

Sustainability

Glossary

Terms	Description
Article 6 products	These are traditional financial products that do not explicitly incorporate sustainability criteria but may take into account sustainability risks (according to SFDR).
Article 8 products	Subgroup of the ESG product definition of sustainable investment products (according to SFDR): These “light green” products take into account environmental (E) and / or social (S) characteristics in the investment strategy.
Article 9 products	Subgroup of the ESG product definition of sustainable investment products (according to SFDR): These “dark green” products make a tangible contribution to environmental goals according to the EU classification (taxonomy), i.e. to achieving sustainable investment goals.
DNSH	Do No Significant Harm: The sustainable investment products are assessed for their harmlessness (DNSH). Sustainable investments must make a substantial positive contribution to at least one environmental goal without simultaneously harming any of the other environmental goals.
EU action plan	The aim of the EU action plan on “financing sustainable growth” is to reorient capital flows towards a more sustainable economy, mainstream sustainability into risk management, and foster transparency for sustainable financial products. In particular, the action plan includes the sustainability-related adjustments to investor protection (MiFID II), the directives on the disclosure of sustainability issues (SFDR) and sustainability reporting (CSRD), as well as the classification system for environmental targets (taxonomy).
Impact investments	Impact investments are environmentally sustainable investments that pursue a specific investment objective in accordance with the EU classification (taxonomy) (Article 9 products – “dark green”). In addition to generating a financial return, the aim is to achieve a measurable, positive social and / or ecological impact.
LLB ESG	Sustainability offer “light green” for LLB Invest: The bank excludes investments in companies that violate defined international or national standards or that operate in controversial economic sectors. Investments are made in companies that prioritise the core areas of ESG – environmental, social and governance criteria. An ESG rating system of a recognised rating agency is used to assess the ESG criteria and evaluate the sustainability risks. This approach blends risk considerations (exclusions) with a clear examination of sustainable investment opportunities. These mandates also include impact investments to a limited extent.
LLB ESG+	Sustainability offer “medium green” for LLB Invest: In addition to the “LLB ESG” approach, a significantly higher share of impact investments are made with these mandates. The aim of impact investments is to have a specific, positive impact on the environment. For example, they may pursue climate change mitigation objectives. Investors benefit from LLB’s know-how through its own “LLB Impact” product range.
MiFID II	Markets in Financial Instruments Directive II: The EU directive that, on the one hand, regulates and harmonises securities services throughout Europe and, on the other, is intended to ensure a high level of investor protection. As a result of the implementation of the EU action plan, a mandatory query of the client’s sustainability preferences will be integrated into the investment advice and asset management.

MSS	<p>Minimum Social Safeguards:</p> <p>As a principle, all sustainable investments must comply with a minimum level of social protection.</p>
Sustainability	<p>The criterion of sustainability introduces a new aspect to the assessment of financial investments. With sustainable investments, the non-financial aspect of sustainability is also taken into account in the investment strategy alongside the three financial components (yield, security and liquidity). This means that environmental, social and governance (ESG) factors are explicitly taken into account in the investment conditions.</p>
Sustainability factors (ESG)	Environmental, social and governance
Sustainability preferences	<p>The decision of a (potential) client as to whether and, if so, to what extent one of the following financial instruments is to be included in their investment:</p> <ul style="list-style-type: none"> ■ Article 9 products to achieve sustainable investment objectives ■ Article 8 products to promote environmental and / or social characteristics ■ Products that take into account the principal adverse impacts (PAI) on sustainability factors.
Sustainability risks	An ESG event or condition, the occurrence of which could have an actual or potential important adverse effect on the value of the investment.
PAI	<p>Principal adverse impacts:</p> <p>Financial market participants are required to disclose the principal adverse impacts (PAI) of an investment on sustainability for their investment decisions. They must also regularly report on how PAI on environmental and social concerns are taken into account or avoided.</p>
SFDR	<p>Sustainable Finance Disclosure Regulation:</p> <p>Regulation on sustainability related disclosures in the financial services sector.</p>
Taxonomy	<p>The Taxonomy Regulation created a sustainability classification system based on harmonised criteria to determine whether an economic activity is climate-friendly. Social aspects are also to be increasingly taken into account in future development.</p>