

## ABN AMRO Investment Solutions' Principal Adverse Impact Statement

ABN AMRO Investment Solutions (AAIS) in its capacity of subsidiary of ABN AMRO Bank N.V. and with a total number of employees of less than 500, is not required to publish a separate statement on its due diligence policies, nor does it have to publish a Principal Adverse Impacts (PAI) Statement.

Nevertheless, in line with our sustainability ambitions, we do publish this Statement, as we recognise that adverse sustainability impacts are as material as sustainability risks. Adverse impacts in AAIS' context can be defined as investment decisions and advice that might cause, contribute to or be directly linked to effects on sustainability factors that are negative, material or likely to be material. Examples of sustainability factors are environmental, social and employee matters, respect for human rights, and anti-corruption and anti-bribery matters. In line with the Sustainable Finance Disclosure Regulation (SFDR), identifying and measuring adverse sustainability impacts is key, in order to assess whether a product promoting environmental and/or social characteristics or a product with a sustainable investment objective<sup>1</sup> is indeed following up on its commitments.

This Statement on Due Diligence Policies ("Statement") has been adopted by AAIS' Managing Board on 12 April 2022. It covers and summarises AAIS' due diligence policies and statements that are applicable for the period between January 1, 2022 to December 31, 2022. More information on AAIS' due diligence policies and statements can be found at the AAIS website, in the "Sustainability-related disclosures"-section.

### *Policies addressing adverse sustainability impacts*

Conform internationally recognised standards for due diligence, AAIS prioritises key issues based on their severity and likelihood of occurrence (materiality), as well as on its overall risk appetite.

By recognising adverse impacts and sustainability risk, AAIS implements the concept of double materiality. As mentioned, investment decisions may have negative impacts on sustainability factors, through the activities of investee companies or countries. These potential negative impacts are adverse sustainability impacts. In return, sustainability factors may cause an actual or potential material negative impact on the value of investee companies and countries, and thus investments (i.e. sustainability risks).

To identify, manage, and mitigate adverse impacts and sustainability risks, AAIS has issued a framework of policies and statements<sup>2</sup> related to among others climate change and the defence sector.

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<sup>1</sup> SFDR articles 8 and 9

<sup>2</sup> In line with its parent company ABN AMRO Bank N.V (ABN AMRO)'s sustainability guidelines

Furthermore, AAIS has processes in place to manage sustainability risks and is in the process of integrating the monitoring of adverse impacts in these processes.

In addition, AAIS has an exclusion list in place, containing activities that potentially cause increased sustainability risk, reputational risks, and/or adverse sustainability impacts and/or may not be in line with our purpose and ethical values. Activities on our exclusion list are, among others, related to controversial weapons, non-compliance with the Ten Principles of the United Nations Global Compact, the defence industry, tobacco, climate change, and biodiversity loss.

AAIS' engagement guidelines intend to give guidance to delegated portfolio managers on what AAIS expects from them on engagement. The engagement guidelines follow the approach towards engagement defined by our parent company, ABN AMRO Bank N.V. Expectations on results of engagement differ depending on the sustainability classification and strategy of the fund.<sup>3</sup>

Furthermore, AAIS has a voting policy that presents the conditions under which AAIS exercises its voting rights belonging to securities held in managed portfolios<sup>4</sup>. AAIS works with ISS Governance, who provides voting recommendations in line with AAIS' sustainable investment policy and subsequently executes voting. AAIS reports on these voting efforts on a yearly basis.

All policies, statements and processes have been incorporated in AAIS' Sustainable Investment Policy.

### *International Standards*

This Statement and related documents build on national regulatory frameworks, such as the French Law on Energy and Climate (LEC), as well as internationally recognised standards for due diligence and reporting, in particular the:

- UN Guiding Principles on Business and Human Rights
- Ten Principles of the United Nations Global Compact
- Recommendations issued by the Financial Stability Board's Task Force on Climate-Related Financial Disclosures
- OECD Guidelines for Multinational Enterprises
- OECD Guidelines on Responsible Business Conduct for Institutional Investors
- Paris Agreement
- European SRI Transparency Code

<sup>3</sup> The investment products can be categorised into three main groups under the SFDR: i) products with a sustainable investment objective (art. 9 SFDR), "Impact products", (Cf. Prospectus); ii) products that promote environmental and/or social characteristics (art. 8 SFDR; within AAIS we identify both "ESG Leaders" - or "Art.8+" - and ESG "Improvers" - or "Art.8" - (cf. Prospectus)); and iii) other products in scope of SFDR, that consider sustainability risks (art. 6 SFDR).

<sup>4</sup> Portfolio management is i) delegated to an external portfolio manager; ii) advised by another external portfolio manager; or iii) done by the portfolio management team of ABN AMRO Investment Solutions.

### ***Principal Adverse Sustainability Impacts disclosure***

Although AAIS is not legally required to do so, AAIS voluntarily commits to disclose principal adverse sustainability indicators at entity level in line with the SFDR, as of 2023 and on a yearly basis.

### ***Governance***

The policies and processes related to this Statement are overseen by AAIS' Managing Board and their implementation across different units and external service providers is led by the ESG team. The policies and processes related to this Statement are submitted to ongoing monitoring and a periodic revision process.

This Statement is revised on an annual basis.

### ***Actions envisaged to be taken by AAIS in relation to adverse impacts until the end of 2022***

First and foremost, AAIS will continue to observe, monitor, and implement its existing due diligence policies, statements, and approaches addressing adverse sustainability impacts.

In addition, AAIS will continue to:

- exercise its voting rights in accordance with its voting policy and will publish an annual report on how these rights were exercised;
- issue its annual report in compliance with the Law No. 2019-1147 of November 8, 2019 regarding Energy and Climate<sup>5</sup>; and
- comply with the European SRI Transparency Code.<sup>6</sup>

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<sup>5</sup> Previously known as the LTECV report, this compulsory report will be renamed to LEC report (Law on Energy and Climate).

<sup>6</sup> This currently applies to four funds that have been rewarded with a sustainability Label. AAIS strives to comply with the European SRI Transparency Code across all its products promoting Environmental and/or Social characteristics and products with a Sustainable Investment objective.