

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 ('SFDR') and Article 6, first paragraph, of Regulation (EU) 2020/852 ('Taxonomy Regulation')

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name:
L&G Multi-Index EUR III Fund

Legal entity identifier:
213800A4UWV48TULB996

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☒ ☒ ☐ **Yes**

☒ ☐ ☒ **No**

☐ It will make a minimum of **sustainable investments with an environmental objective**: __%

☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of **sustainable investments with a social objective**: __%

☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ with a social objective

☒ It promotes E/S characteristics, but **will not make any sustainable investments**



Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

What environmental and/or social characteristics are promoted by this financial product?

The Fund promotes the following environmental characteristics relating to climate change:

- reduction of greenhouse gas emissions intensity;
- avoiding investments in certain fossil fuels; and
- support of renewable energy.

The Fund promotes the following social characteristics relating to social norms and standards:

- avoiding the financing of controversial weapons.

No reference benchmark has been designated for the purpose of attaining the environmental or

social characteristics promoted by the Fund.

Whilst environmental and social characteristics are promoted through the application of the sustainability-related investment strategy set out below, investors are reminded that these environmental and social characteristics are not sustainable investment objectives.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

1. The carbon footprint of the Fund's portfolio on a rolling three-year basis
2. The proportion of the Fund's portfolio exposed to issuers in violation of LGIM's Coal Exclusion Policy
3. The proportion of the Fund's portfolio exposed to issuers in violation of LGIM's Controversial Weapons Policy

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The Fund does not commit to making any sustainable investments.

● ***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?***

Not applicable.

- *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable.

The EU Taxonomy sets out a "do not significantly harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do not significantly harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Principal adverse impacts are the most significant negative impact of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anticorruption and anti-bribery matters.



Does this financial product consider principal adverse impacts on sustainability factors?

- ☒ **X** Yes, the Fund considers principal adverse impacts on sustainability factors. The Investment Manager has identified a subset of the adverse sustainability indicators outlined in Table 1 of

Annex I of Commission Delegated Regulation (EU) 2022/1288 (the “SFDR Level 2 Measures”) that are relevant to the Fund’s investments. The Fund considers principal adverse impacts, that are identified using the above-mentioned sustainability indicators, through the implementation of the investment strategies outlined below. For example, the Fund uses the ‘Carbon footprint’ indicator (indicator 2 of Table 1 of Annex I of the SFDR Level 2 Measures) to identify any principal adverse impacts relating to greenhouse gas emissions. The Fund then considers and takes actions in relation to the principal adverse impacts identified through the implementation of the decarbonisation target as outlined below.

Further information on how the Manager and the Investment Manager consider principal adverse impacts on an entity level can be found in the Sustainability Policy which is available at LGIM’s website. Reporting on principal adverse impacts on sustainability factors will be made available in the annual report of the Fund.

☐ No



The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

What investment strategy does this financial product follow?

The Fund seeks to implement the Investment Manager’s Responsible Investment Framework which aims to provide a consistent and systematic approach to exclusions, refined criteria and thresholds for setting environmental and social characteristics with a defined terminology and approach to support the implementation of such characteristics across the financial products managed by the Investment Manager.

The Responsible Investment Framework sets out the various types of sustainability-related investment strategies that the Investment Manager’s financial products can follow and the responsible investing methodologies that explain how such investment strategies are defined and implemented.

The Fund follows the following sustainability-related investment strategy predominantly through investment in other collective investment schemes, as well as direct holdings of securities:

i. **Decarbonisation:** The Fund aims to deliver a reduction in the carbon footprint of the portfolio on a rolling three-year basis. Carbon footprint aims to measure the volume of carbon emissions of investee companies in relation to their enterprise value including cash (“EVIC”) expressed per \$1 million. The Fund invests in collective investment schemes and direct securities that in aggregate are consistent with the decarbonisation aim of the overall portfolio. The Investment Manager makes use of third party carbon footprint metrics and other proprietary tools, including the Investment Manager’s proprietary climate risk tool, to determine the Fund’s current and expected future alignment with the decarbonisation aim.

ii. **LGIM’s Coal Exclusion Policy:** The Fund limits exposure to, and where possible excludes, issuers that fail to meet the Investment Manager’s minimum requirements on the carbon transition. This includes companies deriving a certain level of their revenues from the mining and extraction of thermal coal or oil sands, and companies deriving a certain level of their revenues from thermal coal power generation in line with the Coal Exclusion Policy.

iii. **LGIM’s Controversial Weapons Policy:** The Fund limits exposure to, and where possible excludes, issuers that are involved in the manufacture and production of controversial weapons in accordance with the Controversial Weapons Policy.

The Fund is not expected to have any direct exposure to the activities described in point ii) and iii) above. The Fund may gain some indirect exposure to such activities through investment in other collective investment schemes when, in the Investment Manager’s view, these collective

investment schemes provide additional diversification benefits. However, the exposure to these holdings is expected to be limited to less than 20%.

In addition, the Investment Manager will consider sustainability risks and opportunities when making investment decisions on the Fund's asset allocation and its implementation using both collective investment schemes and direct securities. The Investment Manager's asset allocation process incorporates a combination of sustainability-related external data and proprietary research tools and insights. The latter may include the use of the Investment Manager's proprietary tool called Active ESG View which brings together granular quantitative and qualitative inputs by evaluating sector specific ESG factors. The Investment Manager may also utilise LGIM Destination@Risk which is a climate risk modelling tool that evaluates climate risks and quantifies temperature alignment at company, sector and portfolio levels. Further, when implementing asset allocation decisions, the Investment Manager seeks to invest in collective investment schemes that themselves promote environmental or social characteristics.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the above-listed investment strategies are as follows:

- i. The decarbonisation target is binding on the Fund as it aims to deliver a reduction in the carbon footprint of the portfolio on a rolling three-year basis.
- ii. The Fund limits exposure to, and where possible excludes, issuers in accordance with LGIM's Coal Exclusion Policy and Controversial Weapons Policy.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The Fund limits exposure to, and where possible, excludes investments in issuers as set out in the investment strategy and binding requirements outlined above; however, the Fund does not target a specific minimum rate of reduction from its investment universe.

● ***What is the policy to assess good governance practices of the investee companies?***

The Fund will seek to achieve its investment objective through investment in collective investments schemes and direct investments.

Direct investments:

The Investment Manager has processes in place to assess whether the direct investments held by the Fund in investee companies follow good governance practices. The Investment Manager's proprietary research tool, Active ESG View, is utilised to provide an overall governance score for each investee company. Several data inputs feed into the compilation of this score, including but not limited to, board composition, investor rights and audit oversight. The Investment Manager sets certain minimum standards relating to good governance practices that investee companies, that are considered by the Investment Manager for investment, are required to meet. These standards incorporate a pre-determined minimum governance score in Active ESG View which is supplemented by the Investment Manager's qualitative assessment of the good governance practices of the relevant issuers. If an investee company fails to meet the Investment Manager's good governance test as described above, such investee company is excluded from the Fund.

Investment in collective investment schemes:

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

Some of the collective investment schemes that the Fund invests in promote environmental and social characteristics, or have sustainable investments as their objective, and whose underlying investments in investee companies will resultantly follow good governance practices as required under the SFDR.

The Fund may invest in collective investment schemes that are not subject to, or do not comply with, Article 8 or 9 of the SFDR, provided that the Investment Manager has assessed the investments held by such collective investment schemes and determined that all investee companies held by such schemes follow good governance practices. In these instances, the Investment Manager follows the same process as described above in respect of direct investments. The Fund is not permitted to hold shares in the collective investment schemes that are in turn invested in investee companies that fail to meet the Investment Manager's requirements relating to good governance practices.

In addition, the Investment Manager also integrates the principles of good governance practices into its stewardship and engagement approach by setting expectations with investee companies' management regarding good governance practices; actively engaging with the investee companies; utilising its voting rights; and supporting policymakers and legislators to ensure there is strong regulation and standards.



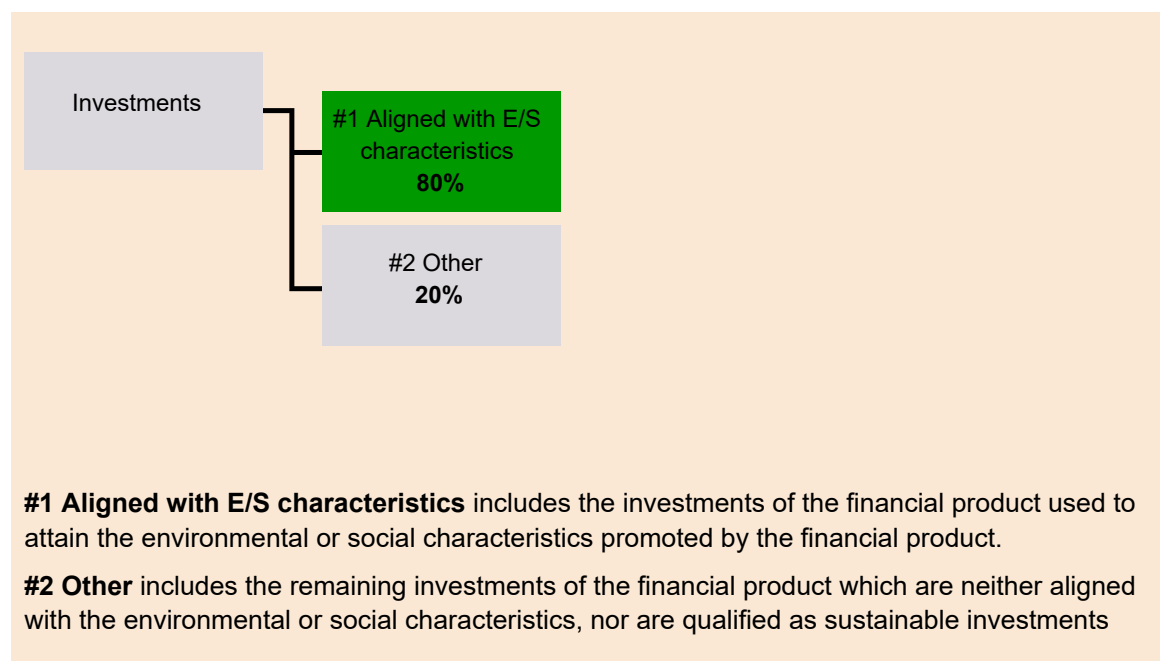
Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

What is the asset allocation planned for this financial product?

The Fund invests at least 80% of its portfolio in investments to meet the environmental and social characteristics that it promotes (#1). The remaining portion of investments are not used to attain the environmental and social characteristics and will fall under #2 Other. The purpose of the remaining portion of investments, including a description of any minimum environmental or social safeguards, is set out below. The Fund does not commit to making any sustainable investments.



How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

The Fund does not make use of derivatives to attain the environmental and social characteristics it promotes.

Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities

are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

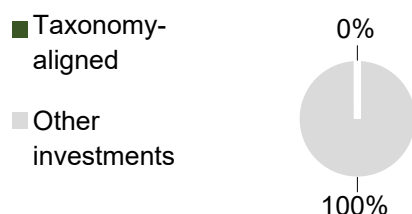


To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

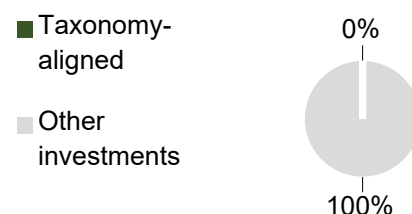
While the Fund promotes environmental and social characteristics within the meaning of Article 8 of the SFDR, it does not currently commit to investing in any “sustainable investments” within the meaning of the SFDR. Accordingly, it should be noted that the investments underlying the Fund do not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-alignment of investments including sovereign bonds*



2. Taxonomy-alignment of investments excluding sovereign bonds*



* For the purpose of these graphs, 'sovereigns bonds' consist of all sovereign exposures

What is the minimum share of investments in transitional and enabling activities?

The Fund does not commit to making any investment in transitional and enabling activities.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Fund does not commit to a minimum share of sustainable investments.



What is the minimum share of socially sustainable investments?

The Fund does not commit to a minimum share of socially sustainable investments.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

In accordance with the Fund's investment policy, “#2 Other” may include cash deposits, money market instruments, other collective investment schemes that do not contribute to the promotion of the environmental and social characteristics of the Fund and financial derivative instruments where these are used for efficient portfolio management purposes. With regards to any minimum environmental or social safeguards applied to our counterparties, the Investment Manager considers ESG factors, including analysis from the relevant responsible investing methodologies as part of assessing the credit risk

profile of its most significant counterparties. The Investment Manager has an internal control framework in place to consider and take appropriate action in the event that a significant counterparty fails to meet any minimum standards in respect of such ESG factors as defined by the Investment Manager.



Reference benchmarks are indexes to measure whether the financial products attain the environmental or social characteristics that they promote.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Fund.

● ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

Not applicable.

● ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

Not applicable.

● ***How does the designated index differ from a relevant broad market index?***

Not applicable.

● ***Where can the methodology used for the calculation of the designated index be found?***

Not applicable.



Where can I find more product specific information online?

More product-specific information can be found on the website: [Multi-Index EUR III Fund - LGIM Fund Centre](#)

LGIM's Coal Exclusion Policy is available at: [Coal Exclusion Policy](#)

LGIM's Controversial Weapons Policy is available at: [LGIMH Controversial Weapons Policy 2020](#)