

Template pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 ('SFDR') and Article 5, 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 include 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 Hydrogen Economy UCITS ETF

Legal entity identifier:
213800GLU8NT72CLUX55

Sustainable investment objective

Does this financial product have a sustainable investment objective?

X Yes

No

It will make a minimum of **sustainable investments with an environmental objective: 90%**

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 sustainable objectives of this financial product are attained.

What is the sustainable investment objective of this financial product?

The sustainable investment objective of the Fund is to provide exposure to the global hydrogen economy. The Fund seeks to achieve its investment objective by tracking the performance of the Solactive Hydrogen Economy Index NTR (the "Index"). The Index is a reference benchmark that has been designated for the purpose of attaining the sustainable investment objective of the Fund.

● What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?

1. The proportion of the relevant comparator index excluded through the application of the exclusionary criteria set out below;

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.

2. Exposure to the sustainable theme set out below.

● ***How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?***

The Fund applies the following exclusions through tracking the Index in accordance with the Index methodology:

- companies which are non-compliant with the UN Global Compact,
- companies that are associated with a controversy (i.e. companies that have been involved in events that have a severe impact on the environment and society, posing serious business risks to the company),
- companies that are involved in the production or retail of tobacco, or are a related product/service,
- companies that are involved in military contracting weapons or related products,
- companies that are directly involved or indirectly involved through corporate ownership, in controversial weapons,
- companies that are involved in thermal coal extraction, power generation or supporting products/services, and
- companies that are involved in the production of unconventional and conventional oil and gas.

Through the application of the above listed exclusions it is ensured that the investments held by the Fund do not significantly harm any environmental or social objectives.

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

The Investment Manager assessed the Index against all sustainability indicators outlined in Table 1 of Annex I of Commission Delegated (EU) 2022/1288 (the “SFDR Level 2 Measures”) and a majority of them are taken into account directly or indirectly by application of the above-listed exclusions. A direct approach occurs where an exclusionary screen incorporates, in its methodology, the metric defined in Table 1 of Annex I of the SFDR Level 2 Measures relating to the relevant sustainability indicator. The indirect approach will incorporate different metrics that are not defined in Table 1 of Annex I of the SFDR Level 2 Measures but associated with the sustainability indicators, such as norms-based or controversy screens to exclude issuers involved in violations. It should be noted that a small subset of sustainability indicators is not directly or indirectly mapped to the above-listed exclusions following consideration of their appropriateness to the Fund’s investment strategy. The rationale for this may include inadequate data quality or coverage, or limited relevance to the Fund’s eligible investment universe.

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

The Fund’s sustainable investments are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights through the application of the sustainability-related investment strategy used to attain the sustainable investment objective. In particular, the Index is designed to comply with the principles of the United Nation Global Compact and excludes companies that are associated with a controversy (i.e. companies that have been involved in events that have a severe impact on the environment and society, posing serious business risks to the company). Accordingly, the Fund’s investments aim to indirectly follow the UN Guiding Principles on Business and Human Rights, as well as the OECD Guidelines for Multinational Enterprises.



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

- Yes, the Fund considers principal adverse impacts on sustainability factors. The Investment Manager takes the adverse sustainability indicators listed in Table 1 of Annex I of the SFDR Level 2 Measures into account, except for a small subset of indicators as explained above. The Fund considers principal adverse impacts, that are identified using the above-mentioned indicators, by tracking the Index that employs the sustainability-related investment strategy outlined below in line with its methodology.

For example, the Fund uses the 'Exposure to companies active in the fossil fuel sector' indicator (indicator 4 of Table 1 of Annex I of SFDR) to identify principal adverse impacts relating to greenhouse gas emissions and then considers and takes actions in relation to principal adverse impacts identified through tracking the Index that excludes companies that are involved in (i) thermal coal extraction, power generation or supporting products/services, (ii) the generation, production of conventional oil and gas, or supporting products/services, or (iii) in oil sands extraction, arctic oil & gas exploration/extraction or shale energy extraction.

No



What investment strategy does this financial product follow?

The Fund follows the following sustainability-related investment strategy by tracking the Index:

i. **Sustainable Theme:** The Index is comprised of companies that are actively engaged in in the value-chain of the hydrogen industry. "Value-chain" refers to value-creating activities within the hydrogen economy such as energy input, production, transport, storage and end-use.

ii. **ESG Exclusions:** The Index excludes companies which are constituents of the "ESG Exclusions Index", namely companies which (i) are non-compliant with the UN Global Compact, (ii) are associated with a controversy (i.e. companies that have been involved in events that have a severe impact on the environment and society, posing serious business risks to the company), (iii) are involved in the production or retail of tobacco, or are a related product/service, (iv) are involved in military contracting weapons or related products, (v) are directly involved or indirectly involved through corporate ownership, in controversial weapons, (vi) are involved in the retail or distribution of small arms to civilians (assault and non-assault weapons) and military/law enforcement customers, as well as key components of small arms, (vii) are involved in thermal coal extraction, power generation or supporting products/services, (viii) are involved in the generation, production of conventional oil and gas, or supporting products/services, (ix) are involved in oil sands extraction, arctic oil & gas exploration/extraction or shale energy extraction, (x) are involved in the production, retail or related services/products of alcohol, (xi) are involved in the operations, specialized equipment or supporting products/services of gambling, and (xiii) are involved in the production or distribution of adult entertainment. Such exclusions and the definition of "involvement" are determined by reference to the "ESG Exclusions Index" published by the Index Provider.

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

● What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?

The Fund aims to track the Index in accordance with its investment policy. As a result, the investment strategy set out above is binding on the investment decision-making process of the Fund.

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

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

The Investment Manager ensures that the investee companies in which the Fund invests follow good governance practice by tracking an index that excludes companies that (i) fail to meet globally accepted norms and standards relating to governance matters, or (ii) are involved in incidents with negative governance implications. As part of its due diligence the Investment Manager assessed the Index to ensure compliance with these requirements.

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.



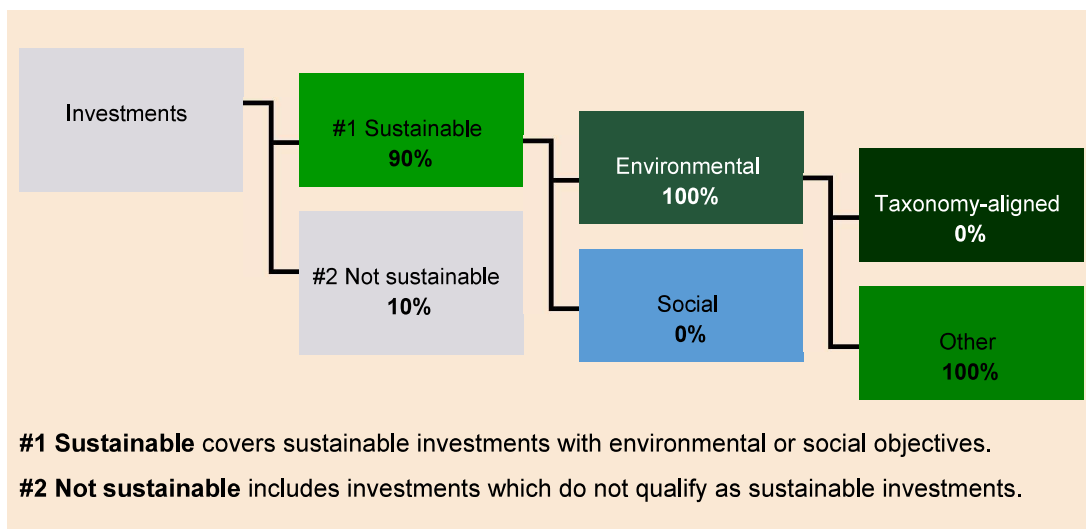
Asset allocation describes the share of investments in specific assets.

What is the asset allocation and the minimum share of sustainable investments?

The Fund will invest at least 90% of its portfolio in investments that qualify as sustainable (#1), all of which provide direct exposure to investee companies. The Fund will invest at least 90% of its portfolio in environmentally sustainable investments and at least 0% of its portfolio in socially sustainable investments. The actual level of environmentally and socially sustainable investments held by the Fund will always equate to at least the minimum proportion of sustainable investments of the portfolio outlined above. Some of the sustainable investments may be considered to contribute to both environmental and social objectives. The remaining portion of investments are not used to meet the sustainable investment objective and will fall under #2 Not sustainable.

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.



● **How does the use of derivatives attain the sustainable investment objective?**

The Fund does not make use of derivatives to attain the sustainable investment objective.

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

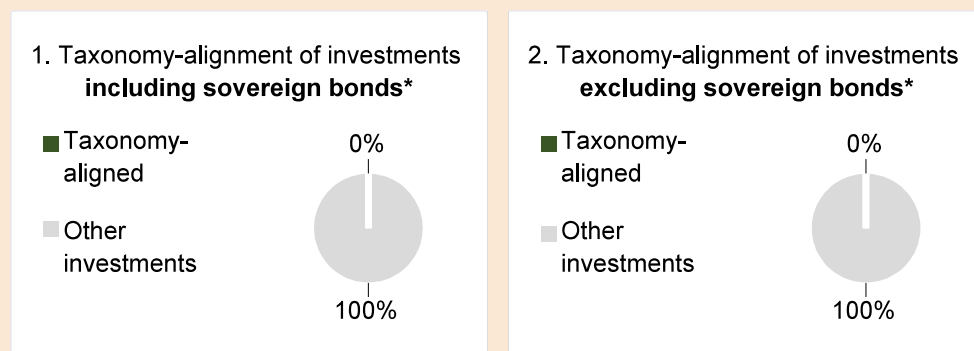
Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



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

The Fund does not invest a minimum amount in economic activities that qualify as environmentally sustainable under 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.*



* 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 invest a minimum share of investments in transitional and enabling activities within the meaning of the Taxonomy Regulation.



are environmentally sustainable investments 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?

As the Fund does not invest a minimum amount in economic activities that qualify as environmentally sustainable under the Taxonomy Regulation, its sustainable investments with an environmental objective will not be aligned with the EU Taxonomy.



What is the minimum share of sustainable investments with a social objective?

The minimum share of sustainable investments with a social objective is set at 0% of the Fund's portfolio.



What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?

Other holdings may include cash, depositary receipts, money market funds and derivatives. Such investments may be used for investment purposes and efficient portfolio management. Derivatives may also be used for currency hedging for any currency hedged share classes. Environmental or social safeguards applied by the Index are only applied to instruments that are used to attain exposure to an Index constituent. 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 product attains the sustainable investment objective.

Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

Yes, the Index is designated as a reference benchmark.

● ***How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?***

The Index is continuously aligned with the sustainable investment objective of the Fund by providing exposure to companies in accordance with the sustainability-related investment strategy described above. At each index rebalance, the selection criteria of the Index are applied to its constituents.

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

The Fund invests, in a portfolio of securities that, as far as possible and practicable, consists of the component securities of the Index in similar proportions to their weightings in the Index.

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

The Index is comprised of global companies that are actively engaged in the value-chain of the global clean energy industry and therefore constitutes a smaller sub-set of a broad market index.

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

For further information in relation to the Index methodology please see:
[Solactive | Indices](#)



Where can I find more product specific information online?

More product-specific information can be found on the website: [L&G Hydrogen Economy UCITS - LGIM Fund Centre](#)