co-)exist :

Data Limitation :

ESG data availability and consistency is a real challenge on the market.

Even if disclosure standards and coverage are constantly improving, there might be a need to use estimates at some point in time if certain data is not available for all issuers in the Sub-Fund. The coverage ratio therefore has to be monitored when interpreting ESG indicators.

Interpretation :

As of today, there is no clear harmonized guidelines to calculate ESG scores and provide aggregated disclosures. It means that the market has to rely on provider's methodology which might significantly differ from one to another, making hard to make comparison of figures on the market.

The limitations presented above do not substantially affect the environmental or social characteristics as the Investment Manager is mitigating the risk through the use of various data providers, diligence in the selection process and strong ESG Investment Policy in place.

I) DUE DILIGENCE

The due diligence performed on the investments of the Sub-Fund is carried out at the level of the Investment Management as the first line of defense, and by the control of the Risk Management team as the second line of defense. The Risk Management function is fully independent from the Investment Management team.

Eligibility of the investments is controlled to ensure compliance with the Law, with the Investment Policy as per the issuing documents, with any internal limit set at the level of the Sub-Fund as well with the sustainability risk criteria defined by the Sub-Fund.

Please refer to the section f) «Monitoring of environmental or social characteristics» for more information.

J) ENGAGEMENT POLICIES

The Sub-Fund is committed alongside the companies in which it invests at different levels. The Investment Manager assesses good governance practices of investee companies through : Accounting practices, Board, Business Ethics, Ownership and control, Pay and Tax Transparency.

K) DESIGNATED REFERENCE BENCHMARK

No specific index has been designated as a benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics it promotes.