

Pre-contractual information in line with Article 6: Transparency of the integration of sustainability risks of the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("SFDR")

1. Manner in which sustainability risks are integrated into the investment decisions

For this financial product, Delen Private Bank takes sustainability risks into account based on the belief that this risk awareness contributes to the sustainable development of people and society, and creates value in the long term.

Delen Private Bank defines sustainability risks as events or circumstances relating to environment, social justice or good governance (governance) that, if they occur, have a negative impact on the economic value of an investment.

To identify and measure sustainability risks at company level, Delen Private Bank relies on data provider Sustainalytics. They integrate the risks and the extent to which a company manages these risks into an ESG risk score. This score takes into account the materiality of the risks for the companies in question.

This score and the detailed underlying analysis provide a clear understanding of both the risks and opportunities of a potential investment and, together with the financial and qualitative analysis of a company, forms the basis for investment decisions.

Our fund manager Cadelam also seeks to manage sustainability risks in the long term through active shareholdership, engaging in dialogue with portfolio companies on sustainability issues. Where necessary, Cadelam exercises its voting rights at shareholders' meetings, always in line with its engagements.

To know more about how we integrate sustainability risks into investment decisions, we refer to:

<https://www.delen.bank/hubfs/Duurzaam%20investeringsbeleid%20Cadelam.pdf?hsLang=nl-be> (available in Dutch)

2. Results of the assessment of the likely effects of sustainability risks on the performance of portfolios in centralised asset management at Delen Private Bank

Thanks to the integration, measurement and management of sustainability risks, we believe the likely effects on the portfolio's returns are mitigated. Thanks to a strong diversification in the number of companies, sectors and countries within the portfolio, we mitigate risks that are company-, sector- and/or region-specific. In addition, by actively engaging in dialogue with portfolio companies, we seek to reduce sustainability risks in the short, but especially in the long term.

DELEN

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Annex II SFDR RTS: Pre-contractual information template for the financial products referred to in Article 8 (1) of Regulation (EU) 2019/2088

Sustainable investment:

an investment in an economic activity that contributes to achieving an environmental or a social objective, provided that this investment does not seriously compromise environmental or social objectives and the investee companies adopt good governance practices.

The **EU taxonomy** is a classification system established by Regulation (EU) 2020/852, in which a list of **environmentally sustainable economic activities** is determined. In the regulation, no list of socially sustainable economic activities is established. Sustainable investments with an environmental objective may or may not be in line with the taxonomy.

Product name:
Centralised asset management

Identification code for legal entities (LEI):
54930005DD2HH36LIR91

Environmental and/or social characteristics (E/S-characteristics)

Does this financial product have a sustainable investment objective?

<input checked="" type="radio"/> <input checked="" type="radio"/> <input type="checkbox"/> Yes	<input checked="" type="radio"/> <input type="radio"/> <input checked="" type="checkbox"/> No
<input type="checkbox"/> A minimum of sustainable investments with an environmental objective will be invested: _____% <input type="checkbox"/> In economic activities identified as environmentally sustainable in the EU taxonomy <input type="checkbox"/> In economic activities not identified as environmentally sustainable in the EU taxonomy <input type="checkbox"/> A minimum of sustainable investments with a social objective will be invested: _____%	<input type="checkbox"/> The product promotes environmental/social (E/S) characteristics , and while it does not have sustainable investments as an objective, it will include a minimum share of sustainable investments of ____% <input type="checkbox"/> With an environmental objective in economic activities identified as environmentally sustainable in the EU taxonomy <input type="checkbox"/> With an environmental objective in economic activities not identified as environmentally sustainable in the EU taxonomy <input type="checkbox"/> With a social objective <input checked="" type="checkbox"/> The product promotes E/S characteristics but does not invest in sustainable investments.



Which environmental and/or social characteristics does this financial product promote?

The characteristics of sustainability are identified, managed and controlled as part of the application of the fund manager's sustainability policy of the profile funds that make up the asset management portfolio. Through the applied sustainability policy, the fund manager seeks to mitigate or limit this impact.

The integration of sustainability into the fund manager's investment decision-making process is reflected in its sustainability policy. The fund manager's sustainability policy consists of an exclusion policy, engagement policy and integration policy.

The exclusion policy enables the monitoring and filtering of investments from a selection, to exclude sustainability risks that may materialise in the short term from the portfolio in asset management. The exclusion policy uses binding criteria on which the fund manager should decide whether to exclude an investment from the portfolio into asset management.

Sustainability indicators

measure how the environmental or social characteristics that the financial product promotes, are achieved.

Through a process of negative screening, the fund manager excludes certain securities, including: companies producing controversial weapons, including cluster munitions and anti-personnel mines, submunitions and/or inert ammunition and armour from depleted uranium or any other industrial uranium and tobacco producers. Companies that do not comply with the UN Global Compact principles are also excluded. When applicable, government issuers are excluded from the portfolio in asset management based on sanctions taken by the United Nations. These are binding criteria.

The fund manager's engagement policy comes into play when medium- and long-term sustainability risks are identified, allowing the risk to be mitigated, limited or managed. The engagement policy starts from active shareholdership, allowing dialogue with an investee company through the asset management portfolio. The engagement policy seeks to exert a positive influence on companies in terms of sustainability. Engagement refers to the ongoing and constructive dialogue between the fund manager and the investee companies. To this end, the fund manager works with an external service provider to define and implement priority sustainability themes in the dialogue. The fund manager and the service provider enter into a dialogue with the companies concerned. If an issuer has not fulfilled its commitments within a reasonable period of time, or if the company is facing other problems, the fund manager and/or the external service provider will contact the company's management and communicate their expectations for improvement. Ultimately, progress in management efforts will affect the fundamental valuation of such companies and, consequently, the fund manager's willingness to maintain, reduce or exit the investment positions in question. Voting rights at general meetings can also be used to promote or oppose certain strategic choices in the companies held. In the case of government issuers, engagement refers more to 'public consultation responses'. Together with the external service provider, we address questions such as corporate governance codes, climate ambitions, guidelines and regulations.

The binding integration policy ensures that non-financial parameters are also taken into consideration in the investment decision-making process. The long-term financial health of a company is only sustainable if it also performs well in terms of environmental, social and governance (ESG) matters. Indeed, a company that does not respect ESG standards will sooner or later be found guilty and also shows a lack of long-term vision.

No specific index has been designated as a benchmark to determine whether this financial product is consistent with the environmental and/or social characteristics it advocates.

● **What kind of sustainability indicators measure the achievement of each of the environmental or social characteristics promoted by this financial product?**

To the extent relevant data is provided by external providers and is available, the manager may use environmental or social indicators as listed on www.cadelam.be.



Does this financial product take into account the main adverse effects on sustainability factors?

The **main adverse effects** are the main negative effects of investment decisions on sustainability factors related to environmental and social issues, labour conditions, respect for human rights, fighting corruption and bribery.

Yes, the portfolio in asset management takes key negative consequences into account. The managers take into account the negative consequences of their investment decisions as indicated by the specific indicators in the management process. To this end, the manager also works with an external provider. Information on the main negative impacts on sustainability factors will be available in the fund's annual report to be published under Article 11(2) of Regulation (EU) 2019/2088.

No



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

What investment strategy does this financial product employ?

Besides financial parameters such as sales, profits, margins and market share of the companies in which the portfolio in asset management invests, non-financial parameters are also considered. For these non-financial parameters, recourse is made to an ESG score.

The methodology on which the ESG Score is calculated, is written out under the item "Information on social, ethical and environmental aspects" above. Companies with an ESG risk score exceeding the threshold of a 'serious risk', are not taken into account in the selection of the fund manager. For the definition of the threshold, please refer to the aforementioned exclusion policy.

In addition to exclusion, the ESG score is integrally taken into account in the investment decision-making process. The fund manager keeps the average ESG risk score of the portfolio in asset management as low as possible by underweighting investments with high risk scores and considering those with low risk scores. The ESG score integrates environmental and/or social themes and risks such as respect for human rights, good governance, data protection and security and diversity. Depending on the sector or company, the materiality of a risk is considered. For instance, for the energy sector CO2 impact, for social media privacy and for the financial sector business ethics, among others, are considered binding. If these risks are not well managed, the company receives a higher risk score that leads to underweighting or exclusion from the portfolio.

Good governance practices include good management structure and relations with employees, remuneration of relevant staff and tax compliance.

Material ESG themes focus on a topic, or a set of related topics, that have a common set of management initiatives or demand a similar type of supervision. Themes such as recruitment, development, diversity, engagement and employee labour relations all fall under the material ESG theme of human capital, for example. The assessment of material ESG themes is done at the sub-sector level and is reviewed annually through a comprehensive and structured process. At company level, material ESG themes can be removed if they are not relevant to the company's business model. For government issuers, a so-called country risk measure is used. It analyses the combination of a country's wealth with ESG parameters such as land/land use, social safety net and institutional efficiency. More information on the ESG integration policy is available at www.cadelam.be.

- **Which binding elements of the investment strategy were used in selecting investments in order to meet all the environmental and social characteristics promoted by this financial product?**

The exclusion of securities is binding and cannot be undone. The binding inclusion policy ensures that non-financial parameters are also taken into account in the investment decision-making process.

- **What is the considered committed minimum percentage for limiting the investment space before the application of said investment strategy?**

This question is not applicable in this case.

- **What is the assessment policy for good governance practices of investee companies?**

Good governance is considered in two ways; through the use of analysis on UN Global Compact compliance, gross violators of good governance are excluded from the portfolio (see exclusion policy). Through integration and engagement, good governance is included as a parameter in the investment process. If this proves insufficient, a decision is made not to invest in a particular investment. In some cases, recommendations can be made either directly to the management of companies or to the boards of directors during voting. However, if this proves insufficient, a decision is taken not to invest in a particular investment.

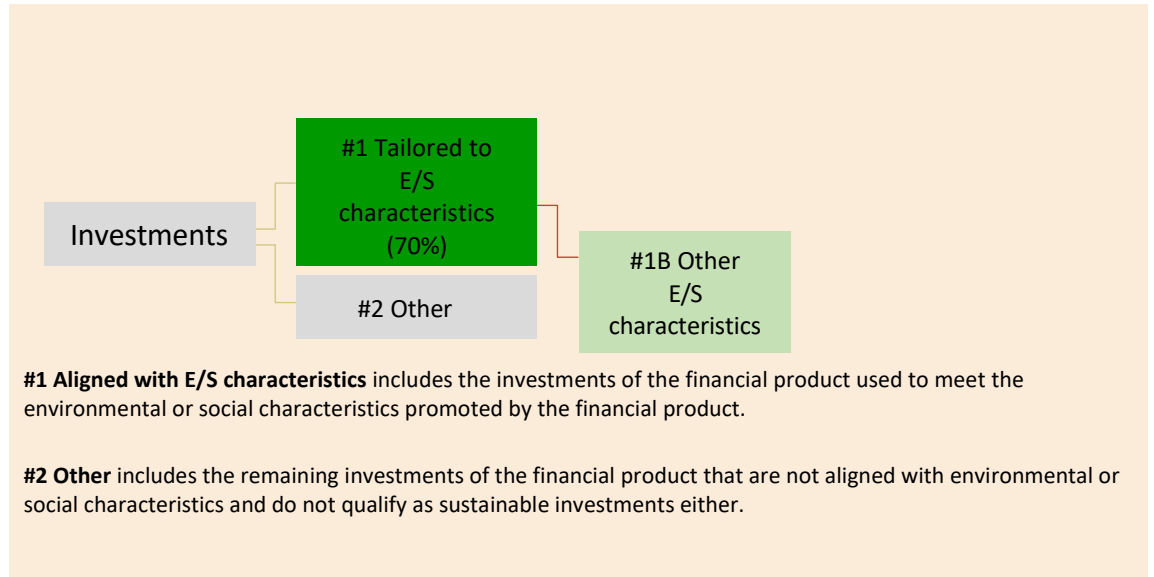


Asset allocation

describes the proportion of investments in particular assets.

What asset allocation is planned for this financial product?

At least 70% of investments are aligned with E/S characteristics.



● In what way does the use of derivatives meet the environmental or social characteristics promoted by the financial product?

This question is not applicable in this case.



What investments are included in "#2 Other"? What are they for and are there any environmental or social minimum safeguards?

Liquidities may be held as ancillary activity. The profile funds that fill the portfolio in asset management may invest in derivatives for hedging purposes and/or to optimise portfolio management. However, some ESG data may not be available for these products. These investments are not subject to minimum environmental or social safeguards.



Where can I find more product-specific information online?

You can find more product-specific information on the website: www.delen.bank and www.cadelux.lu.