

Legal Entity Identifier: 969500O7C77E2WVAXK44

ABN AMRO Investment Solutions' Statement on Due Diligence Policies

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 under the EU Sustainable Finance Disclosure Regulation (SFDR) to publish a separate statement on its due diligence policies nor a Principal Adverse Impacts Statement.

Nevertheless, in line with our ambitions regarding sustainability, we feel it is important to publish such documents as we believe adverse sustainability impacts deserve as much attention as sustainability risk. Adverse sustainability impacts are actual and potential negative impacts resulting from investments or investment advice on sustainability factors, i.e. environmental, social and employee matters, respect for human rights, and anti-corruption and anti-bribery matters. In addition, for AAIS, identifying and measuring adverse sustainability impacts is a key feature in order to assess whether a product is indeed an ESG or a sustainable product.¹

This Statement on Due Diligence Policies ("Statement") has been adopted by AAIS' Managing Board on 21/06/2021. It covers and summarizes AAIS due diligence policies and statements that are applicable for the period between June 30, 2021 to December 31, 2021. More information on AAIS due diligence policies and statements can be found in AAIS webpage's section "Sustainability-related disclosures".

The next version of this Statement is expected to be issued in January 2022 and be applicable to the period between January 1, 2022 to December 31, 2022.

Policies addressing adverse sustainability impacts

Sustainability factors² might be related to AAIS' investments in two different ways.

Sustainability factors might be linked to actual and potential negative material impact on the value of investments (i.e. sustainability risks). To identify, manage, and mitigate such risks AAIS, in line with its parent company ABN AMRO Bank N.V (ABN AMRO) sustainability guidelines, has issued a series of policies and adopted processes related to sustainability risks, including its Sustainable Investment Policy.

Sustainability factors might be negatively impacted by investment decisions and advices (i.e. adverse sustainability impacts). AAIS undertook a process to identify how its investment-related activities might be linked to potential adverse sustainability impacts. To guide its actions and approaches related to the identification and mitigation of potential adverse sustainability impacts, AAIS has issued a series of policies and statements addressing key topics, such as climate change and defense sector.

In addition, AAIS has issued an exclusion list of activities that may cause "financial value at risk" and reputational risks, which are also often related to adverse sustainability impacts. Such exclusions are mainly related to activities linked to controversial weapons, defense-related activities, non-compliance with the Ten Principles of the United Nations Global Compact, tobacco, climate change, and biodiversity

¹ The investment products can be categorized into three main groups under the SFDR: 1) products with a sustainable investment objective (art. 9 SFDR); 2) products that promote environmental and/or social characteristics (art. 8 SFDR); and 3) products that neither have a sustainable investment objective nor promote E/S characteristics but still consider sustainability risks (other/standard products) (art. 6 SFDR).

² Sustainability factors mean environmental, social, and employee matters, respect for human rights, anti-corruption and anti-bribery matters (SFDR art. 2(24)).

loss. Besides listing the excluded activities, this document explains the elements AAIS observes and steps it takes in order to implement its exclusions.

AAIS has also issued an Engagement Guidelines statement setting criteria to be observed by AAIS portfolio managers. The Engagement Guidelines statement follows the outline of the approach defined by our parent company, ABN AMRO Bank N.V. and their criteria differ depending on the “sustainability” classification of the fund.

Moreover, AAIS has adopted a Voting Policy, which presents the conditions under which AAIS exercises its voting rights attached to securities held by portfolios. AAIS works with ISS Governance, which provides voting recommendations in line with the AAIS’ Voting Policy and which is in charge of the voting. AAIS reports on its voting efforts on a yearly basis.

As encouraged by internationally recognized standards for due diligence, AAIS prioritizes key issues based on their severity, likelihood of occurrence, as well as on its overall risk appetite.

International Standards

This Statement and its related due diligence policies, statements and approaches build on national regulatory frameworks, such as the French Law on Energy Transition & Green Growth (LTECV), as well as internationally recognized 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
- Paper issued by the OECD on Responsible Business Conduct for Institutional Investors
- Paris Agreement
- European SRI Transparency Code.

Principal Adverse Sustainability Impacts

Although not legally required to publish a Principal Adverse Impacts Statement, AAIS voluntarily commits to issue on a yearly basis as of 2023, as entities which are legally required, the adverse sustainability indicators as formulated by the European Union.

Governance

The policies and processes related to this Statement are overseen by AAIS’ Managing Board and their implementation is lead across different units and external service providers by the ESG team. The policies and processes related to this Statement are submitted to an 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 2021

Hereunder the list of actions :

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 issue during 2022 a report on how AAIS has exercised such rights.
- issue its annual report in compliance with the Law No. 2019-1147 of November 8, 2019 Regarding Energy and Climate³; and
- comply with the European SRI Transparency Code.⁴

³ Also known as the LTECV report.

⁴ This currently applies to four funds that have been rewarded with a sustainability Labels. AAIS strives to comply with the European SRI Transparency Code across all its ESG and sustainable investment products.