Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: ESG Fund Mandate
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 promoted E/S characteristics, but **will not make any sustainable investments**

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

The environmental and social characteristics promoted by the ESG Fund Mandate (hereafter: 'the Mandate') are:

1) exclusion of controversial activities.
2) exclusion of controversial countries.
3) positive selection based of on ESG performance using a best-in-class approach.
4) good corporate governance practices.

These environmental and social characteristics apply to at least 90% of the portfolio.

Positive selection based on ESG performance (best-in-class methodology)
The ESG performance of a company or country is assessed, using the ESG Risk Rating provided by our data provider. A best-in-class approach is applied, which means that the ESG Risk Rating is compared to the Risk Rating of similar companies or other countries. In principle, a company or country is only if eligible if the ESG Risk Rating is in the best 50%.
In exceptional cases the ESG Risk Rating can be outside the best 50% if it is expected that the ESG performance will improve. This can for example be the case if a company is a pioneer or influencer – usually small caps – that has the potential to disrupt a sector. In such case the company has to be in the top 75%.

No reference benchmark has been designated for the purpose of measuring attainment of the environmental or social characteristics of the Mandate.

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

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

To measure the attainment of the environmental and social characteristics the following sustainability indicators are used:

- The weighted average ESG Risk Rating of the portfolio.
- Carbon emissions of the Mandate in terms of absolute emissions, weighted average carbon intensity, and carbon footprint (number of CO_2 equivalent per million euro invested) based on scope 1 and scope 2 emissions.
- Monitoring of alignment of the portfolio with the objective of the Paris Agreement to keep global warming well below 2 degrees Celsius.
- Monitoring of alignment with the United Nations Sustainable Development Goals ("UN SDGs").

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?

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.

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.

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

☒ **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.

In relation to green house gas emissions the Mandate considers PAIs by negative screening and exclusion of thermal coal mining (exceeding 10% of total turnover), power generation of thermal coal (exceeding 10% of total turnover), artic drilling, shale gas and oil sands. With regard to companies which are not excluded engagement on climate change is undertaken (PAIs 1 to 6 of Table I and PAI 4 of Table II in Annex I of the SFDR RTS). In relation to biodiversity exclusion of financial instruments issued by companies which invest in genetically modified organisms (GMOs) (exceeding 5% of total turnover), artic drilling, shale gas and oil sands are applied (PAI 7 of Table I). In relation to social and employee matters negative screening and exclusion of UN Global Compact non-compliance, corporate governance, and controversial weapons is applied, and engagement on board diversity (PAI 10 to 14 of Table I).

Regarding investments in bonds issued by countries and supranationals negative screening and exclusion are applied on environmental matters (PAI 15 of Table I) by excluding governments/supranationals that have not ratified the Paris agreement, on social matters (PAI 16 of Table I) by excluding governments/supranationals that are subject to social violations, and on human rights on poor human rights performance (PAI 20 for Table III).

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

☐ **No**

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

What investment strategy does this financial product follow?

The Mandate's portfolio managers make deliberate choices in order to construct an investment portfolio that promotes environmental and social characteristics. The companies in which the managers invest are prominent examples of how to strike a balance between people, planet and profit. Due to the long-term investment horizon, the Mandate's returns may fluctuate over time.

The Mandate's portfolio consists of equities, bonds (corporate and government), and alternative investments. To be included in the portfolio, investments must comply with the binding elements described 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?

The Mandate uses the following binding elements to select investments to attain the environmental and social characterstics promoted: postivie selection based on good corporate governance practices, postivie selection based on the ESG Risk Rating (best-in-class methodology), exclusion based on controversial activities, and exclusion based on controversial countries.

Exclusion of controversial activities

The following controversial activities are excluded by the Mandate:

- Companies on the ABN AMRO Controversial Weapons List;
- Companies on the ABN AMRO Security Sanctions List;
- 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;
- Companies with involvement in weapons production (including key components), retail distribution of weapons, or military contracting of weapons;
- Companies that have 10% or more ownership in companies with involvement in controversial weapons;
- Companies with involvement (exceeding 5% of total turnover) in:
  - Military contracting of weapon-related products and/or services;
  - Cannabis for recreational purposes;
  - Addictive gambling;
  - Animal fur and specialty leather;
  - The combined exposure to arctic drilling, shale gas and oil sand extraction methods;
  - Coal mining;
  - Adult entertainment;
  - Genetically Modified Organisms (GMOs);
  - Trading and/or wholesale of tobacco.

Exclusion of 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;
- Countries subject to social violations, as referred to in international treaties and conventions, UN principles and, where applicable, national law;
- Countries with poor human rights performance.

Be aware that the exclusions applied for this Mandate may evolve.

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?

To be considered as an investment suitable all equities in the portfolio must have good governance practice in place. Based on our internal investment standards each investment is assessed based on data from our external data providers. The ESG Risk Rating Corporate Governance of our external data provider comprises six pillars:

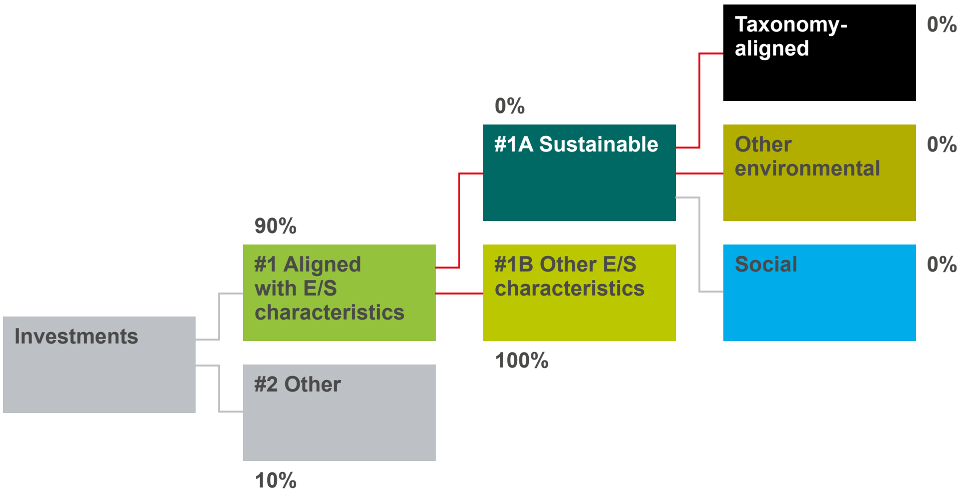
- Board/Management Quality & Integrity;
- Board Structure;
- Ownership & Shareholder Rights;
- Remuneration;
- Audit & Financial Reporting;
- Stakeholder Governance.

These six pillars represent foundational structures for the management of ESG risks. Only equities that are considered as best-in-class are included in the model portfolio of this Mandate.

Asset allocation describes the share of investments in specific assets.

What is the asset allocation planned for this financial product?

The Mandate must invest at least 90% of the assets of the porfolio (excluding cash, money market instruments, and derivatives) in investments that meet the minimum criteria our internal investment standards for this Mandate. If available investments have the same characteristics and risk/return-profile the product that best fits the environmental and social characteristics of the Mandate prevails.



#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. The only derivates 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. These types of derivatives have no relation with the environmental or social characteristics of the mandate since those derivatives have interest rates and foreign exchange rates as underlying which per se cannot have sustainable features.

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.

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.

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.

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.

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 10% can be invested in investments which do no meet the ESG criteria of our internal investment standards – this may be done either because such investments are not available or where there is insufficient data available to establish that they meet the criteria. This excludes cash, money market instruments, derivatives and turbos..

Investments that fall in this category must not deviate from the exclusion criteria for equities and bonds.

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

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?

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:
ESG Investment Mandate - ABN AMRO MeesPierson