Sustainability Risk Policy

Subject: Sustainability Risk Policy

Issuing Unit: Eurobank Fund Management Company (Luxembourg) S.A. (or "Eurobank FMC-LUX" in short)

Scope: Sustainability Risk Policy of Eurobank FMC-LUX describes the integration of sustainability risks into the investment decision process It has been drafted based on Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector.

Recipients: Eurobank FMC-LUX
Eurobank Asset Management MFMC as delegated Investment Manager of the funds under management

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Date	**Created by:**	**Approved by:**	**Issued by:**
23.02.2021	Eurobank FMC-LUX	BoD of Eurobank FMC-LUX	Eurobank FMC-LUX

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I. Legal framework

Eurobank FMC-LUX (“the Company” or “the Management Company”) is a public limited company (“société anonyme”) established under Luxembourg law and a 100% subsidiary of Eurobank S.A. is authorized under chapter 15 of the law of 17 December 2010 relating to undertakings for collective investment as amended (“Law of 2010”). The Company was incorporated on 22 March 2006 for an unlimited period of time with the purpose of of managing UCITS. The Management Company currently manages (TLF), (LF) Fund of Funds and (TLF) (the “Funds”).

II. Scope & aim

The Board of Directors appointed Eurobank Asset Management Mutual Fund Management Company S.A. (the “Investment Manager” or “Eurobank ASSET MANAGEMENT MFMC”) as investment manager to the Funds. This document (hereafter “Policy”) generally describes the integration of sustainability risks factors (as further explained below) into the investment processes applied by the Investment Manager.

The Investment Manager is aware of the impacts that sustainability risks can impose on the funds managed and therefore considers the integrated approach outlined in this policy as strengthening its fiduciary duties towards the investors of the funds managed by the Management Company.

The Management Company does not currently consider adverse impacts of investment decisions on sustainability factors as the relevant data required to determine and weight the adverse sustainability impacts are not yet available in the market to a sufficient extent and in the required quality.

The Policy is in line with the requirements set by Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector.

III. Policy review

This Policy will be reviewed and updated annually, and on an ad hoc basis in case of major changes to the organizational structure of both the Management Company and the Investment Manager, in case of amendments to the regulatory framework governing this Policy or if otherwise deemed necessary.

IV. Integration of sustainability risks into the investment decision process

A. Organizational set-up of the Portfolio Management function

The Portfolio Management function has been delegated to Eurobank Asset Management MFMC under the supervision of the Conducting Officer of the Company responsible for the monitoring of the investment management function.

The Investment Manager is responsible for the investment decision process and pre-trade assessments.

The Management Company is regulatory required to monitor the quality of service of the external portfolio manager on an ongoing basis. To fulfil its duties the Investment Manager has implemented a robust post-trade assessment to verify investment decisions executed by any external portfolio manager are in line with regulatory and legal requirements. Eurobank Asset Management MFMC will for any fund integrate the sustainability risks as deemed relevant in the investment management process requirements and the due diligence assessment of the delegated portfolio managers***.***

B. Integration of sustainability risks into the investment decision process

Sustainability risk means an Environmental, Social or Governance ("ESG") event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

The Investment Manager is committed to take a sustainable approach while investing. However, the applicability of these standards and of this analysis may vary depending on the type of Sub-Fund, the asset class, the region and the instrument used.

In addition, certain Sub-Funds may be subject to other investment guidelines, as detailed in the relevant Sub-Fund Appendix. Therefore, this policy will be implemented on a case-by-case basis. Sustainability risk standards are integrated into the investment process of each Sub-Fund.

ESG factors relate, among other things, to (i) the 10 principles of the United Nations Global Compact and (ii) the sectoral assessment of the Investment Manager.

The United Nations Global Compact (www.unglobalcompact.org) is a globally recognized common framework that applies to all industrial sectors. This initiative is based on international conventions in the areas of human rights, labor standards, the environment and the fight against corruption.

The Investment Manager pays close attention to investments in sensitive sectors. Companies from these sensitive sectors may be excluded from the Sub-Funds' investment. The sectors concerned include, but are not limited to, palm oil, wood pulp, mining activities, oil sands extraction, coal-fired power generation, tobacco, controversial weapons, unconventional oil and gas and asbestos.

The ESG analysis includes the assessment of the below three non-financial criteria at the level of the companies in which the Sub-Funds invest:

- Environmental: includes energy efficiency, reduction of emission of greenhouse gases and waste treatment;

- Social: concerns in particular respect of human and workers' rights, human resources management (workers' health and safety, diversity); and
- Governance: relates in particular to the independence of the board of directors/management body, the remuneration of managers and the respect of minority shareholders rights.

Engagement and dialogue are an integral and crucial part of sustainable investing. In this context, the Investment Manager is committed at two levels:

- Company engagement: the aim is to encourage companies to achieve the highest possible standards in terms of environmental, social and governance responsibility and to support them in this process.

- Voting engagement: the use of voting rights at annual general meetings is one of the cornerstones of the strategy of continuous dialogue with the companies concerned implemented by the Investment Manager. It is also an integral part of its investment process.

V. Sustainability factors considered in the investment decision process

Sustainability factors are considered in the investment decision process; the events or conditions that may be responsible for a negative impact on the return of the fund are split into environmental, social and corporate governance aspects. While environmental aspects include climate mitigation, for example, social aspects include the consideration of internationally recognized labour law requirements or the abolition of a gender pay gap. Corporate governance aspects include, for example, the consideration of employee´s rights and data protection. The company also considers the environmental aspects of climate change, such as carbon emission, the sustainable use and protection of water and marine resources, etc.

The specific sustainability factors considered may vary as they depend on the specific investment strategy followed by each sub-fund.

The effect of sustainability factors on the investments of a fund are considered throughout the whole investment lifecycle and may at times lead to disinvestment.

VI. Reporting

The Risk Management function is regularly reporting on the sustainability risks integrated in the investment decision process of the funds to the Management Board of Eurobank FMC-LUX.

All information concerning this Sustainability Risk Policy and its implementation is publicly available on Management Company's website *(www.eurobankfmc.lu)*