

Principal Adverse Impacts Statement

Principal Adverse Sustainability Impacts Statement –

Bank Nagelmackers nv and its self-managed funds (Sicav Nagelmackers and Sicav Nagelmackers Institutional) as Financial Market Participants

1. Introduction

This is the statement relating to the principal adverse sustainability impacts (“PAI”) considered by Bank Nagelmackers nv in its capacity as individual portfolio manager. The disclosure is also applicable to the self-managed funds: Sicav Nagelmackers and Sicav Nagelmackers Institutional, as the management of these self-managed funds has been delegated to Bank Nagelmackers nv.

Bank Nagelmackers considers the principal adverse impacts on sustainability factors (PAI) at the entity level, covering assets managed by Bank Nagelmackers, except for certain assets where the necessary data is not available.

For the sustainable mandates that are or will be managed by Bank Nagelmackers, we assess the environmental, social and governance (ESG) impact of the activities of the investee entities on a regular basis, via our ESG due diligence process, which consists of:

- a negative screening for controversial activities,
- norms-based screening, and
- best-in-class approach.

This ensures that companies that conduct business activities that are not in line with the Banks’ expectations are excluded from being an eligible investment for use within the sustainable mandates.

For more information, please refer to the Bank’s **Sustainability Risk Policy**.

2. Description of principal adverse sustainability impacts

Nearly all types of economic activity have the potential to impact the various principal adverse indicators, both positively and adversely. Bank Nagelmackers aims to manage the risk connected to potential adverse sustainability impacts via the application of its ESG due diligence process to the sustainable mandates that are, or will be, managed by Bank Nagelmackers.

For the sustainable mandates that are, or will be, managed by Bank Nagelmackers, we rely on third-party data providers to source the necessary ESG indicators. As the availability of data improves, it is the intention that more indicators will be added. The indicators currently monitored and evaluated by the Bank include:

Corporate level indicators:

- Environment: Energy efficiency, efficient water usage, reduction of waste intensity, greenhouse gas (GHG) emissions and environmental innovations, etc.

- Social: Equal opportunities, diversity, work-life balance, employee health & safety, respect for labour laws and human rights, including applying standards for suppliers, social impact of products and services, etc.
- Governance: Voting rights, executive compensation, independent audit committee, Board independence, Board diversity, shareholder rights, etc.

Country level indicators:

- Environment: Climate policy, ratification of international accords (Kyoto protocol, Paris Agreement), GHG emissions per capita/GDP, extreme weather conditions linked to climate change, etc.
- Social: respect of human rights, freedom of opinion, freedom of press, anti-discrimination measures with respect to gender, race, ethnic minorities, alignment with UN Compact Principles etc.
- Governance: Anti-corruption laws, tax evasion, anti-money laundering laws, involvement in (armed) conflicts, military expenses, etc.

3. Description of policies to identify and prioritize principal adverse sustainability impacts

We monitor the selected indicators for the sustainable mandates that are or will be managed by Bank Nagelmackers using various external monitoring tools. If one of the underlying investments is no longer compliant with the ESG policy or the sustainable strategy, the portfolio management team will undertake an in-depth analysis of the company (or country) and review the previous analysis. Following this analysis, the manager will take the decision to exclude or maintain the company (or country) in the portfolio. All maintained and excluded companies are documented to ensure transparency and reporting.

4. Engagement policies

Bank Nagelmackers is currently in the process of developing and formalizing its engagement policies. Bank Nagelmackers has contact with the management teams of investee entities on an ad hoc basis and, where appropriate, discusses ESG metrics in this context.

5. References to international standards

Bank Nagelmackers' application of the principle adverse impact is further supplemented by its alignment with international and European conventions and norms.

- United Nations Principles for Responsible Investment (UNPRI)
- UN Global Compact
- World Bank World Governance Indicators (WGI)
- Ottawa Convention (Anti-personnel Mines) and Oslo Treaty (Mines Ban Treaty)