



IQ EQ Fund Management (Luxembourg) S.A.

FINANCIAL SERVICES SECTOR DISCLOSURE REGARDING REGULATION (EU) 2019/2088 (“SFDR”)

July 2022

IQ EQ Fund Management (Luxembourg) S.A. (“**IQ EQ FM**”) is an authorised Alternative Investment Fund Manager regulated and supervised by the *Commission de Surveillance du Secteur Financier* in order to provide AIFM services to a range of collective investment schemes domiciled in, but not limited, to Luxembourg, Belgium and France.

IQ EQ FM makes the following disclosures in accordance with the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (the “**SFDR**”).

Through the present statement IQ EQ FM seeks to align itself with the regulatory obligations regarding sustainability risk and principal adverse impacts as foreseen under SFDR coming into force as of March 2021.

SFDR is one of the first measures taken by the European Union in order to reach the objectives of the Paris Agreement adopted under the United National Framework Convention on Climate Change effective as of November 4th, 2016. In such framework, SFDR aims to promote the integration of sustainability risks, the consideration of adverse sustainability impacts, the promotion of environmental or social characteristics, and sustainable investment, by requiring financial market participants and financial advisers (investment advisers) to make pre-contractual and ongoing disclosures to end investors when they act as agents of those end investors and make investment decisions or provide investment advice which may cause, contribute to or be directly linked to effects on sustainability factors that are negative, material or likely to be material.

As per SFDR, IQ EQ FM is defined as a “financial market participant”. As per Article 4 of SFDR a “financial market participant”, is required, where the principal adverse impacts (“**PAI**”) of investment decisions are considered, to publish and maintain on its website a “statement on due diligence policies with respect to those impacts, taking due account of their size, the nature and scale of their activities and the types of financial products they make available”. The present Statement has been developed in accordance with the provisions of Article 4, while also taking into consideration Article 7 of SFDR on the transparency of PAI at product level.

Definitions:

“**Sustainability risk**” means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment.

“**Financial Market Participant**”: entities which manufacture the financial products, including AIFMs and Portfolio Managers

“**Financial Advisers**”: entities providing investment or insurance advice.

No consideration of sustainability adverse impacts

The AIFM does not consider, in the manner prescribed by Article 4 of the SFDR, the adverse impacts of investment decisions on sustainability factors (PAI) reported on behalf of the AIFs under management, including the Fund and its Sub-Funds.

After consideration of the PAI framework, the AIFM has determined that the aggregation of investment strategies and approaches to sustainability risk integration of the delegated investment managers' PAI reporting (where available) brings no value to its stakeholders due to the vast range of investment strategies and approaches to sustainability risk integration of these relevant investment managers. In addition, IQ EQ FM considers that non-financial data is still not available in satisfactory quality and quantity to allow it to adequately assess the potential adverse impact of its investment decision on sustainability factors.

The AIFM expects that each investment manager to which it has delegated the portfolio management function that has indicated to the AIFM that it will complete PAI reporting will do so as required and in line with SFDR and delegated regulations, as applicable.

The AIFM will keep the decision to not consider the adverse impacts on sustainability factors within the meaning of SFDR under review and will formally re-evaluate this decision on a periodic basis.

Disclosure for products falling within the scope of Article 8 and/or Article 9 SFDR

IQ EQ FM is committed to offering selected investment strategies that will, over time, promote and/or prioritise certain environmental and socio-economic characteristics or, in general, avoid exposure to investments with markedly unfavourable environmental and socio-economic characteristics.

IQ EQ FM considers these products to be correctly classified as products under Article 8 or Article 9 SFDR, depending on the specific characteristics of the products.

Descriptions of the characteristics promoted, the methodologies used to assess, measure and monitor them, the way in which we expect the characteristics to be met, and related background information are provided on the pages of the website dedicated to each of the relevant funds and investment strategy platforms.

Remuneration policy

IQ EQ FM's remuneration policy has been designed to meet the requirements of the established European Securities and Markets Authority (hereinafter ESMA), through the ESMA/ 2013/ 201 and ESMA/ 2013/ 232 guidelines and of the "Guidelines on sound remuneration policies under the UCITS Directive and AIFMD" issued by ESMA under document number ESMA/2016/411. Further the requirements of the Luxembourg AIFM Law of July 12, 2013 are taken into consideration.

The latter are applicable to alternative investment fund management companies subject to the Alternative Investment Fund Managers Directive (AIFMD 2011/61/EU). This Directive introduces the requirements to be followed in terms of remuneration policy and management practices (governance, transparency and risk management). This compensation policy applies to all IQ EQ FM personnel.



In this regard, IQ EQ FM remuneration policies do not encourage risk-taking which is inconsistent with its internal risk limits or with the risk profile of the funds that IQ EQ FM manages, including regarding sustainability risks stemming in particular from climate-related events or from the society's response to climate change.

Pursuant to Article 5 SFDR, the AIFM's remuneration policy is consistent with the integration of sustainability risks through ensuring that when considering an individual's remuneration, and in particular, variable remuneration, the following factors are taken into consideration:

- (i) the individual's contribution to the implementation of IQ EQ Fund Management's sustainability initiatives and/or at the IQ EQ group level (as applicable);

whether that individual has demonstrated sound and effective risk management behaviour in relation to sustainability risks.

These Statements are subject at least to annual review.

For further queries relating to IQ EQ Fund Management (Luxembourg) S.A. please contact :
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