

Website Disclosure - SFDR

Product name : NN Pictet-Global Megatrend Selection Fund
Categorisation: article 8
Legal entity identifier (CODE LEI) : 549300P1862TXM0YEB58
Version : 21/02/2023

a) Summary

This fund...	Yes	No
Complies with article 8 of SFDR (1)	V	
Integrates ESG factors and sustainability risks	V	
Has a sustainable investment objective	V	
Promotes environmental or social characteristics	V	
Assesses good governance practices of the investee companies	V	
Conducts engagement	V	
Exercises voting rights	V	
Considers and, where possible, mitigates adverse impacts of its investments on society and the environment	V	
Excludes controversial weapons and thermal coal extraction (2/3)	V	
Excludes thermal coal power generation, unconventional oil & gas exploration and production, conventional weapons and small arms, tobacco production, adult entertainment production and gambling operations (3)	V	
Excludes conventional oil & gas production, nuclear power generation, military contracting weapon-related products & services, genetically modified organisms development / growth, pesticide (3)	V	
Excludes companies in severe breach of international norms including the UN Global Compact principles on human rights, labour standards, environmental protection and anti-corruption	V	
Has guidelines in place with regards to ESG methodologies, data sources and processing, and monitors compliance with the binding elements of the fund	V	
Has a specific ESG index		V

The decision to invest in the promoted fund should take into account all the characteristics or objectives of the promoted fund as described in its prospectus, or in the information which is to be disclosed to investors.

(1) Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on Sustainability-related disclosures in the financial services sector (SFDR)

(2) For passive strategies exclusions are implemented to the extent portfolio structure, weight deviations, volatility and performance are not materially affected

(3) For more information, on the revenue threshold applied to the exclusions, please refer to the [Pictet Asset Management Responsible Investment Policy](#). Pictet Asset Management retains full discretion over the implementation of exclusion criteria and reserves the right to deviate from third-party information on a case by case basis

b) No sustainable investment objective

This financial product promotes environmental or social characteristics but does not have as its objective sustainable investment.

The fund intends to partially invest in securities financing economic activities that substantially contribute to the environmental and/or social objectives.

The fund considers and, where possible, mitigates adverse impacts of its investments on society and the environment through a combination of portfolio management decisions, active ownership activities, and exclusion of issuers associated with controversial conduct or activities.

The fund excludes issuers that are subject to severe controversies in areas such as human rights, labour standards, environmental protection and anti-corruption.

The fund considers an investment sustainable if it does no significant harm to any E/S objective, which the investment team determines by using a combination of quantitative and qualitative assessments at issuer level. The assessments draw on both general and industry-relevant indicators, and include exposure to material sustainability risks. Periodic reviews and risk controls are in place to monitor implementation.

c) Environmental or social characteristics of the financial product

• Positive impact:

The fund seeks to achieve a positive environmental and/or social impact by investing at least two-thirds of its total assets in securities that may benefit from global megatrends, i.e. long-term market trends resulting from secular changes in economic, social and environmental factors such as demographics, lifestyle or regulations.

The fund invests mainly in companies whose significant proportion of their activities are related to products and services supporting the energy transition, circular economy, energy efficiency, water quality and supply, sustainable forestry, sustainable cities, nutrition, human health and therapeutics, personal self-fulfilment and security and other relevant economic activities.

• Norms- and values-based exclusions:

The fund excludes issuers that are in severe breach of international norms or have significant activities with adverse impacts on society or the environment.

• Active ownership:

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The fund methodically exercises its voting rights. The fund may also engage with the management of companies on material ESG issues and may discontinue investment if progress proves unsatisfactory.

The fund mainly invests in securities financing economic activities that substantially contribute to environmental or social objectives such as:

Type of sustainable investments	Objective	Applied by the fund
Taxonomy-aligned	<ul style="list-style-type: none"> climate change mitigation or adaptation 	V
Other environmental	<ul style="list-style-type: none"> climate change mitigation or adaptation sustainable use and protection of water and marine resources transition to a circular economy pollution prevention and control, or protection and restoration of biodiversity and ecosystems 	V
Social	<ul style="list-style-type: none"> inclusive and sustainable communities adequate living standards well being for end users, or decent work 	V

- In the absence of an EU social taxonomy, Pictet has developed a proprietary social taxonomy framework based on the objectives suggested in the Report on Social Taxonomy published by the EU Platform on Sustainable Finance; eligible activities are defined as economic activities that provide socially beneficial goods and services that enable one of the following three categories: (1) inclusive and sustainable communities, (2) adequate living standards and well-being for end users and (3) decent work.

d) Investment strategy

In actively managing the fund, the investment manager uses a combination of market and fundamental company analysis to select securities that it believes offer favourable growth prospects at a reasonable price. The investment manager considers ESG factors a core element of its strategy by seeking to invest mainly in economic activities that contribute to an environmental and social objective whilst avoiding activities that adversely affect society or the environment. Voting rights are methodically exercised and there may be engagement with companies to positively influence ESG practices. For further information, please refer to our exclusion framework in the Responsible Investment policy, SFDR product category Article 8. The portfolio composition is not constrained relative to the benchmark, so the similarity of the fund's performance to that of the benchmark may vary.

The fund's binding elements include:

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- at least 51% of sustainable investments, i.e. investments in companies that have a significant exposure to activities such as products and services supporting the energy transition, circular economy, energy efficiency, water quality and supply, sustainable forestry, sustainable cities, nutrition, human health and therapeutics, personal self-fulfilment and security and other relevant economic activities (as measured by revenue, enterprise value, earnings before interest and tax, or similar)
- exclusion of issuers that:
 - are involved in the production of controversial weapons including anti-personnel mines, cluster munitions, biological and chemical weapons, nuclear weapons and depleted uranium
 - derive a significant portion of their revenue from activities detrimental to society or the environment, such as thermal coal extraction and power generation, unconventional oil and gas exploration and production, conventional oil and gas production, nuclear power generation, conventional weapons and small arms, military contracting weapons and weapon-related products and services, tobacco production, adult entertainment production, gambling operations, genetically modified organisms development/growth, pesticides product/retail. Please refer to Pictet Asset Management's Responsible Investment policy for further details on exclusion thresholds applicable to the above activities.
 - severely violate international norms including the UN Global Compact principles on human rights, labour standards, environmental protection and anti-corruption
- a better ESG profile than the reference index
- ESG criteria analysis of eligible securities that covers at least 90% of net assets or the number of issuers in the portfolio

The fund assesses company decision-making processes and controls, as well as how management balances the interests of shareholders, employees, suppliers, customers, the community and other stakeholders.

Assessed areas may include:

- the composition of the executive team and board of directors, including the experience, diversity and distribution of roles, along with succession planning and board evaluation
- executive remuneration, including short term and long term incentives and their alignment with investor interests
- risk control and reporting, including auditor independence and tenure
- shareholder rights, including one-share-one-vote and related-party transactions

e) Proportion of investments

The fund is at least 90% aligned with E/S characteristics (#1 Aligned with E/S characteristics) and up to 10% invested in Other (#2 Other). At least 51% are allocated to Sustainable Investments (#1A Sustainable Investments) and the remainder will be invested in investments aligned with other environmental and/or social characteristics (#1B Other E/S characteristics).



#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.

Notes:

- Sustainable investment figures are calculated by counting fully issuers that have a significant exposure to economic activities that contribute to environmental or social objectives and, where relevant to the asset class, exposure to environmental or social labelled bonds. Labelled bonds are fully counted as sustainable investments.
- In the absence of an EU social taxonomy, Pictet has developed a proprietary social taxonomy framework based on the objectives suggested in the Report on Social Taxonomy published by the EU Platform on Sustainable Finance; eligible activities are defined as economic activities that provide socially beneficial goods and services that enable one of the following three categories: (1) inclusive and sustainable communities, (2) adequate living standards and well-being for end users and (3) decent work.
- Taxonomy-aligned investments are calculated on a revenue-weighted basis (ie security weights are multiplied by the proportion of revenues from economic activities that contribute to environmental or social objectives). Where relevant to the asset class, including taxonomy-aligned labelled bonds.

f) Monitoring of environmental or social characteristics

Our Compliance department monitors on an ongoing basis the binding elements (referred to in the Investment strategy section) of the fund to ensure that these are met throughout the lifecycle of the fund.

g) Methodologies

Indicators the fund uses include:

- exposure to companies that derive a significant proportion of revenue, EBIT, enterprise value or similar metrics from economic activities that contribute to environmental or social objectives
- exposure to revenues from economic activities that contribute to environmental and/ or social objectives
- overall ESG profile
- Principle Adverse Impact (PAI) indicators such as exposure to issuers that are in severe breach of international norms or have significant activities with adverse E/S impacts on society or the environment
- percentage of eligible company meetings where voting rights were exercised

h) Data sources and processing

Pictet Asset Management relies on various sources of information to analyze and monitor potential investments, including financial press, analysts from other financial institutions (including brokers), credit rating services, ESG research providers and media reports. The proportion of estimated data varies between research providers and geographies.

ESG data providers are subject to a review of their business model, research process, technical expertise, data coverage, quality assurance mechanisms, and prevention of conflicts of interests.

Once ESG data is integrated into our systems, we conduct quality controls on an on-going basis to detect and address issues that may negatively affect data usage.

i) Limitations to methodologies and data

Key limitations to our methodologies may include a lack of data coverage and/or quality.

To overcome these issues, our methodologies are informed by reliable sources gathered from diverse reputable third-party research providers that are experts in their areas. In addition, we retain the right to deviate from third-party information on a case-by-case basis in instances where it is deemed incorrect or incomplete.

j) Due diligence

Our due diligence process of issuers covers the following points:

- The clarity and robustness of the issuer's long-term strategy
- The functioning and caliber of governance structures and effective leadership
- The financial strength and performance of issuers and the fair valuation of underlying securities
- Sustainability risks & opportunities and adverse impacts of potential investments on society and/or the environment

k) Engagement policies

Interaction with issuers take the form of one-to-one discussions, shareholder/bondholder meetings, investor roadshows and/or conference calls. The objectives of these interactions are to assess an organization before investment, monitor that their strategy is being implemented in line with our expectations and ensure that issuers are on track to meet their goals and objectives.

Where appropriate, we engage issuers on material ESG issues, including controversies, to satisfy ourselves that they fully understand and address them effectively over the short, medium and long term. Our engagement activities include a combination of targeted in-house-led discussions, collaborative institutional investor initiatives, and third-party engagement services. We engage on behalf of our long only, managed equity and debt holdings.

l) Designated reference benchmark

No specific ESG index has been designated

Sustainability information contained in this product document has been compiled by NN Insurance Belgium SA/NV to the best of its ability. However, NN is dependent on the information on the various sustainability aspects made available by the asset managers. However, the legislation requiring this information to be made available only came into force on 1 January 2023. The information in this document has therefore been compiled on the basis of the information made available to date and may be modified and/or supplemented in line with the information that will be provided by asset managers in the coming years.