

LUX IM – TYRUS GLOBAL CONVERTIBLE

Sustainability-related disclosures required for Article 8 financial products under the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector

Preamble

LUX IM – TYRUS GLOBAL CONVERTIBLE (“the Sub-fund”) is a feeder structure following Art. 77 of the UCI Law. It invests at least 85% of its net assets in shares of Tyrus Capital Investments – Tyrus Capital Global Convertible (the “Master UCITS”). The Master UCITS is a sub-fund of Tyrus Capital Investments, an open-ended umbrella investment company with variable capital incorporated in Luxembourg and authorized as an undertaking for collective investment in transferable securities pursuant to the UCI Law.

The below information refers to environmental and social characteristics pursued by of the Master UCITS.

The Master UCITS seeks to ensure that all of its Vanilla Convertible or Exchangeable Bonds are aligned to environmental or social characteristics, applying a proprietary model as further set out below. Although the Investment Managers may refer to external ESG data providers to challenge their internal, model-generated ESG scores and/or where there are insufficient data points to statistically define an internal score, the Master UCITS does not use an external benchmark to score its positions.

The Master UCITS does not invest in issuers that qualify as sustainable investment in accordance with Article 2 (17) of Regulation (EU) 2019/2088 (“SFDR”).

The Master UCITS is not considering the EU criteria for environmentally sustainable economic activities as defined under the EU Taxonomy Regulation to determine the attainment of the sustainable environmental or social characteristics that it promotes.

The Sub-fund will be invested at least 85% of its net assets in the Master UCITS. As a consequence, the minimum proportion of the Sub-fund’s net assets invested in assets aligned to the promoted environmental and social characteristics is 68%.

There is no reference benchmark designated for the purpose of attaining the environmental or social characteristics promoted by the Master UCITS.

Sustainable Finance Disclosure Regulation Level 2 – Website Disclosure

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| Summary Article 25 – SFDR II | <p>In the website section ‘Summary’ referred to in Article 24, point (a), financial market participants shall summarise all the information contained in the different sections referred to in that Article about the financial products that promote environmental or social characteristics. The summary section shall have a maximum length of two sides of A4-sized paper when printed.</p> | <p>Please refer to the standardized 2 pager summary https://www.bgfml.lu/site/en/home/sustainable.html</p> |
| | <p>The website section ‘Summary’ referred to in Article 24, point (a), shall be provided in at least the following languages:</p> <p>(a) one of the official languages of the home Member State and, where different and where the financial product is made available in more than one Member State, in an additional language customary in the sphere of international finance;</p> <p>(b) where the financial product is made available in a host Member State, one of the official languages of that host Member State.</p> | |
| No sustainable investment objective Article 26 – SFDR L2 | <p>In the website section ‘No sustainable investment objective’ referred to in Article 24, point (b), financial market participants shall insert the following statement: “This financial product promotes environmental or social characteristics but does not have as its objective sustainable investment.”</p> | <p>This financial product promotes environmental or social characteristics but does not have as its objective sustainable investment.</p> |
| | <p>Where the financial product commits to making one or more sustainable investments, financial market participants shall in the website section ‘No sustainable investment objective’ referred to in Article 24, point (b), explain how the sustainable investment does not significantly harm any of the sustainable investment objectives, including all of the following:</p> | |
| | <ul style="list-style-type: none"> ▪ how the indicators for adverse impacts in Table 1 of Annex I, and any relevant indicators in Tables 2 and 3 of that Annex I, are taken into account; ▪ whether the sustainable investment is aligned with the OECD Guidelines for Multinational Enterprises and 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 the International Bill of Human Rights. | |
| Environmental or social | <p>In the website section ‘Environmental or social characteristics of the financial product’ referred to in Article 24, point (c), financial market</p> | <p>The Sub-fund is a feeder structure following Art. 77 of the UCI Law. It invests at least 85% of its net assets in shares of Tyrus Capital Investments – Tyrus Capital Global Convertible (the "Master UCITS").</p> |

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| <p>characteristics of the financial product</p> <p>Article 27 – SFDR L2</p> | <p>participants shall describe the environmental or social characteristics that the financial products promote.</p> | <p>The Master UCITS promotes environmental and social characteristics and invests in issuers that the Investment Manager considers well-prepared to handle financially material environmental and social challenges. Issuers will be selected based on the Investment Manager’s ESG framework.</p> |
| <p>Investment strategy</p> <p>Article 28 – SFDR L2</p> | <p>In the website section ‘Investment strategy’ referred to in Article 24, point (d), financial market participants shall describe all of the following:</p> <ul style="list-style-type: none"> ▪ the investment strategy used to meet the environmental or social characteristics promoted by the financial product; ▪ the policy to assess good governance practices of the investee companies, including with respect to sound management structures, employee relations, remuneration of staff and tax compliance. | <p>The Sub-fund is a feeder structure following Art. 77 of the UCI Law. It invests at least 85% of its net assets in shares of Tyrus Capital Investments – Tyrus Capital Global Convertible (the "Master UCITS"). The Master UCITS promotes environmental and social characteristics and invests in issuers that the Investment Manager considers well-prepared to handle financially material environmental and social challenges. Issuers will be selected based on the Investment Manager’s ESG framework.</p> <p>The Master UCITS promotes the following environmental and social characteristics:</p> <ul style="list-style-type: none"> • Environmental characteristics: <ul style="list-style-type: none"> - GHG / CO2 emissions per revenue; - SO2 emissions per revenue; - Water consumption per revenue; - Contribution to water stress; - Environmentally sensitive area; - Energy consumption per revenue; - Percentage renewable energy produced; - Percentage renewable energy consumed; and - Waste per revenue. • Social characteristics: <ul style="list-style-type: none"> - Percentage of female employees; - Gender pay gap; - Percentage of employees unionised; - Lost time incident rate; and - Employee turnover percentage. <p>Prior to each investment and during the holding period, a screening on the basis of international norms and standards including the UN Global Compact, the UN Guidelines for Multinational Enterprises, the OECD Guidelines for Multinational Enterprises takes place and 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 the International Bill of Human Rights, takes place in respect of the good governance practices of the investee companies, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. The UN Global Compact principles are based on international standards concerning human rights, labour rights, the environment and corruption. If abuses or breaches related to the standards are observed in the issuer, the incident is investigated, and measures are taken on a case-by-case basis. Depending on the severity, nature and extent of the breach, the possible measures may consist of direct dialogue with the issuer’s executive</p> |

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| | | <p>management, an engagement action or, as a last resort, selling the asset if the issuer does not respond to the engagement efforts and does not take measures to prevent the abuse or breach within a reasonable time frame.</p> |
| <p>Proportion of investments</p> <p>Article 29 – SFDR L2</p> | <p>In the website section ‘Proportion of investments’ referred to in Article 24, point (e), financial market participants shall insert the information referred to in Article 14 and shall distinguish between direct exposures in investee entities and all other types of exposures to those entities.</p> | <p>The Master UCITS will seek to achieve its objective by investing in a diversified portfolio composed of different classes of financial assets, in particular Vanilla Convertible or Exchangeable Bonds.</p> <p>The Master UCITS will mainly be invested in Investment Grade assets. It will not invest in assets rated below B+ or equivalent. Money Market Instruments, bank deposits (cash and cash equivalents) and Investment Grade debt securities will represent at least 50% of the Net Asset Value of the Master UCITS. The total exposure of the Master UCITS to equity, either directly or indirectly through Transferable Securities and efficient portfolio management, obtained as the result of the conversion of a Vanilla Convertible or Exchangeable Bond or any corporate action on such asset shall not exceed 100% of the Master UCITS’ assets. The maximum proportion of ordinary shares held by the Master UCITS is 10% of the Net Asset Value, if the proportion of ordinary shares exceed 10% as a result of a conversion or a corporate action then the excess of shares above 10% should be sold in a timely manner in line with the underlying market liquidity. The Master UCITS will not invest in unlisted shares. FDIs may be used for efficient portfolio management and hedging purposes.</p> <p>In applying the binding elements, it is ensured that the entire exposure of the Master UCITS to Vanilla Convertible or Exchangeable Bond is aligned with the E/S characteristics promoted. Thus, at least 80% of the net asset value, are aligned with the environmental or social characteristics promoted by the Master UCITS. The category #2 Other includes Money Market Instruments, bank deposits (cash and cash equivalents) as well as FDIs for hedging or efficient portfolio management purposes. These assets are subject to minimum safeguards as described below.</p> <p>The Sub-fund will be invested at least 85% of its net assets in the Master UCITS. As a consequence, the minimum proportion of the Sub-fund’s net assets invested in assets aligned to the promoted environmental and social characteristics is 68%.</p> <div data-bbox="1745 1213 2436 1493" data-label="Diagram"> <pre> graph LR A[Investments] --- B["#1 Aligned with E/S characteristics Min 68%"] A --- C["#2 Other"] </pre> </div> <p><i>#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.</i></p> <p><i>#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.</i></p> <p>The Sub-fund may invest up to 15% of its net assets in cash for liquidity purposes and derivatives for hedging purposes.</p> |

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| | | <p>The Master UCITS may enter into FDIs for the purpose of hedging and for efficient portfolio management techniques. The use of FDIs does not have an effect on the environmental or social characteristics promoted by the Master UCITS. Further, the Master UCITS may also invest in Money Market Instruments and bank deposits (including cash and cash equivalents) for liquidity management purposes. Minimum safeguards are applied by screening for compliance with international norms and standards including the UN Global Compact and the OECD Guidelines for Multinational Enterprises.</p> |
| <p>Monitoring of environmental or social characteristics</p> <p>Article 30 – SFDR L2</p> | <p>In the website section ‘Monitoring of environmental or social characteristics’ referred to in Article 24, point (f), financial market participants shall describe how the environmental or social characteristics promoted by the financial product and the sustainability indicators used to measure the attainment of each of those environmental or social characteristics promoted by the financial product are monitored throughout the lifecycle of the financial product and the related internal or external control mechanisms.</p> | <p>The Investment Manager integrates the ESG analysis within the investments’ selection process, as follows:</p> <p>ESG plays an important role in the management of the Master UCITS and is considered in every stage of the investment process by means of the following two principal methods (each as likewise described further in this Annex):</p> <ul style="list-style-type: none"> - Exclusion list: maintaining a list of restricted names (filtering, as noted, against activities and conduct harmful to society, unethical or controversial activities, and activities with significant negative climate impact). - Best-in-class selection: the strategy removes assets from its investible universe using a proprietary internal ESG scoring system and, all else being equal, selecting assets with a better ESG score and/or creating larger exposure to them. <p>These binding elements, i.e. the exclusion list and the best-in-class selection, are used to select potential investments of the Master UCITS. In addition thereto, external data providers are used both to verify and/or challenge the Investment Managers’ internal ESG analysis. In applying these two binding elements, the Investment Managers ensure that the entire exposure of the Master UCITS to Global Convertible Fund to Vanilla Convertible or Exchangeable Bond is aligned with the E/S characteristics promoted.</p> |
| <p>Methodologies for environmental or social characteristics</p> <p>Article 31 – SFDR L2</p> | <p>In the website section ‘Methodologies for environmental or social characteristics’ referred to in Article 24, point (g), financial market participants shall describe the methodologies to measure how the social or environmental characteristics promoted by the financial product are met.</p> | <p>In order to attain the promoted environmental and social characteristics, the eligibility of target issuers is assessed based on the above-described negative screening, positive screening procedures, and consideration of principal adverse impacts (see ‘Monitoring of the sustainable investment objective’).</p> <p>Internal controls are in place in respect of investment decision making for the Master UCITS. These include, but are not limited to, pre-trade and post-trade controls to ensure all binding elements are observed at all times and independent oversight by risk management functions as required.</p> |
| <p>Data sources and processing</p> <p>Article 32 – SFDR L2</p> | <p>In the website section ‘Data sources and processing’ referred to in Article 24, point (h), financial market participants shall describe all of the following:</p> <ul style="list-style-type: none"> ▪ the data sources used to attain each of the environmental or social characteristics promoted by the financial product; ▪ the measures taken to ensure data quality; ▪ how data are processed; | <p>The Investment Managers may refer to external ESG data providers to challenge their internal, model-generated ESG scores and/or where there are insufficient data points to statistically define an internal score.</p> |

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| | <ul style="list-style-type: none"> ▪ the proportion of data that are estimated. | |
| <p>Limitations to methodologies and data</p> <p>Article 33 – SFDR L2</p> | <p>In the website section ‘Limitations to methodologies and data’ referred to in Article 24, point (i), financial market participants shall describe all of the following:</p> <ul style="list-style-type: none"> ▪ any limitations to the methodologies referred to in Article 24, point (g), and to the data sources referred to in Article 24, point (h); ▪ how such limitations do not affect how the environmental or social characteristics promoted by the financial product are met. | <p>Considering the above detailed investment methodology as well as the data sources, the limitations to the attainment of the promoted environmental and social characteristics, are deemed non-material.</p> <p>Based on the details above, there is no material effect on the attainment of the environmental or social characteristics promoted by the Master UCITS.</p> |
| <p>Due Diligence</p> <p>Article 34 – SFDR L2</p> | <p>In the website section ‘Due diligence’ referred to in Article 24, point (j), financial market participants shall describe the due diligence carried out on the underlying assets of the financial product, including the internal and external controls on that due diligence.</p> | <p>In order to qualify for initial investment, the investments must comply with the binding elements applied by the Master UCITS. This compliance has to be ensured by the Investment Manager through pre-trade compliance mechanism in place.</p> |
| <p>Engagement policies</p> <p>Article 35 – SFDR L2</p> | <p>In the website section ‘Engagement policies’ referred to in Article 24, point (k), financial market participants shall describe the engagement policies implemented where engagement is part of the environmental or social investment strategy, including any management procedures applicable to sustainability-related controversies in investee companies.</p> | <p>This section is not applicable, as the Sub-fund is not deploying an ESG engagement strategy for the attainment of the promoted environmental or social characteristics.</p> |
| <p>Designated reference benchmark – Optional</p> <p>Article 36 – SFDR L2</p> | <p>In the website section ‘Designated reference benchmark’ referred to in Article 24, point (l), financial market participants shall describe whether an index has been designated as a reference benchmark to meet the environmental or social characteristics promoted by the financial product, and how that index is aligned with the environmental or social characteristics promoted by the financial product, including the input data, the methodologies used to select those data, the rebalancing methodologies and how the index is calculated.</p> | <p>No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-fund.</p> |