

Legal entity identifier: BFXS5XCH7N0Y05NIXW11

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

☐ Yes☐ It will make a minimum of **sustainable investments with an environmental objective: ____%**☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy☐ It will make a minimum of **sustainable investments with a social objective: ____%**☒ No☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ____% of sustainable investments☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy☐ with a social objective☒ It promotes E/S characteristics, but **will not make any sustainable investments**



What environmental and/or social characteristics are promoted by this financial product?

The Index Mandate (hereafter: “the Mandate”) promotes environmental and/or social characteristics by excluding controversial and harmful investments.

The Mandate promotes environmental and/or social characteristics by:

- Exclusion of companies engaged in controversial activities.
- Exclusion of government bonds issued by controversial countries.
- Exclusion of companies that do not follow good corporate governance practice.

These environmental and social characteristics apply to at least 70% of the portfolio. Throughout this report, the portfolio is considered as all investments, excluding cash, money market instruments and derivatives.

The Mandate can invest directly in equities, corporate bonds and government bonds. Or indirectly by investing in a fund. Funds can be managed by ABN AMRO Investment Solutions (AAIS) or by external fund providers.

Funds managed by AAIS will comply with the methodology of ABN AMRO to select investments. External fund providers use their own methodologies and data to select investments. These methodologies will differ from our internal methodologies and may be less stringent. When selecting these fund providers, we take into account the environmental and social characteristics the mandate promotes. We only select external fund providers whose fund methodologies adhere to a minimum subset of our internal ESG requirements.

More detail on the methodology used to apply these criteria can be found under the question “**What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**” below.

No index has been designated to meet the environmental or social characteristics of the Mandate.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Sustainability Indicators are used to measure the extent to which the goals of the mandate have been met. The sustainability indicators are:

- At least 70% of the portfolio, excluding funds managed by external providers, does not contain companies engaged in controversial activities.
- At least 70% of the portfolio, excluding funds managed by external providers, does not contain government bonds issued by controversial countries.
- The portfolio does not contain investments in companies that do not follow good corporate governance practices.



What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

Question not applicable. The Mandate does not intend to make sustainable investments as defined on the first page of this template.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Question not applicable. The Mandate does not intend to make sustainable investments as defined on the first page of this template.

How have the indicators for adverse impacts on sustainability factors been taken into account?

Question not applicable. The Mandate does not intend to make sustainable investments as defined on the first page of this template.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

Question not applicable. The Mandate does not intend to make sustainable investments as defined on the first page of this template.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy- aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

☒ Yes, this Mandate considers principal adverse impacts (PAIs) as part of the investment decision making process. For specific PAIs the actions as outlined in this paragraph are taken as part of the investment process.

Principal Adverse Impacts considered for Equities and Corporate Bonds

Climate and other environment-related indicators

Adverse sustainability indicator		Metric	Method used to consider PAIs
Greenhouse gas emissions	GHG emissions	Scope 1 GHG emissions	Exclusion of companies engaged in*: • Thermal coal mining • Power generation from thermal coal
		Scope 2 GHG emissions	
		Scope 3 GHG emissions	
		Total GHG emissions	
	Carbon footprint	Carbon footprint	Engagement with certain companies on Climate change
	GHG intensity of investee companies	GHG intensity of investee companies	
	Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	
	Share of nonrenewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage	
	Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	
	Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	Engagement with certain companies on Climate change
Biodiversity	Activities negatively affecting biodiversitysensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity sensitive areas where activities of those investee companies negatively affect those areas	No action to address PAI
Water	Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	No action to address PAI
Waste	Hazardous waste ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average	No action to address PAI

Indicators for Social and employee, respect for human rights, anti-corruption and anti-bribery matters

Adverse sustainability indicator		Metric	Method used to consider PAIs
Social and employee matters	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	Exclusion of companies that are non-compliant with UN Global Compact
	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance / complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	
	Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	Exclusion of companies with poor Corporate governance
	Board gender diversity	Average ratio of female to male board members in investee companies	Exclusion of companies with poor Corporate governance Engagement with certain companies on Board diversity
	Exposure to controversial weapons (anti personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	Exclusion of companies engaged in* Controversial weapons

Principal Adverse Impacts considered for Sovereign Bonds

Climate and other environment-related indicators			
Adverse sustainability indicator		Metric	Method used to consider PAIs
Environmental	GHG intensity	GHG intensity of investee countries	Exclusion of government bonds of countries that have not ratified the Paris agreement
Social	Investee countries subject to social violations	“Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law”	No action to address PAI
Social and employee, respect for human rights, anti-corruption and anti-bribery matters			
Human rights	Average human rights performance	Measure of the average human right performance of investee countries using a quantitative indicator explained in the explanation column	No action to address PAI

* Different revenue thresholds may be applied. See the question “What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?” below for more information.

ABN AMRO will report on how PAI have been taken into account at an entity level on an annual basis. At product level, this information can be found in your SFDR report, which is part of your investment report in the fourth quarter. Specifically, please refer to the question: How did this financial product consider principal adverse impacts on sustainability factors? in the periodic reporting template.

☐ No



What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The investment strategy of the Mandate is to construct an investment portfolio that promotes environmental and social characteristics by excluding controversial and harmful investments.

This includes:

- Exclusion of companies engaged in controversial activities.
- Exclusion of government bonds issued by controversial countries.
- Exclusion of companies that do not adhere to good corporate governance practices.

These criteria apply to at least 70% of the direct investments in equities, corporate bonds and government bonds, as well as to funds managed by ABN AMRO Investment Solutions within the portfolio. External fund managers use different methodologies, criteria and data to promote the environmental and social characteristics. These methodologies differ from our internal methodologies and may be less stringent. When selecting these fund managers, we take into account the environmental and social characteristics the Mandate promotes by ensuring that the funds' methodologies comply with a minimum subset of our internal requirements.

More detail on the methodology used to apply these criteria can be found under the question “**What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**” below.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

Criteria for direct investments and funds managed by ABN AMRO Investment Solutions

The Mandate uses the following binding elements in the selection of the direct investments in equities, corporate bonds and government bonds, as well as for funds managed by ABN AMRO Investment Solutions within the portfolio:

Exclusion of companies engaged in controversial activities

The following controversial activities are excluded by the Mandate:

- Companies on the ABN AMRO Controversial Weapons List (CWL). Companies on the ABN AMRO Controversial Weapons List (CWL). The CWL contains companies that produce, sell or distribute cluster munitions, as well as companies involved in other controversial weapons (weapons that have a disproportionate and indiscriminate impact on civilians);

- Companies on the ABN AMRO Security Sanctions List (SSL). The SSL contains companies on which sanctions are imposed or that are associated with natural or legal persons, entities or bodies on which sanctions are imposed. Sanctions are restrictive measures imposed by governments, international organisations or supranational bodies against a target following violation of international law, human rights or democratic principles, or to combat money laundering and the financing of terrorism;
- Companies with involvement in tobacco production (growers and manufacturers);
- Companies non-compliant with the 10 principles of UN Global Compact;
- Companies with involvement (exceeding 10% of total turnover) in thermal coal mining;
- Companies with involvement (exceeding 10% of total turnover) in power generation from thermal coal.

Exclusion of government bonds issued controversial countries

- Countries on ABN AMRO's Security Sanctions List;
- Countries that have not ratified the Non-Proliferation of Nuclear Weapons Treaty;
- Countries that have not ratified the Paris Agreement;
- Countries that have not ratified the ILO Convention 182 on Child Labor.

Exclusion of investments that do not follow good corporate governance practices

- Companies that do not have corporate governance minimum safeguards regarding audit quality, board structure, compensation policy, shareholder rights and a UN Global Compact non-compliance are excluded. More detail on the methodology used to select investments that follow good corporate governance practices can be found under the question **"What is the policy to assess good governance practices of the investee companies?"**.

Criteria for funds from external fund providers

The mandate may also include funds, including ETFs, issued by external fund providers of which the methodologies differ from our internal methodologies. We select external fund providers whose fund methodologies adhere to a minimum subset of our internal ESG requirements.

Minimum criteria for external funds to be selected for this mandate are:

- The fund promotes environmental and/or social characteristics as per the requirements of at least Article 8 of the Sustainable Finance Disclosure Regulation (SFDR);
- The fund excludes production of tobacco.
- The fund excludes (to a certain extent, which can be based on a revenue threshold) companies that:
 - produce, sell or distribute controversial weapons;
 - are subject to norms-based violations (such as the UN Global Compact and the OECD guidelines).

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

Question not applicable. There is no committed minimum rate for this Mandate.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

What is the policy to assess good governance practices of the investee companies?

Companies that cannot demonstrate good corporate governance practices are excluded from the portfolio.

For direct investments in equities and corporate bonds, as well as for funds managed by ABN AMRO Investment Solutions within the portfolio, we assess governance practices of investee companies based on 4 elements:

- i. Sound management structures
- ii. Employee relations
- iii. Remuneration of staff
- iv. Tax compliance

ABN AMRO has determined quantitative and qualitative eligibility criteria for these 4 elements. Companies that demonstrate the poorest governance practices compared to peers are deemed in breach of our criteria for good governance practices.

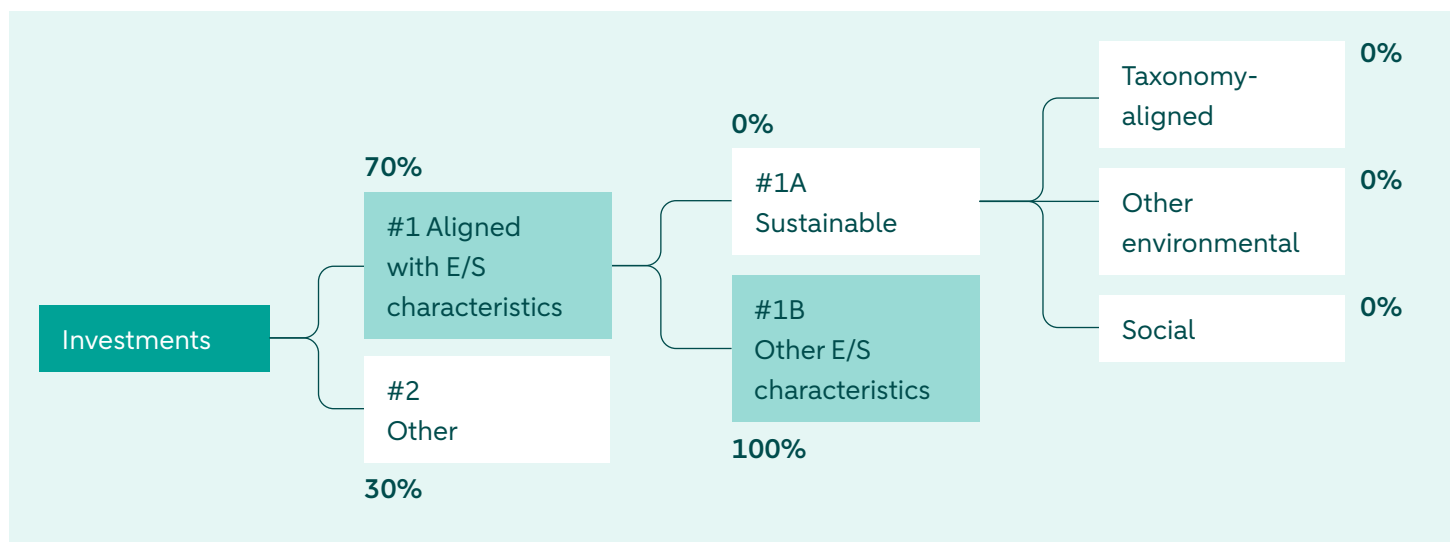
External fund providers use their own methodology and data to assess for good governance. These methodologies will differ from our internal methodologies and may be less stringent. We select external funds that fall under Article 8 of the SFDR, which requires good governance practices.



What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

The Mandate must invest at least 70% of the portfolio in investments that meet the criteria of this Mandate.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

The Mandate does not use derivatives to attain the environment or social characteristics promoted. Which means that the environmental and social characteristics of this Mandate do not apply to derivatives. The only derivatives used are interest rate and foreign exchange derivatives. Those derivatives allow the portfolio managers to offset the risks posed by interest rate and exchange rate volatility of bonds which are part of the portfolio. Derivatives are not part of the 70% or 30% of the portfolio which promotes environmental and/or social characteristics.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Question not applicable. Mandate does not intend to make sustainable investments with an environmental objective aligned with the EU Taxonomy. It is, however, possible that companies in the actual portfolio comply with the EU Taxonomy regulation.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?

☐ Yes: in fossil gas ☒ No

☐ Yes: in nuclear energy

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by end of 2035. For **nuclear energy** the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



are environmentally sustainable investments that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

What is the minimum share of investments in transitional and enabling activities?

Question not applicable. Mandate does not intend to make sustainable investments with an environmental objective aligned with the EU Taxonomy. Therefore, there is no minimum share of transitional and enabling activities defined. It is, however, possible that companies in the actual portfolio comply with the EU Taxonomy regulation.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Question not applicable. Mandate does not intend to make sustainable investments as defined on the first page of this template.

The Mandate does not intend to make investments that are aligned with the EU Taxonomy. It is, however, possible that companies in the actual portfolio comply with the EU Taxonomy regulation.

What is the minimum share of socially sustainable investments?

Question not applicable. Mandate does not intend to make socially sustainable investments as defined on the first page of this template.

1 Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objectives—see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214

What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

For diversification purposes, a maximum of 30% of the portfolio can be invested in investments which do not (entirely) meet the environmental and social characteristics promoted by this Mandate. This may be the case where such investments are not available or where there is insufficient data available to establish that the investment meets the criteria.

Minimum safeguards apply to all investments, including those that do not (entirely) meet the environmental and social characteristics promoted by this Mandate. As per these minimum safeguards, the Mandate excludes all investments in companies or government that are subject to sanctions, or that are involved in tobacco or controversial weapons (cluster munition for external funds). Furthermore, all investments in the portfolio will meet the good governance requirements.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Question not applicable. Mandate does not use a reference benchmark to determine alignment.

How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?

Question not applicable. Mandate does not use a reference benchmark to determine alignment.

How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?

Question not applicable. Mandate does not use a reference benchmark to determine alignment.

How does the designated index differ from a relevant broad market index?

Question not applicable. Mandate does not use a reference benchmark to determine alignment.

Where can the methodology used for the calculation of the designated index be found?

Question not applicable. Mandate does not use a reference benchmark to determine alignment.



Where can I find more product specific information online?

More product-specific information can be found on the website:
abnamromeespierson.nl/indexmandate