

STATEMENT ON PRINCIPAL ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS FOR FINANCIAL ADVISOR (FA)

DISCLOSURE PURSUANT TO ARTICLE 4 OF REGULATION
EU/2019/2088



1. SUMMARY

Bank Nagelmackers nv (LEI: 549300FOCVLHBU9A156) considers principal adverse impacts on sustainability factors for the provision of investment advice. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Bank Nagelmackers nv as a Financial Advisor.

Bank Nagelmackers integrates in its investment advice the principal adverse impacts through the methodology described in paragraph 3. The Bank considers sustainability risks and the principle adverse impacts on sustainability factors in its investment offering, and consequently in its investment advice by assessing financial products sustainability indicators. By sustainability factors, the Bank means environmental, social and employee matters, respect for human rights, anti corruption and anti bribery matters.

In order to provide investment advice, the Bank considers that a financial product takes into account the principal adverse impacts by applying a multi-dimensional assessment based on 1) the product manager own statement as to whether or not the principal

adverse impacts have been taken into consideration and 2) the fund's sustainability indicators based on the Bank Nagelmackers' ESG Scoring Model. The first part of the assessment is based on the statement made by the manager, enriched by the examination of other available sources (as PASI-statement of the Financial Market Participant, the fund's prospectus, etc.). The second part of the assessment makes uses of the ESG Scoring Model that integrates principal adverse impacts (PAI) indicators, other environmental, social and governance (ESG) factors, exclusions and minimum safeguards in line with the nature and investment approach of the product. More details on the ranking and selection methodology can be found in paragraph 3.

Within advisory services, clients may hold other investments in their portfolio that are not necessarily in line with the policy of Bank Nagelmackers.

This statement was validated by the Sustainability Committee of Bank Nagelmackers nv and its Executive Committee in the fourth quarter of 2023.

2. DESCRIPTION OF THE PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

Table 1: Illustration of the mandatory principal adverse impacts on sustainability factors

Scope	Sustainable theme	PAI Indicator
Investee companies	Climate	GHG Emissions (PAI 1)
		Carbon Footprint (PAI 2)
		GHG Intensity of Investee Companies (PAI 3)
		Exposure to Companies in Fossil Fuels (PAI 4)
		Share of non-renewable energy consumption and production (PAI 5)
		Energy consumption intensity per high impact climate sector (PAI 6)
	Environment	Activities Negatively Affecting Biodiversity-sensitive Areas (PAI 7)
		Emissions to Water (PAI 8)
		Hazardous Waste (PAI 9)
	Social Issues, Human Rights and Controversies	Violations of UNGC principles and OECD (PAI 10)
		Lack of Processes and Compliance Mechanisms to Monitor Compliance with UNGC and OECD (PAI 11)
		Unadjusted Gender Pay Gap (PAI 12)
		Board Gender Diversity (PAI 13)
		Exposure to Controversial Weapons (PAI 14)
Real Estate	Fossil Fuels	Exposure to Fossil Fuel through Real Estate Assets (PAI 17)
	Energy Efficiency	Exposure to Energy-Inefficient Real Estate Assets (PAI 18)
Sovereigns and Supranationals	GHG Intensity	GHG Intensity of Investee Countries (PAI 15)
	Social Issues	Investee Countries Subject to Social Violations (PAI 16)

3. DESCRIPTION OF POLICIES TO IDENTIFY AND PRIORITIZE PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

Methodology to identify and prioritize principal adverse impacts

The described methodology is applied when Bank Nagelmackers acts as a financial adviser advising her clients on investments, considering principal adverse impacts on sustainability factors. These factors concern environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Bank Nagelmackers assesses principal adverse impacts of investment decisions on sustainability factors in the selection of the financial products that are part of the product universe of investment advice services such as investments funds (including ETF's), alternative investment funds and pension funds. The bank also applies this methodology (insofar as it may be applicable to those financial instruments) to the selection of bonds and shares that are also part of this product universe by assessing the principal adverse impacts of the companies and sovereigns involved. This statement is however not applicable to investment services executed without advise, nor is it applicable to other financial instruments such as structured bonds, derivatives or cash products.

Bank Nagelmackers has developed its own approach to address principal adverse impact by using a multi-dimensional approach that consists out the following 2 steps that assess the financial product against the minimum requirements set out below:

1) Consideration of principal adverse impacts by the financial market participant

For investment products such as investment funds, this first part of the assessment is based on the statement made by the product manager (for example the management company of an investment fund), enriched by the examination of other available sources as PASI-statement of the Financial Market Participant, the fund's prospectus and reporting, etc. On the basis of those information, the bank assesses whether the manager of the product commits to one or more principal adverse impacts on sustainability factors when making investment decisions. To do that, the bank sets out minimum requirements for environmental and/or social principal adverse impacts on sustainability factors that have to be met in order to consider that a product should be considered as taking principal adverse impacts into consideration.

For the climate and other environment-related principal adverse impacts indicators a) a minimum commitment by the manager for 9 out of the 11 mandatory indicators is required for investee companies and b) the commitment by the manager for considering GHG intensity (PAI 15) is required for sovereign or supranational, in order to be assessed as considering environmental PAI indicators.

For the social-related principal adverse impacts indicators a) a minimum commitment by the manager for 4 out of the 5 mandatory indicators is required for investee companies, and b) the commitment by the manager for considering investee countries

subject to social violations (PAI 16) is required for sovereign or supranational, in order to be assessed as considering social-related PAI indicators.

2) Assessment of sustainability indicators by Bank Nagelmackers' ESG Scoring Model

The second part of the assessment makes use of the Bank Nagelmackers' ESG Scoring Model for companies, sovereigns and investment funds that integrates, next to the principal adverse impacts (PAI) indicators, also other environmental, social and governance (ESG) factors, exclusions and minimum safeguards in line with the nature and investment approach of the product.

The ESG scoring model assesses companies, sovereigns and investment funds (including ETF's) within their peer group by analyzing and ranking them based on environmental, social and governance indicators that include the principal adverse impacts. The PAIs are integrated into the ESG analysis and scoring model through an assessment of the materiality of each indicator based on its relevance in terms of probability of occurrence and severity, data availability and data quality. For the ESG assessment we use different data sources and tools, as data packages from external data providers (i.e. MSCI), and data from own ESG fund surveys for external managed funds and investment products to assess the PAIs on sustainability factors. To gather all these information we send an ESG fund survey to the manager of the investment product with questions linked to our approach on topics as:

- Signatory of the UNPRI
- Responsible investment policy
- Integration of sustainability risks
- Exclusion policy on the company's level and product specific
- Active engagement and voting.

Through the indicators and their materiality, each investment product's overall ESG performance score is calculated and ranked versus its peers into an ESG rating. For Fund of Funds managed by Bank Nagelmackers, the score is calculated based on the underlying scores of each investment product. Based on this assessment the bank can categorize investments depending on their adverse impacts and according to the relevant investment approach.

The selection of investment funds (or ETF's) is also subject to a due diligence as part of the global fund selection process ('7P Methodology'). As mentioned above, this screening process includes an assessment of the principles for sustainable investment and ESG performance based on the principle adverse impacts reported by financial market participants and/or gathered through external data providers, exclusions, improvements via engagement, voting policy, etc. Besides consideration of principal adverse impacts on sustainability factors, the bank is always looking for managers of funds that share the bank's approach on sustainability and comply with the minimum standards as described in the bank's Sustainability Risk Policy and Exclusion Policy. A key aspect of that approach is to avoid direct or indirect investments in companies with any revenue from controversial weapons and sovereigns that systematically violate basic human, social or political rights or are subject to sanctions by the UN Security Council, European Union and US sanctions list. Our Exclusion Policy contains for sustainable strategies additional norms-based exclusions as companies

that breach the UN Global Compact and OECD Guidelines for Multinational Enterprises, and additional exclusions for companies involved in controversial activities as weapons, tobacco, adult entertainment, gambling, etc. However, it can't be excluded that a fund included by Bank Nagelmackers in its product universe for investment advice may at some point contain investments that the bank would otherwise exclude based on the criteria above, the Sustainability Risk Policy or its Exclusion Policy. In these cases, Bank Nagelmackers engages with the external fund provider and strives to find common values. If it's not possible to reach a common approach, the fund could be removed from the product universe or could be classified accordingly (as not taking principal adverse impact into consideration).

In order to determine which investments products can finally be considered as taking the principal adverse impacts on sustainability factors into consideration after this second analysis stage has been completed, the bank excludes as a minimum standard the products that rank lowest within the specific universe in this ESG Scoring Model. Oversight on the ESG Scoring Model is done by the Sustainability Committee. On a quarterly basis the Sustainability Committee evaluates the results of the ESG ratings.

Based on the outcome of the two steps described above, the bank then definitively classifies the products accordingly (as taking or not principal adverse impact into consideration) in order to give investment advice to clients.

More information is available via Bank Nagelmackers':

- [Sustainability Risk Policy](#)
- [Exclusion Policy](#)
- [Engagement Policy](#)
- [Voting Policy](#)

