

SFDR – Website Product Disclosure

Website product disclosure in respect of Article 10(1) of the 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 (“SFDR”), concerning the following financial product:

Product Name: LGT Quality Funds – LGT Sustainable Quality Equity Fund Hedged (the “Fund”)

Legal Entity Identifier: 549300F3GY7P81PIX10

All capitalised terms herein contained shall have the same meaning in this SFDR – Website Product Disclosure as in the Prospectus for the Fund, unless otherwise indicated. For further details on the definitions used herein, please refer to the Prospectus for the Fund.

(a) Summary

It is considered that the Fund meets the criteria in Article 8 of SFDR to qualify as an ESG Oriented Fund. This can be reassessed at any time. If it is determined at any future point that the Fund does not meet the criteria to qualify as an ESG Oriented Fund, the Fund supplement, which forms part of the prospectus (the “**Fund Supplement**”) and this Website Product Disclosure shall be updated accordingly.

The Fund (a) achieves its financial objectives; and (b) promotes its environmental and social characteristics, indirectly via the investment of substantially all of its assets in the Master Fund. Disclosures contained in this SFDR – Website Product Disclosure will refer to the Master Fund and provide information regarding how the Master Fund seeks to measure, manage and attain the environmental and social characteristics it promotes. Where relevant, disclosure will also be provided directly from the Fund's perspective and in some cases, disclosures will reflect the Fund's indirect exposures, based on its proportionate allocation to the Master Fund.

The Master Fund will seek to achieve its investment objective by investing (either directly or indirectly) primarily in a broad range of equity securities and instruments listed or traded on Regulated Markets.

The Master Fund promotes environmental and/or social characteristics and at least 90% of the assets of the Master Fund will be allocated to investments aligned with environmental and/or social characteristics. While the Master Fund does not have sustainable investment as its objective, a minimum proportion of 50% of the assets of the Master Fund will be committed to sustainable investments with an environmental and/or social objective. The Investment Manager of the Master Fund also seeks to ensure that good governance practices are followed by investee companies in respect of the Master Fund.

Whether the Master Fund is attaining the environmental and/or social characteristics it promotes will be based on an assessment of whether the Investment Manager in respect of the Master Fund has successfully and consistently (i) executed its ESG exclusion policy (ii) applied its ESG rating system in the process to identify a universe of investable companies and in the investment monitoring process, as well as whether it (iii) applied its policy relating to sustainable investments and the United Nations (“**UN**”) Sustainable Development Goals (“**UN SDGs**”).

The Investment Manager of the Master Fund measures and monitors the environmental and/or social characteristics promoted by the Master Fund using multiple third-party ESG data sources. The Investment Manager also carries out several steps of due diligence on the individual investments.

While the Investment Manager strives to ensure the robustness of its ESG-related analyses, there may be certain limitations of data. However, it is not foreseen that these limitations significantly alter or affect the attainment of the environmental and/or social characteristics promoted by the Master Fund. In addition, the Investment Manager of the Master Fund interacts with investee companies through engagement and proxy voting.

Neither the Master Fund nor the Fund has designated a specific index as a reference benchmark to determine whether it is aligned with the environmental and/or social characteristics that it promotes. The Benchmark used by the Fund and the Master Fund is a mainstream index and does not take account of ESG factors and is therefore not consistent with the environmental and social characteristics promoted by the Master Fund.

(b) No sustainable investment objective

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

A minimum proportion of 50% of the assets of the Master Fund will be committed to sustainable investments:

- with an environmental objective in economic activities that do not qualify as environmentally sustainable under the Regulation on the Establishment of a Framework to Facilitate Sustainable Investment (Regulation EU/2020/852) as may be amended from time to time (the “**EU Taxonomy**”);
- with a social objective.

In terms of ensuring that the sustainable investments do not cause significant harm to any environmental or social sustainable investment objective, a requirement for sustainable investments is the positive net contribution to UN SDGs, which cover a broad set of ESG activities.

In addition, the portfolio is systematically screened for controversies across environmental and/or social issues as part of the Investment Manager’s “do no significant harm” assessment. A sudden drop in the ESG rating of a particular company due to an ESG controversy will generally lead to an alert to be triggered so further assessment and action can be taken.

As an additional safeguard, the mandatory principal adverse impacts set out in Annex 1 of the regulatory technical standards supplementing the SFDR are used to further screen against activities that may significantly harm any of the environmental or social objectives, whereby investments that do not meet minimum thresholds applied by the Investment Manager for each of the mandatory principle adverse impact indicators in Annex 1 shall be excluded from investment consideration.

Principal adverse impacts

Principal adverse impacts on sustainability factors are considered in the following manner:

- Principal adverse impact indicators are captured under the “do no significant harm” principle for sustainable investments outlined above and in the section entitled “How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?” in the SFDR Annex of the Fund Supplement.
- Principal adverse impacts are assessed as part of the ESG rating system.
- Principal adverse impact indicators are reported on as outlined in the section entitled “Does this financial product consider principal adverse impacts on sustainability factors?” in the SFDR Annex of the Fund Supplement.

Alignment with OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights

The Investment Manager monitors breaches and controversies for new and existing investments which largely relies on the quality of data supplied by external data providers.

Where the Investment Manager identifies clear breaches of norms outlined in the a) OECD Guidelines for Multinational Enterprises, b) the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work, and c) the International Bill of Human Rights the Investment Manager will seek to exclude the investee company from investment by the Master Fund. However, it cannot be guaranteed that all investments, especially in jurisdictions where data scarcity is pronounced, can be assessed and thereby excluded.

(c) Environmental or social characteristics of the financial product

The Master Fund promotes environmental and social characteristics, as it seeks to take into account ESG related factors in the asset selection and investment consideration and/or monitoring process in the following ways:

ESG Exclusion Policy: Exclusions are applied in the investment selection process based on ESG factors as a means of promoting environmental and social characteristics. For example, the following companies are excluded from investment consideration:

- Companies that, to the best of the Investment Manager’s knowledge, generate any revenue from *inhumane weapons*; *and*
- Companies that generate a significant amount of their revenue from certain industries or business activities deemed by the Investment Manager to be controversial (e.g. *arms, tobacco, pornography, nuclear power production, coal*).

ESG Rating: The following are key performance indicators on ESG factors related to an investee company that are included in the ESG cockpit, which is a proprietary tool used as part of the ESG rating system discussed below, in the process to identify a universe of investable companies through a systematic process which relies on information from underlying companies (and therefore promoted as environmental and/or social characteristics by the Master Fund):

- *greenhouse gas emissions, energy consumption, water and sanitation, natural resources and biodiversity, waste and emissions, labour conditions, health and safety, human resources, diversity, education, suppliers, community relations*

and product impact.

(d) Investment strategy

To achieve the investment objective, the Investment Manager of the Master Fund may invest (either directly or indirectly) primarily in a broad range of equity securities and instruments listed or traded on Regulated Markets.

When selecting investments for the Master Fund, the Investment Manager (a) undertakes an ESG analysis of the investment universe in order to promote environmental and/or social characteristics as described further in this Website Product Disclosure; (b) conducts a quantitative fundamental analysis of instruments; and (c) conducts a qualitative analysis of fundamental and sustainability factors to make security selections both within and outside of the Benchmark.

Please refer to section of the Fund Supplement titled “Investment Strategy” for further details in this regard.

Good governance practices

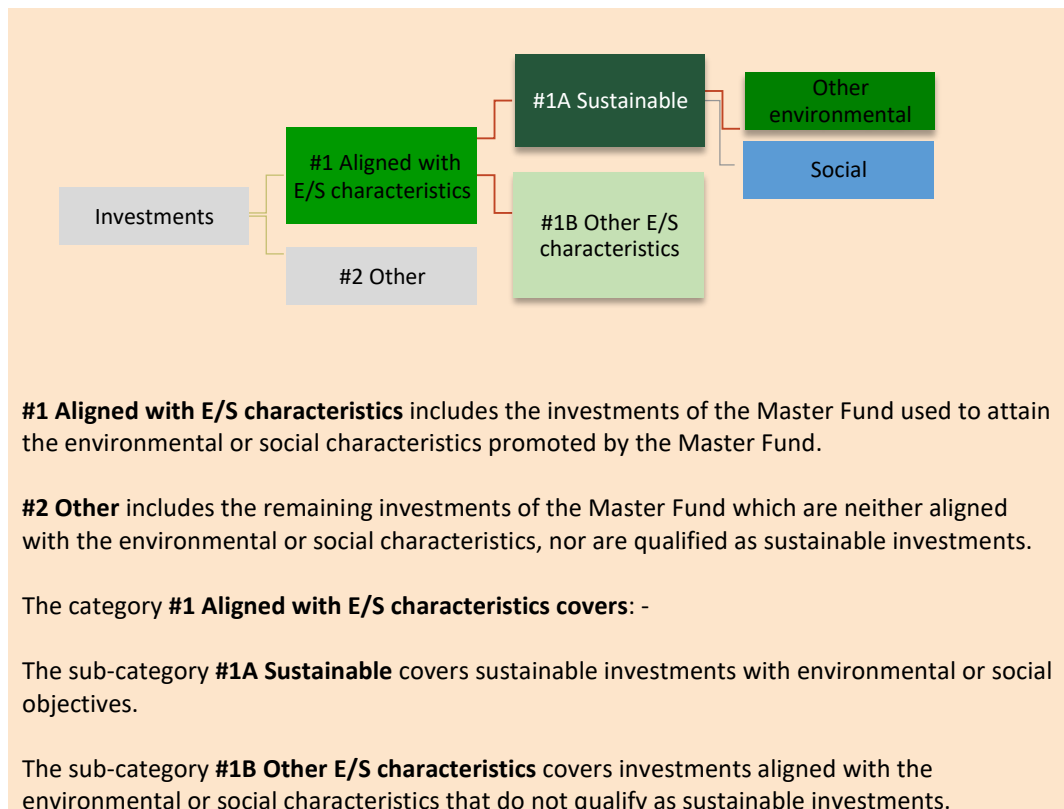
In order to ensure that companies that the Master Fund invests in follow good governance practices, as reasonably determined by the Investment Manager, the Investment Manager’s quantitative screening of corporate governance, which relies on information from underlying companies, considers the independence and competency of investee company boards in terms of leadership and composition, existing and independent key committees, compensation policy, the degree of integration of long-term and ESG related targets, and minority shareholder protections. In addition, good governance is a factor in the qualitative assessment of individual companies prior to investment.

The Investment Manager also applies an active ownership policy, which applies a high priority to ESG.

(e) Proportion of investments

At least 90% of the assets of the Master Fund will be allocated to investments aligned with environmental and/or social characteristics (#1). At least 50% of the assets of the Master Fund will be committed to sustainable investments (#1A). The minimum environmental and social safeguards and the purpose of the remaining portion of investments are outlined in the SFDR Annex of the Fund Supplement.

The below graphical representation contextualises the types of investment considered.



The Master Fund does not use derivatives specifically for the purpose of attaining the environmental and/or social characteristics it promotes. Rather, the Master Fund may use derivatives for ordinary purposes, as outlined in the Master Fund prospectus,

that is, for investment purposes, hedging and/or for efficient portfolio management purposes and in certain cases this may therefore incidentally relate to the Master Fund attaining the environmental and/or social characteristics it promotes.

(f) Monitoring of environmental or social characteristics

The Investment Manager has in place internal control and governance mechanisms to measure and monitor the environmental and/or social characteristics promoted by the Master Fund on an ongoing basis. Such measuring and monitoring includes regular reporting of key ESG parameters and current ESG positioning in respect of the Master Fund. The monitored ESG parameters are subject to change and can be reassessed from time-to-time, however, the Investment Manager expects continuous improvements to lead to such reassessments and subsequently further improvement of its ESG monitoring capabilities over time.

Reporting in terms of the monitoring of environmental and/or social characteristics promoted by the Master Fund and the Fund will take place as part of the SFDR periodic reporting.

ESG parameters may be considered by the Master Fund's and Fund's auditor in annual financial audits.

Whether the Master Fund attains the environmental and/or social characteristics it promotes is based on an assessment of whether the Investment Manager in respect of the Master Fund has successfully and consistently applied and executed the sustainability indicators as described in section (g) "Methodologies for environmental or social characteristics".

(g) Methodologies for environmental or social characteristics

- **ESG Exclusion Policy.** The first factor contributing to whether the Master Fund will be considered to be attaining the environmental and/or social characteristics it promotes will be an assessment of whether the Master Fund has successfully and consistently executed its ESG exclusion policy. For example, the following companies are excluded from investment consideration:
 - Companies that, to the best of the Investment Manager's knowledge, generate any revenue from *inhumane weapons; and*
 - Companies that generate a significant amount of their revenue from certain industries or business activities deemed by the Investment Manager to be controversial (e.g. *arms, tobacco, pornography, nuclear power production, coal*).
- **Screening based on ESG Rating.** Another factor contributing to whether the Master Fund will be considered to be attaining the environmental and/or social characteristics it promotes will be an assessment of whether the Master Fund has successfully and consistently applied its ESG rating system in the process to identify a universe of investable companies and in the investment monitoring process.

The ESG rating is utilised to remove the lowest scoring companies available through the ESG cockpit. The application of the ESG rating screening process is applied to the total universe of companies analysed through the Investment Manager's proprietary rating tool and the lowest scoring 25% of companies analysed, in terms of their ESG score, are excluded from investment consideration. It should be noted that the range of companies analysed through the Investment Manager's proprietary rating tool may be wider than the target investment universe of the Master Fund, meaning that the actual amount of investments excluded from the Master Fund's scope of investments may effectively be a minimum rate that is lower than 25%.

The following are key performance indicators on ESG factors related to an investee company that are included in the ESG cockpit in the process to identify a universe of investable companies through a systematic process which relies on information from underlying companies:

- *greenhouse gas emissions, energy consumption, water and sanitation, natural resources and biodiversity, waste and emissions, labour conditions, health and safety, human resources, diversity, education, suppliers, community relations and product impact.*
- **Sustainable Investments.** The aggregate weight of all sustainable investments held by the Master Fund shall be calculated and used to measure the attainment by the Master Fund of the environmental and/or social characteristics it promotes. In order for an investee entity to be considered a sustainable investment, it must be assessed by the Investment Manager as meeting the following criteria: (i) it must contribute to an environmental or social objective (which may be assessed on the basis of alignment of such investments with the UN SDGs, as considered further below); (ii) it must do no significant harm to any other environmental or social objective; and (iii) it must follow good governance practices. At least 50% of the assets of the Master Fund will be committed to sustainable investments.
- **UN SDGs.** In terms of considering whether investments of the Master Fund which are eligible for selection may be categorised as sustainable investments which are aligned with SFDR, another factor contributing to whether the Master Fund will be considered to be attaining the environmental and/or social characteristics it promotes will be an assessment of whether the Master Fund has successfully and consistently applied its policy relating to investing in sustainable investments, i.e. in the context of the proportion of the Master Fund in sustainable investments only including investments with a positive net contribution to the UN SDGs by virtue of a net positive SDG score, based on

the outputs from the ESG rating system. For the avoidance of doubt, the net positive SDG score, and therefore the level of sustainable investments, is determined on the basis of how an investment contributes, in terms of a total impact contribution (which includes an analysis of products, services and operational alignment), to an environmental or social objective.

(h) Data sources and processing

The Investment Manager may rely on third-party ESG data or research providers to produce any ESG-analysis.

The Investment Manager has developed a proprietary ESG rating system based on external data providers that provides objective, relevant and systematic ESG information. The ESG rating provides a ranking based on ESG criteria, whereby companies within the investment universe with more attractive ESG values are scored more highly than others. Companies are first scored across the environmental, social and governance themes. These scores are then combined into an overall ESG score.

Third-party ESG data is further used to implement the ESG exclusion criteria and to derive an UN SDG impact score.

The main third-party ESG data sources used by the Investment Manager are: Refinitiv, MSCI, ISS ESG, RepRisk and Sustainalytics (non-exhaustive):

- For the ESG Exclusion Policy, the Investment Manager primarily uses data from MSCI, supplemented by Refinitiv and RepRisk and controversial weapons data from Sustainalytics
- For the ESG Rating, the Investment Manager primarily uses data from Refinitiv, supplemented by RepRisk, ISS ESG and MSCI.
- In respect of UN SDGs, the Investment Manager primarily uses data from ISS ESG, Refinitiv, MSCI and RepRisk.

The Investment Manager continuously assesses the availability and quality of third-party data and may use new or different third-party providers, if deemed appropriate or necessary. Third-party data is frequently sourced and updated. The quality of automated and manual data is plausibility checked and periodic checks are executed to ensure consistency and reliability.

Investors should note the sourced data may occasionally include estimated data, which may be inaccurate. It is currently difficult to fully specify the proportion of estimated data as information about a certain proportion of estimated data is not made available by the third-party ESG data sources used by the Investment Manager.

(i) Limitations to methodologies and data

The Investment Manager strives to ensure the robustness of its ESG-related analyses through stringent quality checks of third-party vendors. The aim of the Investment Manager is to have a high calculation accuracy, which leads to meaningful results. However, there are certain limitations which may impact the reliability of such assessment:

- The Investment Manager relies on third-party data for its calculations. Such data or research may be imprecise, incorrect or unavailable and the resulting analysis or use of such data by the Investment Manager may be impacted.
- Sourced data may be outdated or there might be a significant time discrepancy between the period of time such data relates to and the actual reported date of such data.
- There might be differences in the definition and methodologies used to compile data used by third-party providers, impacting the comparability of the results.

While the Investment Manager recognises these limitations, it is not foreseen that these limitations significantly alter or affect the attainment of the environmental and/or social characteristics promoted by the Master Fund given that a lot of the data used is typically rather static, as it does not tend to be subject to rapid change, and quality checks are performed to assure a reasonable level of accuracy of the data used. Data providers are engaged with on a regular basis to fully comprehend any data-related specifications and/or identified anomalies.

(j) Due diligence

The Investment Manager carries out several steps of due diligence on an ongoing basis in respect of the individual investments:

- The quality of third-party input data is checked and assessed to ensure accuracy relating to a specific investment.
- Investment professionals engage on fundamental as well as ESG-related research on individual investments and verify or, if required, adjust the quantitative data used.
- Internal risk management-related checks are carried out to ensure compliance with investment restrictions and consistent alignment with the binding elements relating to the Master Fund.

(k) Engagement policies

The Investment Manager applies a comprehensive active ownership policy to the Master Fund, which includes interactions with investee companies through engagement and proxy voting, including the following:

Direct Engagement

- The Investment Manager aims to establish and maintain ongoing dialogue with investee companies on topics related to the attainment of the Master Fund's strategy and investment objective.
- The Investment Manager engages directly with investee companies on arising sustainability related controversies (reactive engagements), as well as clearly defined topics related to the environmental and/or social characteristics promoted by the Master Fund (proactive engagements).

Indirect Engagement

- The Investment Manager engages with investee companies indirectly through its active participation in industry associations or organizations on sustainability related topics that partake in dialogue with investee companies. The Investment Manager is committed to being an active collaborator and thought leader on ESG-related issues, which is further demonstrated through its participation in UN Principles for Responsible Investment, the Institutional Investors Group on Climate Change and the Climate Action 100+ initiative.
- With respect to proxy voting, the Investment Manager closely follows the SRI International Proxy Voting Guidelines provided by the Institutional Shareholder Services Inc. (ISS). As part of this collective of 1,900 investors, the Investment Manager aims to have a more significant impact on the accountability of large corporations and their actions.

(l) Designated reference benchmark

Neither the Master Fund nor the Fund has designated a specific index as a reference benchmark to determine whether it is aligned with the environmental and/or social characteristics that it promotes.

The Benchmark used by the Fund and the Master Fund is a mainstream index and does not take account of ESG factors and is therefore not consistent with the environmental and social characteristics promoted by the Master Fund.