

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 Short Duration Corporate Bond Fund Hedged (the “Fund”)

Legal Entity Identifier: 549300TJDW1UFX0EPV72

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 9 of SFDR to qualify as an ESG Focused 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 Focused Fund, the Fund supplement, which forms part of the prospectus (the “**Fund Supplement**”), and this Website Product Disclosure shall be updated accordingly.

The Fund aims to invest in issuers that positively contribute to the United Nations (“**UN**”) Sustainable Development Goals (“**UN SDGs**”), thus pursuing a sustainable investment objective of positively contributing to the UN SDGs through a combination of environmental objectives (such as climate change mitigation and pollution prevention and control) and social objectives. The Fund will seek to achieve its investment objective by investing (either directly or indirectly) primarily in fixed income securities and to a lesser extent in other securities.

When selecting investments for the Fund, the Asset Manager (a) undertakes an environmental, social and governance (“**ESG**”) analysis of the investment universe in order to attain the sustainable investment objective of the Fund and (b) conducts a fundamental analysis of asset classes, sectors and issuers.

At least 75% of the assets of the Fund will be allocated to sustainable investments which combines the allocation to assets with social objectives and assets with environmental objectives. In order for an investee entity to be considered a sustainable investment, it must be assessed by the Asset 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.

Whether the Fund is attaining its sustainable investment objective will be based on an assessment of whether the 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 UN SDGs.

The Asset Manager measures and monitors the elements required in order to attain the environmental objective of the Fund using multiple third-party ESG data sources and carries out several steps of due diligence on the individual investments.

While the Asset 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 sustainable investment objective. In addition, the Asset Manager applies a comprehensive active ownership policy to the Fund, which includes interactions with issuers through direct and indirect engagement.

The Fund uses the Bloomberg Global Aggregate Corporate 1-5 Years ex banking ex tobacco Index (the “**Performance Benchmark**”) for performance measurement purposes only. The Performance Benchmark is a mainstream index and does not take account of ESG factors and is therefore not consistent with the sustainable investment objective of the Fund. Accordingly, the Fund has not designated a specific index as a reference benchmark to determine whether it meets the sustainable investment objective.

(b) No significant harm to the sustainable investment 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 contribution to the 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 Asset Manager's "do no significant harm" assessment in respect of issuers as well as in respect of projects that are financed through the use of proceeds ("UOP") instruments. A sudden drop 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 Asset 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 as outlined in the section entitled "How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?" in the SFDR Annex of the Fund Supplement.
- Principal adverse impact indicators are assessed in the exclusion of securities as part of the ESG rating system as outlined in the section entitled "What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?" in the SFDR Annex of the Fund Supplement.
- 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 Asset 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 Asset 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 Asset Manager will seek to exclude the investee company from investment by the Fund. However, it cannot be guaranteed that all investments, especially in jurisdictions where data scarcity is pronounced, can be assessed and thereby excluded.

(c) Sustainable investment objective of the financial product

The investment objective of the Fund is to achieve adequate constant returns while positively contributing to the UN SDGs, thus pursuing a sustainable investment objective through a combination of environmental objectives (such as climate change mitigation and pollution prevention and control) and social objectives.

(d) Investment strategy

The Fund will seek to achieve the investment objective by investing primarily in a broad range of debt securities and instruments (such as bonds, including inter alia inflation-linked, high-yield or convertible bonds, credit linked notes, treasuries and money market instruments (including certificates of deposit, floating rate notes and fixed or variable rate commercial paper and in cash denominated in such currencies as the Asset Manager may determine)) listed or traded on a recognised exchange and issued by private or public debtors globally.

When selecting investments for the Fund, the Asset Manager (a) undertakes an ESG analysis of the investment universe in order to attain the sustainable investment objective of the Fund and (b) conducts a fundamental analysis of asset classes, sectors and issuers.

Please refer to section of the Fund Supplement titled "Investment Strategy" for further details.

Good governance practices

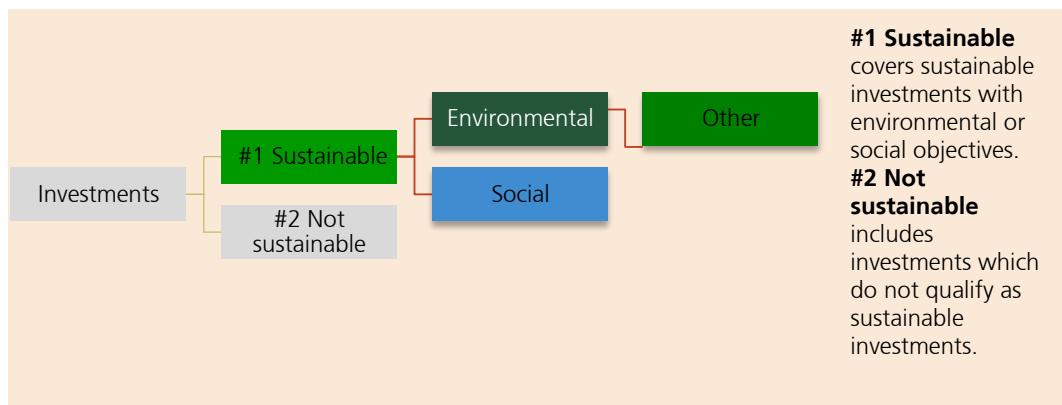
In order to ensure that companies that the Fund invests in follow good governance practices, as reasonably determined by the

Asset Manager, the Asset 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.

(e) Proportion of investments

At least 75% of the assets of the Fund will be allocated to sustainable investments (#1 Sustainable) which combines the allocation to assets with social objectives and assets with environmental objectives. Within the category “Environmental” up to 100% will be committed to sustainable investments which are not aligned with the EU Taxonomy (“Other”).

The below graphical representation contextualises the types of investment considered.



The Fund does not use derivatives specifically for the purpose of attaining the sustainable investment objective. Rather, the Fund may use derivatives for ordinary purposes, as outlined in the Fund Supplement, that is, for investment purposes, hedging and/or for efficient portfolio management purposes and in certain cases this may therefore incidentally relate to the Fund attaining the sustainable investment objective.

(f) Monitoring of sustainable investments

The Asset Manager has in place internal control and governance mechanisms to measure and monitor the sustainable investments of the Fund on an ongoing basis. Such measuring and monitoring includes regular reporting of ESG key parameters and current positioning of the Fund. ESG parameters are subject to change and can be reassessed from time-to-time, however, the Asset Manager expects continuous improvements to lead to such reassessments and subsequently further improvement of its ESG monitoring capabilities over time.

Whether the Fund attains its sustainable investment objective is based on an assessment of whether the Fund has successfully and consistently applied and executed the sustainability indicators as described in section (g) “Methodologies”.

Reporting in terms of the monitoring of sustainable investments will take place as part of the SFDR periodic reporting. ESG parameters may also be considered by the Fund’s auditor in the annual financial audits on the Fund.

(g) Methodologies

The following sustainability indicators are assessed at the time of the initial investment and during the entire life of the investment thereafter:

- **ESG Exclusion Policy.** The first factor contributing to whether the Fund is attaining its sustainable investment objective will be an assessment of whether the 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 Asset 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 Asset Manager to be controversial (e.g. *arms, tobacco, pornography, nuclear power production, coal*).
- **Screening based on ESG Rating.** Another factor contributing to whether the Fund will be considered to be attaining

its sustainable investment objective will be an assessment of whether the Fund has successfully and consistently applied its ESG rating system in the process to identify a universe of investable issuers 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 Asset 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 Asset Manager's proprietary rating tool may be wider than the target investment universe of the Fund, meaning that the actual amount of investments excluded from the 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 issuer that are included in the ESG cockpit in the process to reduce the universe of investable issuers through a systematic process which relies on information from underlying issuers:

- *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 Fund shall be calculated and used to measure the attainment by the Fund of the sustainable objective. In order for an investee entity to be considered a sustainable investment, it must be assessed by the Asset 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 75% of the assets of the Fund will be committed to sustainable investments.
- **UN SDGs.** Sustainable investments of the Fund target a combination of environmental and social objectives across the spectrum based on the alignment of such investments with the UN SDGs. Other than cash, cash equivalents and certain financial derivative instruments retained specifically for liquidity management and/or hedging purposes, the Fund will only invest in assets that are sustainable investments. Thus, another factor contributing to whether the Fund is attaining its sustainable investment objective will be an assessment of whether the Fund has successfully and consistently applied its policy relating to investing in sustainable investments. The Asset Manager considers as sustainable investments only instruments which either:
 - qualify as a Green, Social or Sustainable UOP instrument according to the principles of the International Capital Markets Associations ("**ICMA**") and contribute to specific UN SDGs, or
 - have a positive net contribution to UN SDGs by virtue of the issuer's 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 Asset Manager may rely on third-party ESG data or research providers to produce any ESG-analysis.

The Asset 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 Asset Manager are: Refinitiv, MSCI, ISS ESG, RepRisk and Sustainalytics (non-exhaustive):

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

(i) Limitations to methodologies and data

The Asset Manager strives to ensure the robustness of its ESG-related analyses through stringent quality checks of third-party vendors. The aim of the Asset 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 Asset 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 Asset 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 Asset Manager recognises these limitations, it is not foreseen that these limitations significantly alter or affect the attainment of the sustainable investment objective 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 Asset 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 Fund.

(k) Engagement policies

The Asset Manager applies a comprehensive active ownership policy to the Fund, which includes interactions with issuers through engagement, including the following:

Direct Engagement

- The Asset Manager aims to establish and maintain ongoing dialogue with issuers on topics related to the attainment of the Fund's strategy and investment objective.
- The Asset Manager engages directly with issuers on arising sustainability related controversies (reactive engagements), as well as clearly defined topics related to the sustainable investment objective (proactive engagements).

Indirect Engagement

- The Asset Manager engages with issuers indirectly through its active participation in industry associations or organizations on sustainability related topics that partake in dialogue with issuers. The Asset 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.



(I) Designated reference benchmark

The Fund uses the Bloomberg Global Aggregate Corporate 1-5 Years ex banking ex tobacco Index (the "**Performance Benchmark**") for performance measurement purposes only.

The Performance Benchmark is a mainstream index and does not take account of ESG factors and is therefore not consistent with the sustainable investment objective of the Fund. The methodology of the Performance Benchmark can be found here: www.bloomberg.com/professional/product/indices/.

The Fund does not restrict its investment universe to components of the Performance Benchmark or seek to track or replicate its performance. Accordingly, the Fund has not designated a specific index as a reference benchmark to determine whether it meets the sustainable investment objective.

Please refer to section of the Fund Supplement titled "Investment Strategy" for further information.