

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 Pharma Breakthrough UCITS ETF

Legal entity identifier:
213800GUQHPUIT7GGC50

Sustainable investment objective

Does this financial product have a sustainable investment objective?

X **Yes**
 No

<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: __% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input checked="" type="checkbox"/> It will make a minimum of sustainable investments with a social objective: 90%	<input type="checkbox"/> 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 <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective <input type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments
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Sustainability indicators measure how the environmental or social characteristics promoted by the 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 orphan drugs industry. The Fund and seeks to achieve its investment objective by tracking the performance of the Solactive Pharma Breakthrough Value Index Net Total Return (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. Confirmation of exposure to the sustainable theme 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.

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

The Investment Manager has assessed the constituents of the Index and has concluded that due to the thematic investment universe such investments do not significantly harm any environmental and social objectives. The Investment Manager has implemented processes and checks, using both environmental and social indicators, to verify on a bi-annual basis that the Fund's investments do not cause any significant harm to any such objectives.

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

The Investment Manager assessed the Index constituents against the adverse sustainability indicators outlined in Table 1 of Annex I of Commission Delegated (EU) 2022/1288 (the "SFDR Level 2 Measures") through the checks described above. It should be noted that a small subset of sustainability indicators has not been included directly or indirectly following consideration of their appropriateness for the Fund's 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 as a result of the Investment Manager, as part of processes and checks on the index constituents, assessing that the Fund does not invest in companies that fail to meet globally accepted norms and standards relating to governance matters.



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 'Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises' indicator (indicator 10 of Table 1 of Annex I of SFDR) to identify principal adverse impacts relating to social and employee matters.

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 on LGIM's website. Reporting on principal adverse impacts on sustainability factors will be made available in the annual report of the Fund.

No



What investment strategy does this financial product follow?

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

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

Sustainable Theme: The Index is comprised of bio-technology companies that are actively engaged in the research, development and/or manufacturing of orphan drugs that treat rare diseases. Companies eligible for inclusion in the Index universe shall be determined based on industry classification data provided by an independent third-party provider of consensus forecasts of leading industry analysts and analysis of the pharmaceutical and biotechnology healthcare sectors. In order to be eligible for inclusion in the Index a company must have a minimum of two marketed orphan drugs and must derive a proportion of revenue from orphan drugs which is within the top two quartiles of relevant orphan drugs companies, as determined by an independent third-party provider.

● ***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 invest follow good governance practice by tracking an index that has been assessed to not invest in 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.

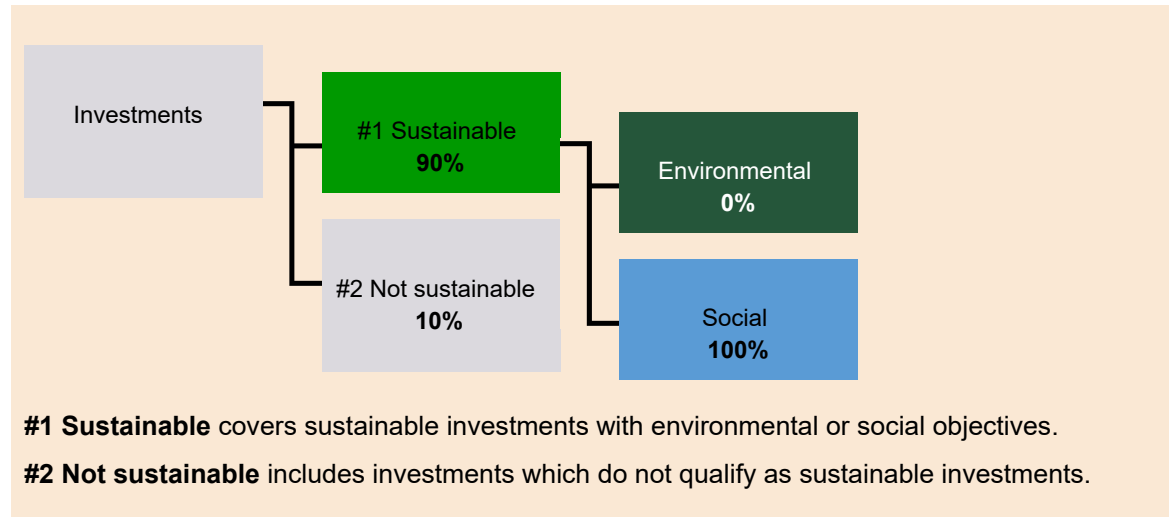
In addition, the Investment Manager also integrates the principles of good governance practices into its stewardship and engagement approach by setting expectations with investee companies' management regarding good governance practices; actively engaging with the investee companies; utilising its voting 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 0% of its portfolio in environmentally sustainable investments and at least 90% 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.



● **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.

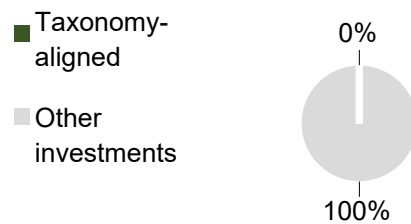


To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

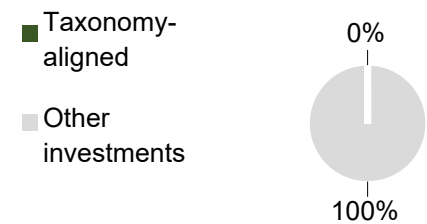
The Fund does not invest in sustainable investments with an environmental objective.

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



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 invest in sustainable investments with an environmental objective.



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 90% 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 bio-technology companies that are actively engaged in the research, development and/or manufacturing of orphan drugs that treat rare diseases 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?

[L&G Pharma Breakthrough UCITS ETF - LGIM Fund Centre](#)